STATE OF WASHINGTON

DEPARTMENT OF HEALTH

Olympia, Washington 98504

September 7, 2022

Russell Hilliard, PhD, Senior Vice President, Market Expansion Initiatives
AccentCare
6400 Shafer Court, Suite 700
Rosemont, Illinois 60018

Sent via email: Russell Hilliard, rhilliard@seasons.org

RE: Certificate of Need Application #22-24 – Department's Spokane County Evaluation

Dear Mr. Hilliard:

We have completed review of the Certificate of Need application submitted by AccentCare, Inc. dba AccentCare Hospice & Palliative Care of Spokane County, LLC, proposing to provide Medicare and Medicaid-certified hospice services to the residents of Spokane County. Attached is a written evaluation of the application.

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

Project Description:

This certificate approves the AccentCare, Inc. to establish a Medicare and Medicaid-certified hospice agency in Spokane County to serve the residents of Spokane County, Washington. The hospice services will be provided from its office located at 16201 East Indiana Avenue, in Spokane [99216] within Spokane County. Hospice services provided for Spokane County residents include skilled nursing, physical, occupational, respiratory, and speech therapies, medical social services, home health aide services, medical director services, palliative care, durable medical equipment, IV services, nutritional counseling, bereavement counseling, symptom and pain management, pharmacy, respite care, and spiritual counseling. Services may be provided directly or under contract.

Conditions:

1. Approval of the project description as stated above. AccentCare, Inc., 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. AccentCare, Inc., will obtain and maintain Medicare and Medicaid certification.
3. AccentCare, Inc shall finance this project as described in the application.

4. Prior to providing Medicare and Medicaid certified hospice services to Spokane County residents, AccentCare, Inc. will provide a listing of its credentialed staff to the Certificate of Need Program for review. The listing shall include each staff person's name and Washington State professional license number.
5. Prior to providing Medicare and Medicaid certified hospice services to the residents of Spokane County, the applicant will provide a listing of ancillary and support vendors.
6. The proposed service area for this Medicare and Medicaid-certified hospice agency is Spokane County. Consistent with Washington Administrative Code 246-310-290(13) AccentCare must provide hospice services to residents of the entire county for which this Certificate of Need is granted.
7. AccentCare must adhere to the requirements in Revised Code of Washington 70.245.190 for its Spokane County services.

Approved Costs:
The approved capital cost for this project is $96,842. The costs are for office equipment, and furnishings and associated sales tax. There is no construction 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 email 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

Attachment

cc: Tracy Merritt, tmerritt@MSLCPA.com

EVALUATION DATED SEPTEMBER 7, 2022, FOR THE FOUR CERTIFICATE OF NEED APPLICATIONS EACH PROPOSING TO PROVIDE MEDICARE AND MEDICAID-CERTIFIED HOSPICE SERVICES TO RESIDENTS OF SPOKANE COUNTY.

APPLICANT DESCRIPTIONS

MultiCare Health System/PNW Hospice LLC

PNW Hospice, LLC, is a Washington State limited liability company[1] owned by MultiCare Health System, a non-profit corporation based in Tacoma that provides a variety of healthcare services through its eight hospitals, two psychiatric hospitals, numerous clinics and medical practices, and a home health and hospice agency; MultiCare Home Health, Hospice, and Palliative Care[2], that is a separate entity from PNW Hospice. For this project, MultiCare Health System is considered the applicant. [sources: Application, p6; Exhibit 1; MultiCare's website, http://mulitcare.org/about-multicare; and Certificate of Need facility files]

For this evaluation, the applicant, MultiCare Health System will be referenced as "MultiCare." The agency that is the focus of this evaluation, PNW Hospice, LLC, will be referenced as "MultiCare/PNW Hospice." This application was submitted to establish a hospice agency in Spokane County during the year 2021 hospice concurrent review cycle one.

Providence Health & Services-Washington dba Providence Hospice Spokane

Providence Health & Services is a not-for-profit Catholic network of hospitals, care centers, health plans, physicians, clinics, home health care, and affiliated services**.** The health system includes 55 hospitals in seven states, more than 35 non-acute facilities and numerous other health, supportive housing, and educational services in the states of Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington.[3] [source: Providence Health & Services website and Application, Appendix 5]

This application was submitted to establish a hospice agency in Spokane County during the year 2021 hospice concurrent review cycle one .

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

MultiCare Public Comment

PNW Hospice provided the following comment on the organizational structure of Providence Hospice: [PNW Hospice May 2, 2022, public comment, pp13-14[

"Organizational Structure Concern: Providence Home and Community Care has an unknown relationship to Providence Health and Services - Washington

[1] UBI 604 683 109

[2] IHS.FS.60081744 and IHS.FS.60639376. MultiCare Home Health, Hospice, and Palliative Care is a separate entity from PNW Hospice.

[3] Providence Health & Services owns and operates a variety of other healthcare facilities in Washington and other states. These healthcare facilities are discussed in this evaluation under WAC 246-310-230.

Providence appears to have recently reorganized its hospice organizations under the umbrella of Providence Home and Community Care, however this division is not listed within the provided organizational structure. This omission is important because:
1. Providence Hospice Spokane would be administered by Providence Home and Community Care;
2. The Providence Hospice Medical Director, which Providence presents as an employee and not a contractor, is employed under Providence Home and Community Care;
3. The letter of financial commitment provided by Providence is from Providence Home and Community Care;
4. The policies provided by Providence are applicable to Providence Home and Community Care;
The omission of Providence Home and Community Care from the Providence Organizational Chart makes it impossible to know how this entity, under which Providence Hospice Spokane is organized, is related to the overall Providence system. Furthermore, since the letter of financial commitment is from Providence Home and Community Care, Providence should have submitted audited financials for this entity, or demonstrated that the signee has the authority to commit the entire Providence St. Joseph organization."

AccentCare Public Comment
"Providence Health & Services-Washington failed to provide its UBI number.'

Providence Rebuttal to MultiCare and AccentCare
"("PHCC") "has an unknown relationship" with Providence Health & Services – Washington ("Providence").50 Contrary to MultiCare's claim, Providence Hospice Spokane fully disclosed the nature of the relationship between PHCC and Providence in its application:

> *Providence Home and Community Care is not a separate Providence legal entity but is an internal division of Providence. PHCC manages many of Providence's post-acute services, in particular home health, hospice, PACE, infusion, and Skilled Nursing Facilities.*

MultiCare further notes that PHCC "is not listed within the provided organizational structure." However, the organizational charts provided in our application show, as required by the Department, legal entities and licensed health care facilities, not internal administrative divisions. PHCC is not a legal entity, nor is it a licensed health care facility. Thus, it does not appear in the organizational charts. A health care system the size of Providence has numerous internal administrative divisions. In our experience, the Department does not require applicants to include internal administrative divisions in their organizational charts.

Therefore, MultiCare's contention that it is "impossible to know how" PHCC "is related to the overall Providence system" has no merit. As discussed above, PHCC's relationship to the Providence system has been fully disclosed. In addition, MultiCare's contentions (1) that we should have submitted "audited financials" for PHCC and (2) alternatively, that we should have "demonstrated that the signee" of Providence Hospice Spokane's financial commitment letter "has the authority to commit the entire Providence St. Joseph organization" are also without merit. First, as an internal administrative division, PHCC does not produce audited financial statements. In accordance with the Department's hospice application requirements, we have submitted audited financial statements for Providence, which is both (1) the applicant and (2) the "parent entity responsible for financing the project." Second, the financial commitment letter is signed by the Chief Financial Officer of PHCC and appears on the letterhead of

"Providence Health & Services." The Chief Financial Officer has the authority to issue the letter on behalf of Providence, and to make the attendant financial commitment.

Accordingly, there is no factual or legal basis for any of the claims made by MultiCare with respect to the purported "unknown relationship" between PHCC and Providence."

"In our application, we noted that a UBI number will be obtained for Providence Health & Services - Washington d/b/a Providence Hospice Spokane after CN approval is granted. In its screening questions, the Department did not request us to provide a UBI number for Providence Health & Services - Washington. However, we are happy to provide it. The UBI number for Providence Health & Services - Washington is 313 007 977."

Department's Evaluation of Applicant Description for Providence

The organizational chart provided as Exhibit 3, along with representations made by Providence in the application and subsequent comment and rebuttal sufficiently identifies the applicant for this project. Similarly, AccentCare's concern that a UBI was not provided in the application is also without merit because a UBI, while requested in the application materials, is not a requirement for approval; rather, it is a tool for researching existing entities. It is reasonable that a business entity that will only be created upon Certificate of Need approval would not have its own UBI during the application process. The department concludes that both MultiCare and AccentCare's concerns about the functional identity of the proposed hospice agency are without merit.

AccentCare, Inc.

AccentCare Hospice and Palliative Care of Spokane County Washington, LLC is a Washington State limited liability corporation that is 100% owned by AccentCare, Inc. [source: Application, p5] For this project, AccentCare, Inc. is the applicant.

Currently, the applicant owns and operates a variety of healthcare facilities in Washington and other states.[4] This application was submitted to establish a hospice agency in Spokane County during the year 2021 hospice concurrent review cycle one.

During this review the other applicants referenced this project as 'AccentCare.' To avoid confusion, sections of this evaluation will refer to AccentCare, Inc as 'AccentCare.' If a Certificate of Need is issued for this project, the department recognizes that the In Home Service license could be issued to Seasons Hospice and Palliative Care of Spokane County Washington, LLC. [source: Application, p5 and February 28,2022 , screening response, p1]

During the screening of this application, the department requested clarification of the ownership for AccentCare Hospice & Palliative Care of Spokane County, LLC. In response, the applicant provided the following statements. [source: February 28, 2022, screening response, p8]
"We believe that the main applicant is AccentCare Hospice & Palliative Care of Spokane County, LLC. While it is a new entity, it is indeed the entity that is applying for this certificate of need and will operate the hospice agency if the application is granted. As the 100% owner of AccentCare Hospice & Palliative Care of Spokane County, LLC, AccentCare, Inc. is also considered an "applicant" for purposes of WAC

[4] AccentCare, Inc owns and operates a variety of other healthcare facilities in Washington and other states. These healthcare facilities are discussed in this evaluation under WAC 246-310-230.

246-310-010 and review of this application. Therefore, where requested and appropriate, we will provide information on both AccentCare Hospice & Palliative Care of Spokane County, LLC and AccentCare, Inc., including required financial and quality information. The organizational chart shown on page 7 of the application shows details, and we confirm, that AccentCare Spokane (i.e., AccentCare Hospice & Palliative Care of Spokane County, LLC) is 100% owned by AccentCare, Inc."

Providence Public Comment

"In addition, AccentCare has failed to provide adequate information regarding its two parent organizations. AccentCare is the owner of AccentCare Spokane, but it is in turn "100% owned" by Pluto Acquisition I, Inc. ("Pluto"), which is in turn "100% owned" by Horizon Acquisition Co., Inc. ("Horizon"). As discussed below, AccentCare has failed to provide adequate information regarding Pluto and Horizon. This is a significant omission, since it goes to the heart of the Department's ability to conduct a fully-informed evaluation of the financial condition, reliability, stability, and long-term community commitment of AccentCare, and of Pluto and Horizon, its owners.

AccentCare has failed to provide adequate information regarding Pluto and Horizon, its two parent organizations.

As discussed above, AccentCare is "100% owned" by Pluto, which is "100% owned" by Horizon. To the best of our knowledge, the only other substantive references in AccentCare's CN application to Pluto and Horizon are in Horizon's Consolidated Financial Statements. A Note to the Statements indicates that Horizon "is a multi-state provider of home health, hospice, and personal care services, which are provided on both a private- pay and third-party payor basis." The Note further states: "As of December 31, 2020, we operated 109 home health, 36 hospice, and 53 personal-care centers in 28 states." As best we can determine, the Statements contain no description of Pluto's business purpose or its operations. This dearth of information with respect to Pluto and Horizon raises serious concerns, for it leaves the Department with little or no detailed information about Pluto and Horizon, or about the nature of the relationships between AccentCare, Pluto, and Horizon. This in turn raises a number of unanswered questions which directly relate to the future operation of AccentCare's proposed Spokane County hospice agency. For example:

- *Are Pluto and Horizon for-profit or non-profit entities?*
- *Will Pluto and/or Horizon have control over, or input into, the operation of AccentCare's Spokane County hospice agency? If so, in what manner?*
- *Will there be a management agreement and/or operating agreement between AccentCare and Pluto and/or Horizon with respect to the Spokane County hospice agency? If so, what are the terms of that agreement?*
- *Will Pluto and/or Horizon have the authority to direct AccentCare to divest itself of the Spokane County hospice agency? If so, under what circumstances?*
- *Does Pluto maintain audited financial statements? Given that AccentCare has provided audited financial statements for Horizon, why has it not provided audited statements for Pluto, especially since Pluto is AccentCare's immediate parent organization?*

All of these questions are unanswerable given the lack of information in AccentCare's CN application with respect to Pluto and Horizon. In the absence of adequate information regarding AccentCare's parent organizations, the Department cannot conduct a fully-informed review of the financial feasibility of AccentCare's proposed hospice agency under WAC 246-310-220(1)."

AccentCare Rebuttal to Providence

"The issue of the ownership of AccentCare Hospice & Palliative Care of Spokane County, LLC was fully addressed in the application and screening questions. AccentCare and its parent organizations, Pluto and Horizon, have provided all of the information requested by the Department, both in screen questions and direct conversations.

"AccentCare Hospice & Palliative Care of Spokane County, LLC is wholly owned by AccentCare, Inc., which is wholly owned by Pluto Acquisition I, Inc., which is wholly owned by Horizon Acquisition Co., Inc. Consolidated Financial Statements for Horizon Acquisition Co., Inc. and Subsidiaries are provided in the application. Additionally, as stated in the response to screening questions, any and all healthcare entities owned by Pluto and Horizon are disclosed within Exhibit 3 of the application."

Department Evaluation of Applicant Description

Providence expressed concern that AccentCare had not sufficiently explained its ownership structure. AccentCare noted that it had provided financial statements for its ultimate parent, Horizon Acquisition Co., in its initial application.

The financial statements contain the following information [source: AccentCare application, Exhibit 18]:
"On June 19, 2019, Horizon Merger Sub, Inc., a subsidiary of Horizon Acquisition Co., Inc. (together with its consolidated subsidiaries, referred to herein as "we," "us," "our," or the "Company"), a Delaware corporation, completed the merger with and into Pluto Acquisition I, Inc. (the "Merger") which resulted in the Company acquiring all of the outstanding stock of Pluto Acquisition I, Inc. The Company is a wholly owned subsidiary of the Horizon Group Holdings, L.P. (the "Parent").

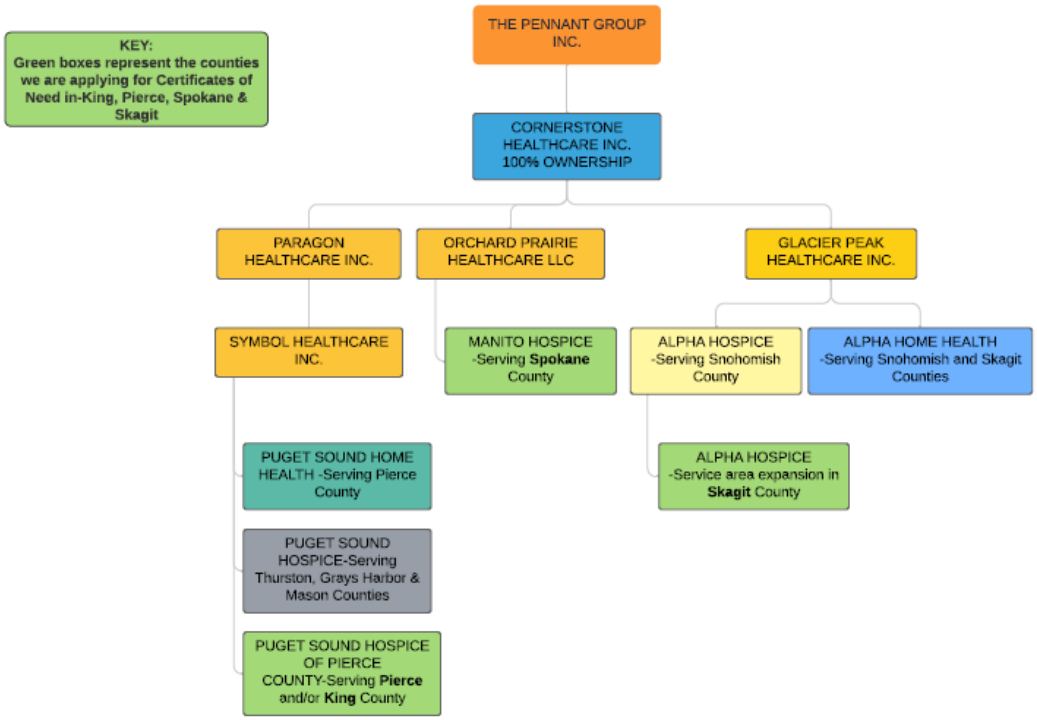
"Horizon Acquisition Co., Inc. is a multi-state provider of home health, hospice, and personal care services, which are provided on both a private-pay and third-party payor basis. Our home health services assist patients transitioning from a hospital, nursing facility, or outpatient facility to the home, with licensed clinical workers providing various combinations of skilled nursing and therapy services, as well as paraprofessional services. Our hospice services are designed to provide a wide variety of services to terminally ill patients and their families through a multidisciplinary group that typically includes a patient manager, skilled nursing staff, home health aides, a chaplain, and specially trained volunteers. Our personal care services assist clients with the daily tasks of living, including bathing, dressing, light housekeeping, grocery shopping, and medication monitoring. As of December 31, 2020, we operated 109 home health, 36 hospice, and 53 personal-care care centers in 28 states."

The department concludes that the applicant description information provided by AccentCare is consistent with program requirements, and the applicant for this project is appropriately AccentCare, Inc. For this evaluation, the applicant, AccentCare, Inc. will be referenced in this evaluation as "*AccentCare.*" The agency, AccentCare Hospice and Palliative Care of Spokane County Washington, LLC, that is the focus of this evaluation will be referenced as "*AccentCare Spokane.*"

The Pennant Group, Inc.

The Pennant Group, Inc. is a publicly traded company, no shareholder has more than five percent ownership interest. Organizationally, The Pennant Group, Inc. owns Cornerstone Healthcare, Inc.,

which in turn, owns Orchard Prairie Healthcare, LLC, . a Washington State foreign profit corporation[5]. Orchard Prairie Healthcare, LLC. operates Manito Hospice, the agency proposed in this application. For this project, The Pennant Group, Inc. is considered the applicant. Below is an organizational chart provided by The Pennant Group. [source: February 28, 2022, screening responses, Exhibit 1]



As shown in the chart above, The Pennant Group, Inc. offers several lines of service, which includes in-home care, through its subsidiary Cornerstone Healthcare, Inc. As of the submission of this application, The Pennant Group owns and operates a total of 97 healthcare entities directly under the Cornerstone Healthcare, Inc. subsidiary. This count includes Washington State Certificate of Need approved home health or hospice agencies located in the counties of Asotin, Benton, King, Pierce, and Snohomish.

Though not shown in the organizational chart above, The Pennant Group also provides healthcare services in senior living communities through its subsidiary known as Pinnacle Senior Living LLC. As of the submission of this application, there are 62 healthcare entities associated with senior living communities.

This application was submitted to establish a hospice agency in Spokane County during the year 2021 hospice concurrent review cycle one. For this evaluation, the applicant, The Pennant Group, Inc. will be referenced in this evaluation as "*Pennant.*" The agency, Manito Hospice, that is the focus of this evaluation will be referenced as "*Manito Hospice.*"

[5] UBI 603 257 823.

PROJECT DESCRIPTIONS

Under the Medicare payment system, hospice care benefit consist of the following services: physician and clinical services, nursing care, medical equipment and supplies, prescription drugs, hospice aide and homemaker services, physical and occupational therapy, speech-language pathology services, social worker services, dietary counseling, grief and loss counseling, short-term inpatient care (for pain and symptom management), and short-term respite care.[6] Hospice staff would be available 24/7 for emergencies.

MultiCare/PNW Hospice

MultiCare proposes to provide Medicare and Medicaid-certified hospice services to the residents of Spokane county. The proposed hospice agency is to be located in an existing office building at 801 West 5th Avenue, Suite 510, in Spokane [98204], within Spokane County. [source: Application, p9]

MultiCare provided the following table identifying the services it intends to provide in Spokane County. [source: Application, p10]

Applicant's Table

☒Skilled Nursing	☒Durable Medical Equipment
☒Home Health Aide	☐IV Services
☐Physical Therapy	☐Nutritional Counseling
☐Occupational Therapy	☒Bereavement Counseling
☐Speech Therapy	☒Symptom and Pain Management
☐Respiratory Therapy	☐Pharmacy Services
☒Medical Social Services	☐Respite Care
☐Palliative Care	☒Spiritual Counseling
☒Other (See Below)	

If approved, MultiCare intends to begin providing Medicare and Medicaid-certified hospice services to the residents of Spokane County by July 1, 2023. [source: Application, p9] Based on the timeline identified by the applicant, full calendar year one of the project is 2024 and full calendar year three is 2026.

MultiCare identified an estimated capital expenditure of $66,254.31 for this project. The costs are for office furniture and equipment and associated sales tax. The proposal includes that these costs are paid by the applicant; and that there are no construction costs. [sources: Application, 21-22]

AccentCare Public Comments

"PNW Hospice does not provide a detailed project description, but only offers a brief, one sentence statement. This provides no information about the proposed hospice and how it will operate.

"Absent from the list of services provided by PNW Hospice on page 10 are Respiratory Care, Palliative Care, IV Services, Respite Care, dementia care, and cardiac care. PNW Hospice also fails to address Washington's Death with Dignity Act, nor does it mention any specialty services such as dementia care and cardiac care. Furthermore, no detail is provided about the services offered. This fails to demonstrate the hospice agency superiority criteria found in WAC 246-310-290(11).

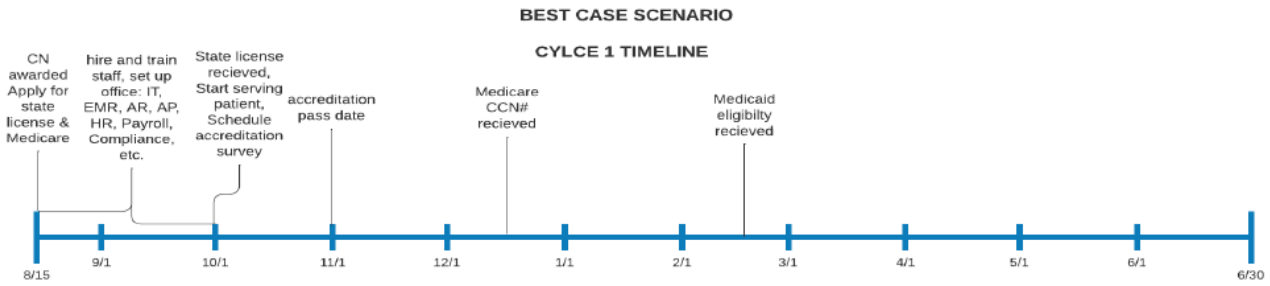
[6] Medicare Hospice Benefits, page 8 Centers for Medicare & Medicaid Services. CMS Product No. 02154, Revised February 2022.

The Pennant Group Public Comments

"The timelines below are based on the best-case scenarios for actual timelines that are historically longer in some cases as discussed below. Please note that Providence's timeline is shorter than the timelines by 45 days, and PNW's timeline is not feasible based on their lease start date in June 2023 and their Medicare certification date and Medicaid eligibility date in July 2023. PNW cannot serve patients without an office to operate from, and they would only have one month to admit 5 patients, pass accreditation, receive their Medicare CCN# and receive Medicaid eligibility. This is not reasonable or realistic.

"The first timeline below is a best-case scenario for a new hospice agency. Considering typical delays, it is unlikely that the timeline below can be realized, let alone a timeline that is more aggressive. There can be delays in the Department's CN decision (in 2021 Pierce County's evaluation/decision was in October, King County's evaluation/decision was in November), delays in hiring required staff, delays in receiving the state license, delays in accrediting body survey dates, and if the agency does not pass the survey initially, more days are added to pass. Medicare is notified by the agency when the accreditation survey is passed, and Medicare will take 1-2 months on average to provide the Medicare CCN#. Once the Medicare CCN# is received, the agency notifies Medicaid to get Medicaid eligibility. Two months to receive Medicaid eligibility would be an aggressive expectation, whereas 3-5 months or more is a realistic expectation, depending on many factors. In the last two years, The Pennant Group Inc. has experienced Medicaid delays of more than six months each for two of our agencies in Washington State.

Best Case Scenario Timeline for Spokane County



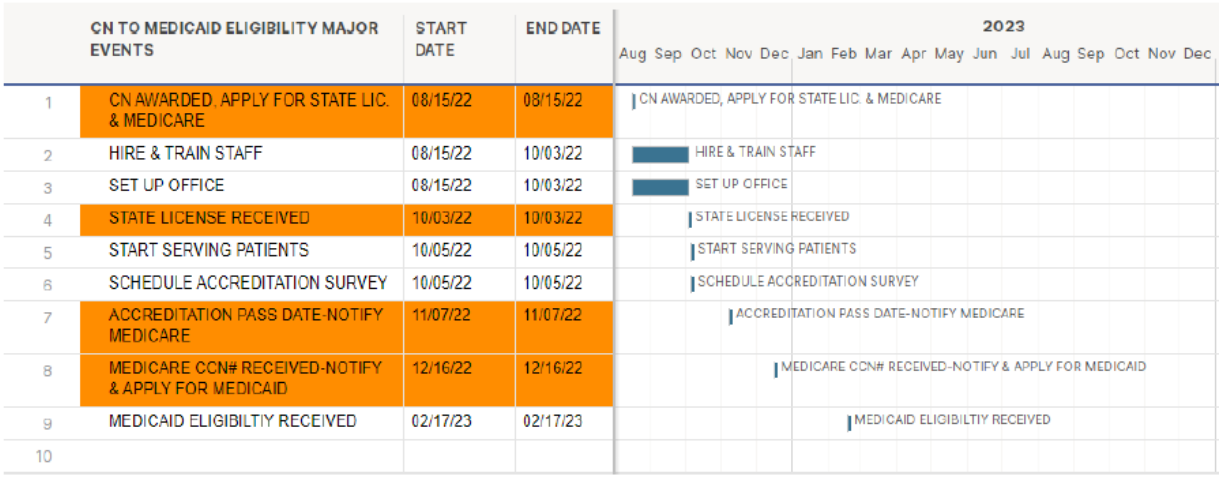
*"*Note: In the timeline above the state license timeline is 1.5 months (typical timeline), the accreditation pass date is 1 month after state license reception (aggressive timeline assuming all requirements are met, including admitting a minimum of 5 patients with no deficiencies), Medicare CCN# reception is 1.5 months after the accreditation pass date (aggressive timeline), and Medicaid eligibility is 2 months after Medicare CCN# reception (extremely aggressive timeline). Each of these events is dependent on the prior event completing. Both Accentcare and PNW projected Medicaid eligibility dates that are reasonable based on the realities of these timelines. Providence projected a Medicaid eligibility date of January 1, 2023, that requires Medicaid eligibility 45 days earlier than is feasible in the best-case scenario.*

"To view the timeline another way, in the chart below, the orange highlighted cells are the events that must happen before the next highlighted event can happen (dependent events). The timelines are aggressive, and as is shown, Medicaid eligibility happens in mid-February of 2023 in the best-case

scenario. A date earlier than this is not feasible. All new agency applicants needed to provide pro forma financials through the end of 2026 to cover the first 3 full years past Medicare certification and Medicaid eligibility.

"Under the Project Description section in the application the Department informs all applicants that their evaluation can take 6-9 months, thereby indicating to the applicant that an evaluation date of 8/15/22 for Cycle 1 counties could be delayed as far out as 11/15/22. Each applicant has the information to make conservative projections, and the Department has consistently recommended that applicants project conservatively.

"Here is the excerpt from the Department application, ". With the understanding that the review of a Certificate of Need application typically takes at least six to nine months, provide an estimated timeline for project implementation, below:". Knowing that the review process could take three more months past the Departments 8/15/22 evaluation date, any applicant that projects being Medicare certified and Medicaid eligible on or before January 1, 2023 is projecting a timeline that cannot realistically be achieved.



	CN TO MEDICAID ELIGIBILITY MAJOR EVENTS	START DATE	END DATE
1	CN AWARDED, APPLY FOR STATE LIC. & MEDICARE	08/15/22	08/15/22
2	HIRE & TRAIN STAFF	08/15/22	10/03/22
3	SET UP OFFICE	08/15/22	10/03/22
4	STATE LICENSE RECEIVED	10/03/22	10/03/22
5	START SERVING PATIENTS	10/05/22	10/05/22
6	SCHEDULE ACCREDITATION SURVEY	10/05/22	10/05/22
7	ACCREDITATION PASS DATE-NOTIFY MEDICARE	11/07/22	11/07/22
8	MEDICARE CCN# RECEIVED-NOTIFY & APPLY FOR MEDICAID	12/16/22	12/16/22
9	MEDICAID ELIGIBILTIY RECEIVED	02/17/23	02/17/23
10			

"PNW's lease does not start until June 2023, which means they cannot serve patients until June 2023. PNW shows that they will be Medicare certified and Medicaid eligible in July 2023. It is not possible to admit the required 5 patients, pass accreditation, receive the Medicare CCN#, and receive Medicaid eligibility in one month. Please refer the timeline section above (3.)."

MultiCare Rebuttal to AccentCare and Pennant

AccentCare criticizes MultiCare's application for its project description, stating "PNW Hospice does not provide a detailed project description, but only offers a brief, one sentence statement. This provides no information about the proposed hospice and how it will operate." However, this criticism both ignores the information provided by MultiCare in its application, exhibits, and screening responses, and that the MultiCare response reflects a common approach to this application question. To the extent the Department had questions about how the proposed project would operate, it requested additional information in its screening questions to MultiCare. MultiCare provided responses to these screening questions on February 28, 2022.

AccentCare further criticizes MultiCare for providing a list of services which did not include "Respiratory Care, Palliative Care, IV Services, Respite Care, dementia care, and cardiac care." However, the differences identified by AccentCare in the listed services is simply a function of MultiCare interpreting this question as "services provided by the employed staff of the proposed hospice agency." This contrasts with AccentCare's interpretation of this question, where it checks services provided by employed staff as well as contract services. In fact, MultiCare does intend to provide respite care and other services through its planning area relationships, as documented in its application.

Orchard Prairie [Pennant] *criticizes other applicants' timelines in its public comments. It states:*

> *"PNW's timeline is not feasible based on their lease start date in June 2023, and their Medicare certification and Medicaid eligibility date is July 2023. PNW cannot serve patients without an office to operate from, and they would only have one month to admit 5 patients, pass accreditation, receive their Medicare CCN# and receive Medicaid eligibility. This is not reasonable or realistic."*

Orchard Prairie goes on to provide its "best case" scenario for a new hospice agency, which it then qualifies with a large list of delays. Its "best case" timeline includes 1.5 months for the state license; an accreditation pass date of one month after state license reception including a minimum of 5 patients with no deficiencies; Medicare CCN# approval time of 1.5 months after the accreditation pass date; and a Medicaid eligibility period of two months after Medicare CCN#. We note that this estimated timeline sums to six months. Orchard Prairie then states: "Both Accentcare and PNW projected Medicaid eligibility dates that are reasonable based on the realities of these timelines." On the one hand, Orchard Prairie agrees the Medicaid eligibility date of July 1, 2023, is reasonable, but on the other hand, it criticizes MultiCare for its (erroneous) assumption that the proposed agency will not have office space before June 2023. These statements are inconsistent.

Moreover, Orchard Prairie is wrong when it states the space the proposed agency would use would not be available until June 2023. Exhibit 11 in our application clearly states that we have included three months of preoperational expenses, before the expected operational startup July 1, 2023. We have included $12,600 for lease costs, and stated the monthly lease rate is $4,200.20 In other words, MultiCare has assumed in its financial model that it has access and use of the office space beginning April 1, 2023. This allows three months for those actions identified by Orchard Prairie that it considers necessary prior to full patient care. We disagree with Orchard Prairie's "best case" scenario of a six-month timeline. Even if our operational timeline was delayed, however, it would have no material impact on Financial Feasibility—it simply shifts out the start date and increases pre-operating costs modestly. We provided three full years of financial performance in addition to the startup period in Q3 and Q4 2023.

Further, in response to the Department's screening question specifically focused on potential/actual startup delays, we stated:

> *"This timeline takes into consideration the challenges that are prevalent in healthcare today. The amount of time that has been projected to start services is long enough to be able to put adequate staffing in place. As a MultiCare entity, we have the experience to navigate through the COVID related issues in the hospice setting as we have successfully done that in our other hospice agency. Because MultiCare has an existing hospice agency, processes and policies are*

in place that meet regulatory requirements that can be adopted to ensure that there are no unexpected delays in CMS credentialing."

In summary, Orchard Prairie's timeline criticisms of PNW are incorrect, and even if our forecasted timeline was pushed back a few months due to unexpected delays, it is immaterial.

Department Evaluation of Project Description

If this project is approved in August 2022, MultiCare/PNW Hospice projected to be providing Medicare and Medicaid hospice services to the residents of Spokane County in July 2023. Based on its projected operational date, the applicant's projections include partial year 2023, and full three calendar years 2024 through 2026.

Pennant suggests that the MultiCare project should be denied based on the timeline identified in the application because MultiCare/PNW Hospice cannot admit a sufficient number of patients to obtain Medicare certification in the timeline identified. Beyond its contention that MultiCare's implementation timeline is unrealistically optimistic, Pennant identified not consequences of this potential error. In its rebuttal responses, MultiCare provided sufficient explanations to demonstrate that the July 2023 date is not only realistic, but achievable.

AccentCare's criticism that MultiCare's project description is inadequate because it does not contain sufficient information about how the proposed hospice would operate and the services it would provide, the department concludes that the information submitted by the applicant in both the initial application and screening responses is sufficient to describe the proposed project.

The department concludes that the project description provided by MultiCare in its application, screening, and rebuttal materials is adequate for the purposes of identification of the project proposed, including services to be provided, office location, capital expenditure, and projected implementation dates and the criticism offered by AccentCare and Pennant is not persuasive for purposes of project description. The department concludes that the project description as stated earlier in this section is appropriate.

Providence Health & Services-Washington dba Providence Hospice Spokane

Providence proposes to establish a new agency to provide Medicare and Medicaid-certified hospice services to the residents of Spokane county. The proposed hospice agency is to be located in an existing office building at 1000 North Argonne Road, Suite 201, in Spokane Valley [99212], within Spokane County. [source: Application, p8] In addition, Providence operates other agencies that provide hospice services in the following Washington counties: Clark, Island, King, Klickitat, Lewis, Mason, Pierce, Skamania, Snohomish, and Thurston counties. [source: Application, p10]

Providence provided the following table identifying the services it intends to provide in Spokane County. [source: Application, pp9-10]

Applicant's Table

☑ Skilled Nursing	☑ Durable Medical Equipment
☑ Home Health Aide	☑ IV Services
☑ Physical Therapy	☑ Nutritional Counseling
☑ Occupational Therapy	☑ Bereavement Counseling
☑ Speech Therapy	☑ Symptom and Pain Management
☑ Respiratory Therapy	☑ Pharmacy Services
☑ Medical Social Services	☑ Respite Care
☑ Palliative Care	☑ Spiritual Counseling
☑ Other (please describe) Please see explanation below	

"Other hospice services to be provided by this agency include, but are not limited to, pediatric hospice and palliative care, bereavement services, cardiac hospice care, care to patients with end-stage renal disease, massage therapy, music therapy, and pet therapy."

If approved, Providence intends to begin providing licensed-only hospice services by October 2022 and Medicare and Medicaid-certified hospice services to the residents of Spokane County by January 1, 2023. [source: Application, p9; screening responses, p2] Based on the timeline identified by the applicant, full calendar year one of the project is 2023 and full calendar year three is 2026.

Providence identified an estimated capital expenditure of $32,646 for this project. The costs are for office furniture and equipment and associated sales tax. The proposal includes that these costs are paid by the applicant; and that there are no construction costs. [source: Application, p32]

The Pennant Group Public Comment

Pennant provided criticism of the implementation timeline provided by Providence. The bulk of Pennant's comment is quoted in the project description of MultiCare/PNW Hospice earlier in this evaluation and will not be repeated here. In addition to that information, Pennant provided the following comment specific to this Providence proposal:

"Providence projected unreasonable dates for Medicare certification and Medicaid eligibility. Please reference the timelines on p. 2 and p. 3 above. Providence projected Medicaid eligibility on January 1, 2023 and they provided pro formas and other assumptions for 2023, 2024 and 2025. Medicaid eligibility by January 1, 2023 is not reasonable or feasible. For all the reasons stated in the timeline section, Providence needed to include 2026 in their projections. Without 2026 projections the Department cannot determine financial feasibility."

Providence Rebuttal to Pennant

"In its public comments, Pennant claims that our Providence Hospice Spokane should have submitted pro forma financial information through 2026, one year beyond the information provided in our application. As discussed below, there is no merit to Pennant's claim.

"In a screening question, the Department requested Providence Hospice Spokane to "provide a brief discussion about how the operational date was determined and why it is reasonable." In our response to the question, we provided a detailed response explaining the reasonableness of our estimated

operational date. We will not replicate the entire response here. However, our response included the following important points:

> *"In setting the commencement date for Providence Hospice Spokane to provide hospice services in Spokane County, Providence Health & Services – Washington carefully considered potential delays in order to arrive at a reasonable commencement date of January, 2023. With respect to potential delays due to COVID-related impacts, staffing, CMS credentialing, or other possible issues that may arise, we have built in buffers at each step of the project timeline in order to account for such delays.*

"We stand by the project implementation timeline provided in our application. The timeline is based upon the Providence system's long-standing and deep experience in the development and operation of hospice agencies and, as noted above, was constructed in a manner which takes into account potential sources of delay. Moreover, Providence Hospice Spokane submitted a pro forma revenue and expense statement for its first three full years of operation (2023-2025), as required by the Department. Accordingly, Pennant's claim that the timeline is not "plausible" has no merit, and there is no basis for requiring Providence Hospice Spokane to submit pro forma financial information for 2026.

Department's Evaluation of Providence Timeline

If this project is approved in August 2022, Providence projected to be providing Medicare and Medicaid hospice services to the residents of Spokane County in January 2023. Based on its projected operational date, the applicant's projections include full three calendar years 2023 through 2025.

Pennant suggests that the Providence Spokane project should be denied based on the timeline identified in the application because Providence did not provide three full years of operation following completion of the project. If Providence's timeline is determined to be unrealistic, then the applicant should have extended its financial and other projections into full year 2026. In its rebuttal responses, Providence referred to its screening responses where it provided an explanation to demonstrate that the January 2023 date is appropriate.

Based on the explanation provided by the applicant in its screening responses and rebuttal comment, the department concludes that the timeline is acceptable, and Providence Hospice Spokane is not required to extend its information to include full year 2026.

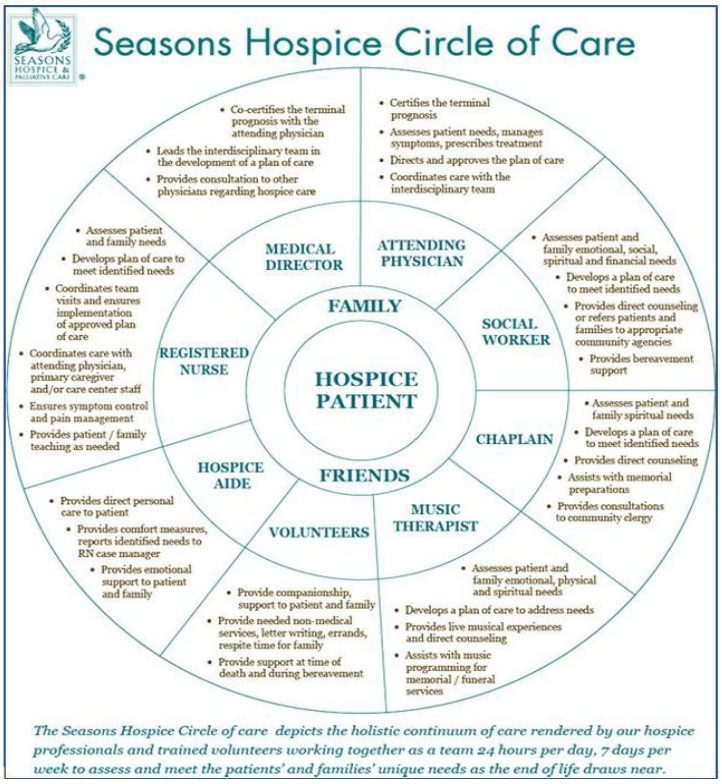
AccentCare, Inc.

This project proposes to establish a Medicare and Medicaid certified hospice agency in Spokane County to be located at 16201 East Indiana Avenue in Spokane [99216] within Spokane County. [source: Application, p9]

The applicant provided the following statements regarding services to be provided from the new agency. [source: Application, p9]

"AccentCare Hospice & Palliative Care of Spokane County, LLC is applying for a certificate of need (CN) to establish a Medicare and Medicaid certified hospice agency to serve residents of Spokane County, Washington. Hospice services include nursing care, pastoral care, medical social work, respite services, home care, as well as 24-hour continuous care in the home at critical periods and bereavement services for the family. AccentCare Spokane proposes an integrated service delivery system that includes the capability to provide palliative care as well as end of life care. The target population resides in

*Spokane County. The **Circle of Care** describes the approach to service delivery that places the patient at its center."*



The estimated capital expenditure for this project is $96,842 which is solely related to office equipment, furnishings, and any related sales tax. There are no construction costs for this project. [source: Application, p65]

If approved, the applicant expects the Medicare and Medicaid certified hospice agency would be available to the residents of Spokane County in July 2023. Given this timing, year 2024 is the first full calendar year of operation and year 2026 would be year three. [source: Application, p16]

The Pennant Group, Inc.

Pennant proposes to establish Manito Hospice at 104 South Freya Steet, Suite 117B in Spokane [99202], within Spokane County. Given that the agency is not currently operational, Pennant provided the following clarification. [source: Application, p9]

"Manito Hospice will be a state licensed and Medicare/Medicaid hospice agency in Spokane County. If awarded the certificate of need, we look forward to supporting the residents of Spokane County and their long term healthcare needs."

Pennant provided a table showing the hospice services that would be provided to the Spokane County residents. [source: Application, p12]

Applicant's Table

X Skilled Nursing	X Durable Medical Equipment
X Home Health Aide	X IV Services
X Physical Therapy	X Nutritional Counseling
X Occupational Therapy	X Bereavement Counseling
X Speech Therapy	X Symptom and Pain Management
X Respiratory Therapy	X Pharmacy Services
X Medical Social Services	X Respite Care
X Palliative Care	X Spiritual Counseling
X Other (please describe) Massage, Pet Therapy, Music Therapy, Reiki, Aromatherapy, and We Honor Veterans program.	

If approved, Pennant identified several key dates for operations of the new agency and provided the following clarification based on the assumption of CN approval of this project in September 2022. [source: Application, pp10-11]
"After receiving the CN and applying for Medicare, we will be serving Medicare and Medicaid patients as a state licensed hospice starting January 1, 2023. May 2023 is the anticipated Medicare certification date, Medicare certification also initiates the Medicaid eligibility application process. Medicaid eligibility approval can take months with COVID slowdowns. We may be Medicaid eligible in September of 2023."

Pennant also provided the following statements related to its accounting for potential COVID-related delays that could impact its timeline. [source: February 28, 2022, screening response, p1]
"We have considered currently known delays, including any delays falling within the categories the Department has enumerated above, and do not anticipate delays beyond what we stated regarding Medicaid approval. The result of those considerations led us to the September 2023 date listed in our application. In other words, our application accounts for currently known delays.

Regarding staffing, we continue to recognize the current strains on staffing in healthcare. As part of our recruiting efforts, we continuously seek staff for today or for the future and based on our recent hiring experiences in Washington State, we expect to recruit the required staff to serve patients in Spokane County January 2023. In the event we are unable to initially hire staff for any given position, we are positioned to be able to utilize staff from our other agencies in Washington State until we are able to hire permanent staff.

The September 2023 date is the date we anticipate being Medicaid eligible. We will be serving patients (i.e., operating) from January 2023 forward. The September date in our application is reasonable as it allows us time to pass ACHC accreditation and then to receive the Medicare/CMS certification number (CCN). A provider cannot apply for Medicaid until they are first Medicare approved. Medicaid may take months to process the application due to COVID or other delays on their end. We are confident in these timeframes due to the experiences in this area of our Pennant-affiliate Washington agencies."

Pennant identified an estimated capital expenditure of $5,000 for this project. These costs include moveable equipment and Washington State sales tax. There is no construction associated with this project. [source: Application, p23] The capital expenditure and start-up costs will be paid by the applicant.

AccentCare Public Comment

Pennant states in its application that the new hospice agency will be licensed and serving patients by January 1, 2023, approximately three months after CN approval. However, the applicant further states, "May 2023 is the anticipated Medicare certification date…We may be Medicaid eligible in September of 2023." (From Screening: "The September 2023 date is the date we anticipate being Medicaid eligible. We will be serving patients (i.e., operating) from January 2023 forward.) Therefore, the hospice agency will not be fully operational until September 2023. This belies the assertion that the Spokane County Hospice agency will be operational by January 2023.

Pennant Rebuttal to AccentCare

"Accentcare's comments on when we will be operational, apparently misunderstanding the difference between operational and commencement. While the WAC defines the term "commencement", it does not define the term "fully operational". As a state licensed hospice agency, we are "fully operational" from the day we serve our first patient, because we are fully operating the hospice agency (we would never admit a patient if we were less than fully operational). As we stated above, we anticipate serving Medicare and Medicaid patients from our first operational day, January 1, 2023. Accentcare's comment on this issue should not be given consideration."

Department's Evaluation of Project Description

Pennant misinterprets the lack of definition of the term "fully operational" as creating ambiguity in interpreting the commencement date of providing hospice services for purposes of Certificate of Need. While Pennant's plan is to begin providing licensed-only hospice services to the residents of Spokane County in January 2003, the department notes that any entity meeting the licensing criteria in WAC 246-335-605 through -660 may provide licensed-only services. A Certificate of Need is required for providing those services and being Medicare certified/Medicaid eligible. As such, "commencement" of licensed-only services is not the measure of when the project begins. For the project that is Certificate of Need-approved, Medicare certification and determination of Medicaid eligibility is the date used for that determination. Pennant projects that it will be Medicare certified/Medicaid eligible in September 2023.

Based on the assumptions and clarifications above, year 2023 is considered a partial year of operation for the project. Year 2024 is full year one and 2026 is full year three as a Medicare and Medicaid certified hospice agency.

In summary, each of the four applicants identified a different timeline for beginning hospice services in Spokane County. The timelines are summarized below by applicant.

Department's Table 1
Summary of Timeline by Applicant

Applicant	Begin Hospice Services	Three Full Calendar Years
MultiCare/PNW Hospice, LLC	July 2023	2024, 2025, and 2026
Providence Health & Services	January 2023	2023, 2024, and 2025
AccentCare, Inc.	July 2023	2024, 2025, and 2026
The Pennant Group	September 2023	2024, 2025, and 2026

APPLICABILITY OF CERTIFICATE OF NEED LAW

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

EVALUATION CRITERIA

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

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

MULTIPLE APPLICATIONS FOR THE YEAR 2022 HOSPICE CONCURRENT REVIEW CYCLES

The department received 17 separate applications during the year 2021 hospice concurrent review cycles. Three of the four Spokane County applicants (or their affiliates) submitted more than one application during the 2022 review cycles. Below is a summary of the applications submitted by each of the four Spokane County applicants:

- MultiCare/PNW Hospice – Spokane County
- Providence Hospice – Spokane and Pierce counties
- AccentCare, Inc. – Spokane and Pierce counties
- Pennant – Spokane, King, Skagit, and Pierce counties

While this evaluation focuses on each applicant's Spokane County project, some areas of the evaluation must take into consideration the possibility that an applicant could be approved for multiple counties.

TYPE OF REVIEW

As directed under WAC 246-310-290(3) the department accepted four projects under the 2021 cycle 1 concurrent review timeline for Spokane County. A chronological summary of the four applications for 2021 annual review for Spokane County is shown below.

APPLICATION CHRONOLOGY

Action	AccentCare	Pennant	MultiCare	Providence
Letter of Intent Submitted	11/15/2021	11/29/2021	11/30/2021	11/30/2021
Application Submitted	12/30/2021	12/30/2021	12/29/2021	12/29/2021
Department's pre-review activities • DOH 1st Screening Letter • Applicant Responses Received	01/31/2022 02/28/2022	01/31/2022 02/28/2022	01/31/2022 02/28/2022	01/31/2022 02/28/2022
Beginning of Review	03/16/2022			
Public Hearing	05/03/2022			
Public Comments accepted through the end of public comment	05/03/2022			
Rebuttal Comments Deadline	06/06/2022			
Department's Anticipated Decision	08/22/2022			
Departments Anticipated Decision Date with 14-day extension	09/06/2022			
Department's Actual Decision	09/07/2022			

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 concurrently reviewed applications such as these, each applicant is an affected person for the other applications. During the course of the review of these applications, six entities requested interested person status. Additionally, a group of interested citizens did provide public comment, a few of which requested affected person status; however, to qualify the person must also reside in the health service area.

Dennis Barnes, resident of Lake Forest Park, Washington within King County

Mr. Barnes requested on March 12, 2022, to be included in the distribution lists for several CN hospice projects including Spokane County. Mr. Barnes' affected person request and comment note him as residing in Lake Forest Park, Washington. Based on the definition of affected person and being that this is an in-home services project review, Mr. Barnes does not qualify as an affected person for these projects.

Cindy Nover, resident of Cheney, Washington within Spokane County

Ms. Nover requested on March 30, 2022, to be an interested person for these Spokane County hospice projects. Ms. Nover affected person request and comment note her as residing in Cheney, Washington. Ms. Nover provided comment on these applications in writing and during the public hearing. Based on the definition of affected person and being that this is an in-home services project review, Ms. Nover qualifies as an affected person for these projects.

Gina Drummond, Hospice of Spokane

Gina Drummond is the Chief Executive Officer of Hospice of Spokane, a current health care agency providing Medicare and Medicaid-certified hospice services to the residents of Spokane County. On January 9, 2022, Gina Drummond requested interested and affected person status for these applications.

Gina Drummond provided comments on this application; therefore, Hospice of Spokane qualifies as an affected person.

Chris McFaul, Horizon Hospice & Palliative Care
Chris McFaul is the Chief Executive Officer of Horizon Hospice & Palliative Care, a current health care agency providing Medicare and Medicaid-certified hospice services to the residents of Spokane County. On April 25, 2022, Mr. McFaul requested interested and affected person status for these applications. Neither Chris McFaul nor Horizon Hospice provided comments on this application, therefore neither qualifies as an affected person.

Nancy Field, Principal, Field Associates, Sequim
Field Associates is a consultant agency for multiple providers of healthcare services throughout the state and region. On February 25, 2022, Nancy Field, Principal of Field Associates requested to be added to distribution lists for all Medicare hospice Certificate of Need applications. Nancy Field did not provide comments on this application, therefore does not qualify as an affected person.

Lori Aoyama, Health Facilities Planning and Development
Health Facilities Planning and Development is a consultant agency for multiple providers of healthcare services throughout the state and region. On January 17, 2022, Lori Aoyama requested to be added to distribution lists for all Medicare hospice Certificate of Need applications. Lori Aoyama did not provide comments on this application, therefore does not qualify as an affected person.

SOURCE INFORMATION REVIEWED

- Four hospice applications received on or before December 30, 2021
- Four screening responses received on or before March 31, 2022
- Public comments received on or before May 3, 2022
- Rebuttal comments received on or before June 6, 2022
- Licensing and/or survey data provided by the Department of Health's Office of Health Systems Oversight
- Department of Health Integrated Licensing and Regulatory System database [ILRS]
- Washington State credential verification website at https://www.doh.wa.gov/licensespermitsandcertificates/providercredentialsearch
- MultiCare Health System website at http://multicare.org
- The Pennant Group, Inc. website at https://pennantgroup.com
- Providence Health & Services website at http://providence.org
- AccentCare Inc. website at http://accentcare.com
- CMS QCOR Compliance website: https://qcor.cms.gov/index_new.jsp
- CMS Hospice Quality Reporting Program: https://data.cms.gov/provider-data/topics/hospice-care
- Washington State Secretary of State corporation data

PUBLIC COMMENTS

During this Spokane County hospice review much public comment, both in support and opposition, was submitted regarding the four projects. For reader ease, the department will identify who submitted the comments and whether the comments supported or opposed the project.

CONCLUSIONS

MultiCare Health System dba PNW Hospice, LLC

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

Providence Health & Services-Washington dba Providence Hospice Spokane

For the reasons stated in this evaluation, the application submitted by Providence Health & Services proposing to expand its existing Medicare and Medicaid-certified hospice agency to Spokane County is not consistent with applicable review criteria of the Certificate of Need Program and a Certificate of Need is denied.

AccentCare, Inc.

For the reasons stated in this evaluation, the application submitted by AccentCare, Inc., dba AccentCare Hospice and Palliative Care of Spokane County, LLC, proposing to establish a Medicare and Medicaid-certified hospice agency in Spokane County is consistent with applicable review criteria of the Certificate of Need Program provided the applicant agrees to the following in its entirety.

Project Description:

This certificate approves the AccentCare, Inc. to establish a Medicare and Medicaid-certified hospice agency in Spokane County to serve the residents of Spokane County, Washington. The hospice services will be provided from its office located at 16201 East Indiana Avenue, in Spokane [99216] within Spokane County. Hospice services provided for Spokane County residents include skilled nursing, physical, occupational, respiratory, and speech therapies, medical social services, home health aide services, medical director services, palliative care, durable medical equipment, IV services, nutritional counseling, bereavement counseling, symptom and pain management, pharmacy, respite care, and spiritual counseling. Services may be provided directly or under contract.

Conditions:

1. Approval of the project description as stated above. AccentCare, Inc., 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. AccentCare, Inc., will obtain and maintain Medicare and Medicaid certification.
3. AccentCare, Inc shall finance this project as described in the application.
4. Prior to providing Medicare and Medicaid certified hospice services to Spokane County residents, AccentCare, Inc. will provide a listing of its credentialed staff to the Certificate of Need Program for review. The listing shall include each staff person's name and Washington State professional license number.
5. Prior to providing Medicare and Medicaid certified hospice services to the residents of Spokane County, the applicant will provide a listing of ancillary and support vendors.
6. The proposed service area for this Medicare and Medicaid-certified hospice agency is Spokane County. Consistent with Washington Administrative Code 246-310-290(13) AccentCare must provide hospice services to residents of the entire county for which this Certificate of Need is granted.
7. AccentCare must adhere to the requirements in Revised Code of Washington 70.245.190 for its Spokane County services.

Approved Costs:
The approved capital cost for this project is $96,842. The costs are for office equipment, and furnishings and associated sales tax. There is no construction associated with this project

The Pennant Group, Inc.
For the reasons stated in this evaluation, the application submitted by The Pennant Group, Inc., dba Manito Hospice proposing to establish a Medicare and Medicaid-certified hospice agency in Spokane County is not consistent with applicable review criteria of the Certificate of Need Program and a Certificate of Need is denied.

CRITERIA DETERMINATIONS

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

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

- MultiCare Health System dba PNW Hospice LLC
- Providence Health & Services – Washington d/b/a Providence Hospice Spokane
- AccentCare, Inc., dba AccentCare Hospice and Palliative Care of Spokane County, LLC
- Pennant, Inc., dba Manito Hospice

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

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

The numeric need methodology outlined in WAC 246-310-290(8) uses hospice admission statistics, death statistics, and county-level population projections to predict where hospice services will be needed in Washington State. If a planning area shows an average daily census of 35 unserved hospice patients three years after the application submission year, there is numeric need, and the planning area is "open" for applications. The department published the step-by-step methodology in November 2021; and it is attached to this evaluation as Appendix A. Following is the discussion and evaluation of this applicant's numeric need methodology outlined in WAC 246-310-290(8).

The numeric methodology follows the Washington Administrative Code standards as written. Any alternate methodologies that historically have been suggested or past public comments that suggest an alternative to the stated rules will not be included in this review.

Four Applicants' Numeric Methodology for Spokane County

To demonstrate numeric need for each of their respective projects, all four applicants referenced the department's year 2021 numeric need methodology posted to the department's website on November 10, 2021. The numeric methodology projected a numeric need for one additional hospice agency in Spokane County for projection year 2023. [sources: MultiCare, Application p15 and Exhibit 3; Providence Hospice Spokane, Application, pp21-24; AccentCare, Inc., Application, pp43-47; and The Pennant Group, Inc., Application, pp17-19]

Department's Evaluation of Numeric Methodology and Need for Spokane County Hospice Projects

The 2021-2022 hospice numeric need methodology was released on November 10, 2021; and followed the steps required by WAC 246-310-290(8). The methodology relies on three years of averaged historical data death, population data, existing hospice services, as well as a statewide average length of stay; and projects to year 2023. Each applicant acknowledged that the numeric methodology posted to the department's website identifies need for one additional Medicare and Medicaid certified hospice agency in Spokane County in projection year 2023. The result of the numeric methodology for Spokane County is shown in the table below.

Department's Table 2
Spokane County Hospice Methodology Summary

Step in WAC 246-310-290(8)		Resulting Calculations		
(a) Step 1: Anticipated statewide hospice use rates	(i) Aged 65 +	60.15%		
	(ii) Aged under 65	25.67%		
(b) Step 2: Three-year average of county's resident deaths by age cohort	Aged 65 +	3,808		
	Aged under 65	1,318		
(c) Step 3: Projected patients by county & age cohort, using statewide use rate by age cohort	Aged 65 +	2,290		
	Aged under 65	338		
		2021	**2022**	**2023**
(d) Step 4: Potential hospice volume (using a county-specific use rate) by county & age cohort	Aged 65 +	2,468	2,554	2,641
	Aged under 65	341	342	343
(e) Step 5: Combine the age cohorts & subtract the three-year average supply (the averaged supply for Spokane 2,720.5)	All ages	89	176	263
(f) Step 6: Unmet need patient days, using the statewide ALOS (62.12)	All ages	5,511	10,934	16,357
(g) Step 7: Unmet need ADC	All ages	15	30	45
(h) Step 8: Needed hospice agencies, using ADC of 35*	All ages	0	0	1

*The numeric need methodology projects need for whole hospice agencies only – not partial hospice agencies. Therefore, the results are rounded down to the nearest whole number.

The numeric methodology is a population-based assessment used to determine the projected need for hospice services in a county (planning area) for a specific projection year. Based solely on the numeric methodology applied by the department, there is demonstrated need for one additional hospice agency in Spokane County. **The department concludes that all four applicants demonstrated numeric need for their respective projects.**

In addition to the numeric need, the department must determine whether existing services and facilities of the type proposed are not or will not be sufficiently available and accessible to meet the planning area resident's needs. Below is a review of each application as it relates to the department's criterion, as well as a comment provided by Hospice of Spokane that addresses all four applicants' compliance with this criterion.

Public Comment Related to All Four Applications

Hospice of Spokane

Hospice of Spokane provided comment that addressed WAC 246-310-230(1) l. [source: May 2, 2022, comment]

"Hospice of Spokane cares for anyone of any age with any terminal condition. We are the County's only nonprofit hospice and were among the first hospices in the United States. We have served Spokane County since 1977. In addition to a comprehensive range of hospice services, we operate two Hospice Hospices [sic]. *To sustain the hospice houses, overall volume is very important.*

"The record should reflect that, [sic] *Hospice of Spokane stands ready to support demand in the County. We are all dealing with staffing challenges. Unnecessarily duplicating resources at this time could have dire impacts on long-term sustainability, access, and continuity of care. Because we operate the County's only hospice care centers, we are also concerned that lower volume at Hospice of Spokane will mean that the subsidy necessary to sustain the care centers could become too large, and a decision to close one will need to be made. We respectfully ask that the Department fully weigh and analyze the impact of the proposed projects on the criteria contained in WAC 246-310. Should it elect to award a new provider, we ask that it consider conditioning the approved project so as to delay the opening/start, by at least a year; or by selecting the applicant that has the latest start date."*

MultiCare/PNW Hospice

For this sub-criterion, the applicant provided narrative, tables, and historical data to support its statements of why the new agency should not be considered an unnecessary duplication of services for Spokane County. Excerpts from the information provided are below, however all information provided under this sub-criterion is considered in this evaluation. [source: Application, pp17-18]

"There currently exist three providers within Spokane County. These include Kindred Hospice, Horizon Hospice, and Hospice of Spokane. We present hospice admissions by agency in Table 8 over the period 2017 to 2020.

Applicant's Table

Table 8: Spokane County Hospice Admissions by Agency, 2017 to 2020

Admissions by Agency	2017	2018	2019	2020	2017-2020 CAGR
Horizon Hospice	455	420	423	484	2.12%
Hospice of Spokane	2,062	1,939	1,981	2,197	2.18%
Kindred Hospice	347	289	100	329	-1.73%
All providers	2,864	2,648	2,504	3,010	1.70%

Sources: DOH 2018-2019 Hospice Numeric Need Methodology, 2021-2022 Hospice Numeric Need Methodology

Notes: CAGR defined as the Compound Annual Growth Rate

"From Table 8, since 2017, hospice admissions to Spokane County providers have increased modestly, with all growth in 2020. On the other hand, deaths to Spokane County residents have increased by about 8.4% per year over the same period. As we describe and present in Table 6, this application proposes to serve only a portion of the current and future unmet need expected across the first three full years of operation, so would not affect the volumes at existing Spokane County providers and would thus not represent an unnecessary duplication of services."

Public Comment Focused on MultiCare/PNW Hospice

MultiCare submitted a packet of 28 letters of support for its project, 23 of which are from individuals either employed by, or directly related to MultiCare, such as board members. Among the letters were comments from local elected officials and a regional economic development organization. Below are excerpts from a few of the letters. The other letters are considered, but not restated in this evaluation.

Jeff Holy, Washington State Senator, 6th Legislative District

"As an elected community representative, it is important to me that the residents of Spokane have access to a Medicare Certified and Medicaid Eligible Hospice Agency to serve Spokane County. The state has identified Spokane County has a need for an additional hospice meaning there is more need for hospice in the community than capacity. The addition of a Medicare certified and Medicaid eligible hospice provider in Spokane County means that residents will not need to make the choice to go without care or seek care outside of the region.

As a Spokane County resident, I know the population growth and needs of our aging population would benefit from additional services. I've worked in partnership with MultiCare on several policy issues throughout the state and I know that their dedication to improved access to health care in our community drives many of their decisions. I've seen the work of MultiCare as a partner in community health and in how they care for our community through various community projects, and regional/statewide health policy promotion. Hospice care provided by PNW Hospice would be an asset to our community because of its current under-developed status in Spokane County."

Francesca Stracke, DNP, ARNP, FNP-C, ACHPN, Palliative Care Nurse Practitioner and Program Coordinator, MultiCare Inland Northwest Palliative Care

"Since my arrival in Spokane, I have experienced challenges with delayed hospice enrollment due to the limited bandwidth of the existing hospice agencies in the area. There is additional delay when needing to reach outside the healthcare system and await availability of services from the existing hospice agencies in the community. This results in extended hospital stays when hospital beds are at a premium, and at times also delays optimal symptom management and holistic support of patients and families during the last days of life."

Ari Malka, MD, NW Regional Medical Director, DispatchHealth (a MultiCare subsidiary)

"DispatchHealth's primary demographic are elderly patients, typically with numerous comorbidities and significant debility. Spokane's population is aging, and it is often challenging to meet the community's medical needs. DispatchHealth providers seldom prescribe scheduled medications, but patients requiring hospice and palliative care are considered a valid exception. The Spokane providers are instructed to prescribe those necessary medications only when it is done as a bridge to definitive care. In this case, arranging a very close appointment with hospice services is critically important. Unfortunately, arranging this close follow-up is not typically possible while on scene with a patient who has urgent hospice needs. Despite our best efforts, most patients we identify as requiring a rapid hospice consultation ultimately end up hospitalized rather than offered the dignity to remain at home with their loved ones."

AccentCare Public Comments – Oppose

On page 17, PNW states, "Spokane County residents in need of hospice services have not received the needed care and have simply gone without. As unmet need grows over time…this problem will intensify." However, there is no supporting data or further explanation that identifies specific populations in need.

Additionally, PNW Hospice states, "Another possibility is that Spokane County residents have and/or will use alternatives to hospice services. These include the use of skilled nursing facilities or

nursing homes…" However, aside from inpatient care, hospice agencies provide different services than nursing homes and one is not a substitute for the other. PNW Hospice further states, "…the most recent Department nursing home need methodology projects extreme shortages of nursing home capacity in Spokane County. This suggests a limited availability of alternative providers of hospice-like services and an emphasis on the need for additional hospice agencies to not only meet the hospice need, but also to lessen the strain on other services and allow access to those services for other patients in the community." Again, hospice is not a substitute for nursing home care, and the nursing home need methodology does not demonstrate additional need for hospice.

PNW Hospice also assumes that since MultiCare has a history of providing financial assistance to financially indigent individuals that it automatically translates to increased hospice access to indigents. However, no specific outreach programs are proposed that would identify those in need that are unable to access hospice. Furthermore, MultiCare inpatient health care affiliates within Spokane that already discharge patients to hospice will likely shift the service to PNW Hospice. Therefore, if service is duplicated, hospice admissions for existing providers will decrease, further restricting access.

MultiCare Health System Rebuttal to Hospice of Spokane

"The claim from Hospice of Spokane that MultiCare or any other proposed project will duplicate existing services and adversely impact patient volume at existing providers is without merit. The question of adversely affecting existing providers has arisen in prior Department hospice agency decisions, where it concludes that "the numeric methodology already factors in the existing providers prior to determining need for another agency." Furthermore, there is such significant need for additional hospice services in Spokane County, MultiCare's proposed project forecasts absorbing only half of this unmet need in 2026. Contrary to the assertions of Hospice of Spokane, approval of our proposed project still allows for increases in patient volume at existing planning area providers." [source: MultiCare June 6, 2022, rebuttal comments, p12]

MultiCare Rebuttal to AccentCare

AccentCare, in its public comments, argues that PNW Hospice will not provide improved access to Spokane County residents. This criticism is echoed multiple times within its public comments; however, AccentCare offers no evidence for this claim other than recasting and misrepresenting statements made by PNW Hospice in its application and screening responses and declaring the information provided insufficient.

…

AccentCare's arguments quoted in statements 1-3 claim MultiCare's proposed project will take market share from existing providers and funnel patients from MultiCare's hospitals to PNW Hospice. However, this argument reflects a misunderstanding of the statements presented in our application. As stated in the MultiCare screening responses, "Both Deaconess and Valley hospitals within Spokane County are part of MultiCare, and PNW Hospice will complement their provision of services across the care continuum." This in no way suggests MultiCare plans to funnel patients who would have otherwise received hospice services away from existing providers and towards PNW Hospice. The question of capturing market share from existing providers has arisen in prior Department hospice agency decisions. From its evaluation of CN20-33:

> *"Envision Hospice of Washington criticized the utilization assumptions and asserted that Bristol Hospice should have taken into account the market shares of the existing agencies in Thurston*

County. While this approach could be considered reasonable, it is not a requirement for a hospice project because the numeric methodology already factors in the existing providers prior to determining need for another agency."

Thus, the argument from AccentCare that PNW Hospice plans to funnel hospice patients away from existing providers relies on a misreading of MultiCare's statements and is not consistent with prior Department decisions. Put simply, the existence of numeric need is justification enough that PNW Hospice will not adversely affect the market shares of existing providers. Furthermore, documented connections to existing planning area providers does not "ignore the importance of reaching out within the community," and the absence of those connections is not an advantage as AccentCare suggests. We note the public comments submitted by planning area providers which emphasize the importance of MultiCare's multidisciplinary and integrated health delivery system and how continuity of care can help minimize delays in receiving hospice services at the end of life.

Department Evaluation

The department considers the rationale relied upon by MultiCare proposing the establishment of an additional Medicare and Medicaid-certified hospice agency to serve the residents of Spokane County to be reasonable. The applicant relied on the department's numeric methodology to comply with this sub-criterion and included extensive discussion of specific populations that it believes are currently underserved in Spokane County. The applicant also provided unrebutted, if anecdotal, assertions that health care providers in the service area are experiencing delays and difficulties placing their patients with existing hospice providers. While this assertion was not quantified, no evidence, via public comment, rebuttal, or some other means, was provided to cast doubt upon it.

The approval of additional providers in the planning area will result in an additional hospice option for many terminally ill home health patients in the area. Based on the information above, the department concludes that MultiCare provided a reasonable rationale to support its project and the statements in the application support need for this project. If this application is approved, MultiCare's approval would include a condition requiring the agency to be available and accessible to all residents of Spokane County. With agreement to the condition, MultiCare's application **meets this sub-criterion**.

Providence Health & Services-Washington dba Providence Hospice Spokane

In response to this sub-criterion, Providence provided the following statements. [source: Application, pp20-21]

"The existing providers of hospice services in Spokane County are Hospice of Spokane, Horizon Hospice & Palliative Care, and Kindred Hospice. While the existing hospice agencies in Spokane County are well-established, they are not meeting current need in the County and have not kept pace with the demand for hospice services driven by population growth. Consequently, the 2021-2022 Hospice Numeric Need Methodology forecasts an unmet ADC need of 45 in the target year of 2023, establishing need for 1.3 hospice agencies (see page 9 (Steps 7 and 8) of Exhibit 8).

"To our knowledge, the only factor that is currently restricting patient access to hospice services is the lack of needed hospice agencies in Spokane County. We do note, however, that the 2021-2022 Hospice Numeric Need Methodology is the first need model in recent years to indicate unmet need in Spokane County.

"The Department of Health has identified net need for one additional hospice agency in Spokane County in 2023, according to the 2021-2022 Hospice Numeric Need Methodology. By definition, if need is shown in the planning area, the proposed project cannot result in unnecessary duplication of services.

"Providence Hospice Spokane intends to provide high-quality, compassionate care for individuals as they face the end of life. It is our goal to provide the support that people need to allow them to spend their time living as fully and completely as they wish, in their own familiar surroundings, and in the company of family and friends. This application proposes to address a large portion of the unmet need in Spokane County and, therefore, will not constitute an unnecessary duplication of services in the County.

"Additionally, Providence Hospice Spokane is committed to serving underserved populations in the community, including, but not limited to, individuals experiencing homelessness or unstable housing, infants, children, and adolescents nearing end of life, and adults living with advanced illnesses and in need of specialized services, such as those with advanced cardiac disease or end-stage renal disease."

Public Comment Focused on Providence Hospice of Spokane

Providence submitted a packet of 86 letters of support for its project, 55 of which are from individuals either employed by, or directly related to, Providence, such as board members. Among the letters were comments from local elected officials, and a few unrelated area health care providers. Below are excerpts from a few of the letters. The other letters are considered, but not restated in this evaluation.

Mark Schoessler, Washington State Senator, 9th Legislative District

Providence has a significant presence in the Spokane community and is ideally suited to meet this need. As part of an integrated care delivery system, Providence Hospice Spokane will work closely with existing Providence providers and partners in Spokane and surrounding communities. Providence Hospice Spokane will be supported by existing hospice colleagues within Washington and Oregon who are based in Olympia, Everett, Tukwila, and Portland. With this depth of expertise, Providence is well positioned to identify and share best practices, improve quality outcomes, promote financial stewardship, increase access, and improve patient satisfaction across the care continuum.

Providence is a long-term, known, and dependable care partner in the greater Pacific Northwest. Beyond providing hospice care, it is an organization committed to a holistic approach, offering a comprehensive care model including physical, emotional, and spiritual care. The grief counseling and resources Providence provides families and loved ones are second to none. Providence also provides a comprehensive pediatric palliative and hospice programs in other Washington counties, which is unique in the markets they serve and will be a big asset for Spokane County families.

Valerie Higginbotham, Director, Providence Women & Children Institute

"I have lived and worked in Spokane County for over twelve years, primarily supporting children's services, from my perspective as the Director for Women & Children's Institute, our community

needs another hospice agency to complement the existing hospice agencies. Providence Hospice Spokane intends to bring specialized whole person care focusing on the underserved populations that may not be adequately served by existing agencies. These services include children living with life limiting illnesses, individuals experiencing homelessness or housing instability, those with end stage renal disease, Veterans, and minority populations – promoting culturally appropriate whole person care."

Colleen Marty, MD FAAP, Pediatric Palliative and Supportive Care, Providence Sacred Heart Hospital

"As the sole board-certified pediatric hospice and palliative care provider in the Spokane area, I care directly for the children and their families who will benefit from having a hospice service provided by Providence Health Care. Pediatric hospice patients are a unique population with unique needs and Providence's pediatric experience and association with Sacred Heart Children's Hospital will be an asset when developing and maintaining a comprehensive pediatric hospice program. Providence's pediatric expertise will help inform hospice staff training and access to support and resources to best meet the goals of hospice care.

"Additionally, pediatric patients in Spokane County to not have access to concurrent hospice care through any of the existing hospice organizations. Only one of the agencies provides pediatric services and are limited to home based palliative care or traditional hospice care. This gap in services prevents many patients from accessing hospice services early in the course of serious illness and hinders the ability to ensure that our youngest patients are getting the support and symptom management they need to live their best lives. Providence plans to fill this gap by offering concurrent care in the breadth of their pediatric hospice services."

Jennifer H. Ballantyine, Estates & Elders Law, Liberty Lake

"Our county is currently underserved by one for-profit and one non-profit hospice organization, in addition to limited hospice services provided by our private and public healthcare systems. This is not enough for our needs. Providence has a well-known commitment to excellence. The Providence system has an extensive footprint in northeast Washington, a long history and great reputation for providing a depth and breadth of quality healthcare services, particularly in Spokane."

Pennant, Inc. Public Comment - Oppose

In the need section of Providence's application, the Department asked in question #3, "Identify any factors in the planning area that could restrict patient access to hospice services." Providence answered, "To our knowledge, the only factor that is currently restricting patient access to hospice services is the lack of needed hospice agencies in Spokane County. We do note, however, that the 2021-2022 Hospice Numeric Need Methodology is the first need model in recent years to indicate unmet need in Spokane County." (app p. 25). This response does not answer the question, other than acknowledging the obvious. The department required other applicants in their screenings to answer this question very specifically, by identifying the barriers in the county. Providence's lack of identifying the barriers to patient access to hospice services in Spokane County is reason to consider their application inferior.

AccentCare Public Comment - Oppose

Providence fails to identify factors that could restrict patient access to hospice services, stating "To our knowledge, the only factor that is currently restricting patient access to hospice services is the lack of needed hospice agencies in Spokane County." However, Providence overlooks social barriers and misconceptions about hospice care. The inability to recognize access issues and develop a plan to overcome them limits their ability to improve hospice access to population segments experiencing disparate use.

Providence relies on the state's published need as the answer – if there is need, then a new hospice provider will not duplicate service. However, this fails to recognize that simply adding another hospice provider that does not specifically initiate programs to encourage hospice enrollment among the under-served could in fact duplicate service, taking market share away from existing providers rather than increasing overall hospice enrollment in the service area.

Screening Response: "As we discussed in our response to question 2, Providence Hospice Spokane has purposefully modeled a reasonable increase in annual patient volumes in order to address the need for a new hospice agency identified in the Hospice Numeric Need Methodology. This approach reflects our intention to avoid an unnecessary duplication of services and, at the same time, to have a minimal impact on the existing providers, including their ability to staff operations.

In addition, as we discuss in detail in our application, Providence Hospice Spokane intends to focus on several specific populations that we believe are currently either underserved or could be more completely served with the new programs and expertise that providence will bring to Spokane County…We recognize that the existing hospice agencies may offer services to certain of these populations. However, by directing attention to these specific populations, Providence Hospice Spokane will not duplicate services, but will instead increase the availability and accessibility of hospice services to these groups, while at the same time serving as a complement to the existing hospice providers." [Emphasis added].

Heart disease is the second leading cause of death for residents of Spokane and Hypertension/Renal and Nephritis/Kidney are the 10th & 11th cause of death. (see pg. 34 of CN application #22-24.) Therefore, it is highly likely that focusing on serving these patients will impact and duplicate service of existing hospice providers. Furthermore, with multiple hospitals, nursing home, assisted living, home health and other provider affiliates of Providence Health that refer to hospice already in Spokane, hospice patients will be diverted away from existing hospices.

No mention is made in the Providence CN application about Providence Sacred Heart Medical Center, Providence St. Luke's Rehabilitation Medical Center, Providence Holy Family Hospital, Providence St. Joseph Care Center (the nursing home), Providence Emilie Court Assisted Living , or Providence VNA Home Health having issues or delays accessing hospice care for their patients upon discharge. Therefore, one must assume that existing referrals to Horizon Hospice & Palliative Care, Hospice of Spokane, Kindred Hospice will end once Providence establishes its own hospice. This will duplicate service.

Providence Health and Services Rebuttal Comment

"HOS's assertion that potential lower patient volumes at its hospice agency will increase the "subsidy necessary to sustain" its hospice care centers cannot be a consideration in the Department's decision in the hospice concurrent review process.

"HOS operates two hospice care centers in Spokane County. In its comments, HOS argues that "lower volume at Hospice of Spokane will mean that the subsidy necessary to sustain the care centers could become too large, and a decision to close one will need to be made." Providence Hospice Spokane appreciates HOS's operation of its hospice care centers. However, with all due respect, the fact that HOS may need to subsidize the centers through revenues generated by its hospice agency cannot provide a basis for the Department's decision as to whether to issue a certificate of need in the Spokane County hospice concurrent review process.

"Hospice care centers are distinct health care facilities. A hospice agency is required to obtain a certificate of need in order to establish a hospice care center. Therefore, we presume that HOS obtained CNs for both of its care centers. We also presume that, as part of the CN review process, HOS was required to demonstrate that its proposed hospice care centers — as standalone, independent facilities — satisfied each of the CN review criteria, including the financial feasibility criterion.

"Again, we are appreciative of HOS's decision to offer hospice services to the community in its two hospice care centers. However, the fact that HOS may need to subsidize the operations of the care centers through revenues generated by its hospice agency cannot, as a matter of law, be used by the Department as a basis for not approving the establishment of a new hospice agency in the Spokane County hospice concurrent review process.

"The Department cannot, as requested by HOS, condition the issuance of a certificate of need upon a delayed project implementation date.

"In its public comments, HOS states: "Should [the Department] elect to award a new provider, we ask that it consider conditioning the approved project so as to delay the opening/start, by at least a year; or by selecting the applicant that has the latest start date." HOS does not provide any rationale justifying the imposition of such a condition. In any event, such a condition is not appropriate under the CN statute or regulations, particularly when the Department's Hospice Numeric Need Methodology shows a need for a new hospice agency in Spokane County in 2023. Accordingly, the Department should not agree to HOS's request." [source: Providence June 6, 2022, rebuttal, pp33-34]

Providence Rebuttal to AccentCare

"First, AccentCare's argument is based upon a completely unfounded assumption for which AccentCare has provided absolutely no factual support. To be clear: Providence's health care facilities, health care programs, and caregivers do not refer patients in need of further care solely to other Providence facilities, programs, and caregivers. Rather, the Providence organization provides patients and their families with complete information regarding their future care options and with a full range of choices as to which organizations in the community can provide the needed care. The patient and their family decide where the patient will receive future care. Any suggestion by AccentCare to the contrary is inaccurate, inappropriate, and irresponsible.

Second, AccentCare's argument reflects a lack of understanding of the role of the hospice need forecasting methodology within the State of Washington certificate of need regulatory framework. There is no dispute that there is a need for a new hospice agency in the Spokane County planning area under the Department's 2021-2022 Hospice Numeric Need Methodology. Thus, presuming that one or more of the current applicants satisfies the CN review criteria, a new hospice agency will be established in Spokane County.

...

Third, as part of its referral argument, AccentCare makes the baseless claim that approval of Providence Hospice Spokane's proposed hospice agency will purportedly lead to "duplication of service." As is the case with AccentCare's referral contentions, this argument betrays a fundamental lack of understanding of the role of the hospice need forecasting methodology within the certificate of need regulatory framework. There is no dispute that there is a need for a new hospice agency in Spokane County under the 2021-2022 Hospice Numeric Need Methodology. As we discussed above, Providence Hospice Spokane intends to address that need in a measured fashion, with minimal or no impact on the existing hospice agencies. This is how the need methodology is intended to work. In addition, Providence Hospice Spokane intends to focus on a number of specific populations that we believe are currently either underserved or could be more completely served with the new programs and expertise that we will bring to Spokane County. Thus, if our application is approved, there will not be a "duplication of service."

Providence Rebuttal to Pennant

The Department's hospice application form contains the following request: "Identify any factors in the planning area that could restrict patient access to hospice services." We responded to the request as follows: "To our knowledge, the only factor that is currently restricting patient access to hospice services is the lack of needed hospice agencies in Spokane County." We also stated: "While the existing hospice agencies in Spokane County are well-established, they are not meeting current need in the County and have not kept pace with the demand for hospice services driven by population growth." Pennant claims that "[t]his response does not answer the question." It further states: "Providence's lack of identifying the barriers to patient access to hospice services in Spokane County is reason to consider their application inferior."

There is no merit to Pennant's claim. We provided a full and reasonable response to the Department's request. The Department did not ask us any screening questions regarding our response, nor did it request us to provide further information or to elaborate upon our response. Thus, it is appropriate to presume that the Department concluded that our response was adequate. There is no validity to Pennant's claim.

Department Evaluation

Providence provided practical and reasonable rationale for applying to provide Medicare and Medicaid hospice services in Spokane County. In addition to the need methodology, Providence provided anecdotal but un-rebutted assertions that there is a need for pediatric hospice services in the area that are not adequately met by existing providers.

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

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

AccentCare, Inc.

In response to this sub-criterion, AccentCare provided the following statements. [source: Application, pp48-49]

"Spokane County has a large, diverse population with several rural communities surrounding an urban center, including a large number within tribal communities. Reaching residents across the area and from all walks of life takes innovation and diligence, in addition to increased resources in the form of additional hospice agencies. Under-service to specific patient populations demonstrate access issues that can be addressed through the introduction of a new hospice agency such as AccentCare's Spokane County that has an array of innovative programs and services to identify and serve those in need. Access barriers range from a lack of information about hospice and what it is, to financial barriers or isolation from society.

"In the wake of the COVID-19 pandemic, residents are often fearful to reach out for medical care or other services. Increased efforts to safely connect throughout the population is critical to identifying potential hospice patients to break down these barriers and improve service to the community. Across the nation, AccentCare Hospice affiliates admitting Covid positive patients, helping hospitals by admitting them at home with hospice, avoiding the isolation from family that results from hospitalization. Daily monitoring of staff health, education about proper use of personal protection equipment (PPE), and securing adequate supplies of PPE to keep staff safe ensures staff are cared for, alongside the patients they serve.

"AccentCare Spokane breaks barriers by developing targeted programs to expand access and offer additional services where they are most needed by complementing, rather than competing with existing service providers. Specifically, access issues exist for the following groups.

- *The Homeless*
- *Minority populations, including Asians, African-Americans, Hispanics, the LGBT community, the Russian community, and the American Indian population*
- *Children*
- *The elderly, including those residing in Nursing Homes and Assisted Living Facilities*
- *Residents with Alzheimer's Disease*
- *Residents in Spokane County's rural communities"*

The applicant provided extensive information focused on the bullet points above. While the information is not repeated here, it is considered in this review. [source: Application, pp48-57]

Public Comment focused on AccentCare, Inc.

AccentCare submitted a packet of 15 letters of support for its project, 14 of which were signed by local health care or other care organizations. Below is an excerpt from one of the letters of support from a local provider. The other letters are considered, but not restated in this evaluation.

Maria Meeds, MT-BC

"I am writing to you today in my role as a resident of Spokane and also as a healthcare professional to support AccentCare's application for the CON in Spokane County. I relocated to Spokane from northern California, where I worked in pediatric palliative care, in order to provide services in a local pediatric hospital. There are currently no providers specializing in pediatric hospice in the area and I know that the many patients that depend upon the Spokane Healthcare community would benefit from this service. Additionally, their bereavement programs for adults, teens and children would continue to support loved ones following their loss. AccentCare also offers Camp Kangaroo to any child or teen in the area that has experienced a loss due to death, not just the families of their own patients."

Department Evaluation

The department considers the rationale relied upon by AccentCare proposing the establishment of an additional Medicare and Medicaid-certified hospice agency to serve the residents of Spokane County to be reasonable. The applicant relied on the department's numeric methodology to comply with this sub-criterion and included discussion of specific populations that it believes are currently underserved in Spokane County.

The approval of additional providers in the planning area will result in an additional hospice option for many terminally ill home health patients in the area. Based on the information above, the department concludes that AccentCare provided a reasonable rationale to support its project and the statements in the application support need for this project. If this application is approved, AccentCare's approval would include a condition requiring the agency to be available and accessible to all residents of Spokane County. With agreement to the condition, AccentCare's application **meets this sub-criterion**.

The Pennant Group, Inc.

Pennant provided the following statement on this sub-criterion. [source: Application, p16]

"*We understand that there may be unforeseen challenges getting an agency established. We did not forsee* [sic] *a worldwide pandemic in 2020 when Cornerstone was starting up its hospice in Snohomish County, nor did we anticipate the pandemic lasting as long as it has. While it has been a challenge to start a hospice with unique restrictions and conditions on providing hands on care to patients, we were able to adjust our care according to the needs of the clients, care settings, and state and federal guidance. We have been successful in Snohomish County operating an agency that is caring for individuals who need hospice care, despite the global pandemic.*

Cornerstone operates across 14 states and has consistently seen a significant barrier to hospice services being a general misunderstanding about when hospice is appropriate and what it entails. Unsurprisingly, we've also seen a lack of education about hospice care. As discussed above, hospice is underutilized in Spokane County and we believe by educating health care providers we will be able to help the residents in Spokane County receive the most appropriate level of individualized care. We hope to break down barriers by integrating ourselves with hospital systems, local physician groups, community centers, nursing homes, private duty providers, and other providers to provide education as to the nature and benefit of timely, appropriate hospice care.

Our project seeks to address the unmet need for additional hospice services in Spokane County. The need for additional hospice agencies, as determined by the eight step methodology contained in WAC 246-310-290, which is found below, indicates an unmet Average Daily Census (ADC) of 15 in 2021, 30 in 2022 and 45 in 2023. This unmet ADC translates into unmet patient days of 5,511 in 2021, 10,934 in 2022, and 16,357 in 2023.

The need for additional hospice agencies is determined by the same methodology referenced above. As applied to Spokane County, it identifies the need for one additional hospice provider. Please see the Step 8 table below for a summary of the unmet ADC per year and the numeric need of one new hospice agency."

Pennant provided the following statement as it relates to how this project does not represent an unjustified duplication of services. [source: February 28, 2022, screening response, p4]
"*There are currently 3 Medicare certified agencies in Spokane County: Hospice of Spokane, Horizon Hospice, and Kindred Hospice. According to Trella Health, Hospice of Spokane also covers several counties surrounding Spokane, resulting in 18.7% of its services being rendered outside of Spokane County. Horizon Hospice services approximately 90% of its patients in Spokane County, leaving 10% of its services provided outside of Spokane County. Kindred Hospice services 45% of its patients outside of Spokane County. While the current agencies are serving many of the patients in Spokane County, they are not able to serve all patient needs, resulting in the need for one more hospice agency. Manito hospice plans to partner with the existing hospice agencies as well as hospitals, skilled nursing facilities, assisted living facilities, adult family homes, and other community members to educate and serve the community so that together we can meet all the hospice needs of the community. Our market share is anticipated to grow conservatively as we meet the needs of the patients that the three current hospice agencies can't meet. These factors demonstrate that there will not be an oversupply or duplication of hospice services in the county.*

AccentCare Public Comment – Oppose
Pennant's forecast assumes 105 admissions in year 1, 158 in year 2, and 219 in year 3, with year 1 being calendar year 2023. However, without being Medicare certified until May and Medicaid certified until September as stated above, it is `unlikely that the hospice will be fully operational by January 2023. Even if they obtain a license by January 1, 2023, without Medicare certification, Medicare and Medicaid eligible persons will not be referred and the projections will not be met. Therefore, the utilization is overstated.

Pennant relies on the state's published need as the answer, providing no detail or analysis as to why there is need or what must be done to improve and expand service without unnecessarily duplicating existing programs' services. In the screening response Pennant states, "Manito hospice plans to partner with the existing hospice agencies as well as hospitals, skilled nursing facilities, assisted living facilities, adult family homes, and other community members to educate and serve the community so that together we can meet all the hospice needs of the community." However, working with existing hospice programs and with facilities that long established hospices often rely on for referrals (i.e., hospitals and nursing homes), the proposal will duplicate existing service.

Pennant Rebuttal to AccentCare

Accentcare's comments on our market share projections using startups as well as acquisitions growth trends as references. While acquisitions are different, we simply referred to them as examples of our experience with growth in new markets. An acquired agency's previous referral sources are never guaranteed for the new owner. Typically, the new agency must not only establish new referral relationships in the community but also re-establish or improve a reputation that preceded them. This is often more difficult than building relationships with referral sources from scratch particularly when we have purchased hospice agencies that had been struggling or outright failing, which we have very often done. Based on this, our projected market share is reasonable, and Accentcare's comment on this issue should not be given consideration.

Accentcare states, "Pennant relies on the state's published need as the answer, providing no detail or analysis as to why there is need or what must be done to improve and expand service without unnecessarily duplicating existing programs' services". Despite Accentcare's claims that we provided no detail or analysis of the need, we in fact included in our application the entire 8 step methodology which shows the need for one hospice agency in Spokane County, which concludes specifically that there will be an ADC unmet need of 45 patients in 2023. We elaborated further in our screening response, with the following explanation of why our project will not be a duplication of service, stating, "There are currently 3 Medicare certified agencies in Spokane County: Hospice of Spokane, Horizon Hospice, and Kindred Hospice. According to Trella Health, Hospice of Spokane also covers several counties surrounding Spokane, resulting in 18.7% of its services being rendered outside of Spokane County. Horizon Hospice services approximately 90% of its patients in Spokane County, leaving 10% of its services provided outside of Spokane County. Kindred Hospice services 45% of its patients outside of Spokane County. While the current agencies are serving many of the patients in Spokane County, they are not able to serve all patient needs, resulting in the need for one more hospice agency. Manito hospice plans to partner with the existing hospice agencies as well as hospitals, skilled nursing facilities, assisted living facilities, adult family homes, and other community members to educate and serve the community so that together we can meet all the hospice needs of the community. Our market share is anticipated to grow conservatively as we meet the needs of the patients that the three current hospice agencies can't meet. These factors demonstrate that there will not be an oversupply or duplication of hospice services in the county". Our market share projections pertain specifically to the unmet need patient population, not the entire hospice patient population. We projected market share of 40% in 2023, 45% in 2024, 50% in 2025, and 55% in 2026. If we meet our projections, the other three hospice agencies in Spokane County have the following percentage of unmet need patients available for them to serve: 60% in 2023, 55% in 2024, 50% in 2025, and 45% in 2026. It is clear that Manito Hospice will not unnecessarily duplicate hospice services in Spokane County, but will instead be the additional hospice agency the residents of Spokane County deserve and need. Accentcare's comment on this issue should not be given consideration.

Department's Evaluation of Pennant

The department considers the rationale relied upon by Pennant proposing the establishment of an additional Medicare and Medicaid-certified hospice agency to serve the residents of Spokane County to be reasonable. The applicant relied on the department's numeric methodology to comply with this sub-criterion and included discussion of specific populations that it believes are currently

underserved in Spokane County and sufficiently rebutted opponents' critiques of its rationale on this sub-criterion.

The approval of additional providers in the planning area will result in an additional hospice option for many terminally ill home health patients in the area. Based on the information above, the department concludes that Pennant provided a reasonable rationale to support its project and the statements in the application support need for this project. If this application is approved, Pennant's approval would include a condition requiring the agency to be available and accessible to all residents of Spokane County. With agreement to the condition, Pennant's application **meets this sub-criterion**.

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

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

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

Medicare certification is a measure of an applicant's willingness to serve the elderly. With limited exceptions, Medicare is coverage for individuals age 65 and over. Medicaid certification is a measure of an applicant's willingness to serve low income persons and may include individuals with disabilities.

Charity care shows a willingness of a provider to provide services to individuals who do not have private insurance, do not qualify for Medicare, do not qualify for Medicaid, or are under insured.

The review of these applications proposing Spokane County hospice services included community interest specifically related to death with dignity services. Community members provided comments, rebuttal, and participated in a public hearing. Comments reasoned that access to such services is reviewable under this sub-criterion and that all applicants are unnecessarily duplicating services. The department's position is that this sub-criterion allows the department to confirm an applicant's intention to provide services to all members of the service planning area, not to require applicants to provide a specific set of services.

The department considers community involvement, comments, and rebuttal helpful in making its determinations, however, in this specific case, this sub-criterion **does not** allow the department the authority to require death with dignity policies and procedures as some comments contend.

MultiCare/PNW Hospice

In response to this sub-criterion, MultiCare provided copies of many policies in use at its hospice agencies. Of the policies provided, the following policies are directly related to this sub-criterion. [source: Application, Exhibits 4-7; screening response, pp7-8]

Hospice Admission and Process and Hospice Intake Policies – these policies state that patients will be admitted "*based upon physician order or within 48 hours of referral, or within 48 hours of a patient's return home, or as soon as possible determined by patient preference, facility discharge date, and availability of patient or other patient driven factors*" if they meet the admission criteria. The intake policy also provides the following non-discrimination language: "*Patients will be accepted for referral without regard to race, gender, sexual orientation, national origin, religion, age, physical impairments or the ability to pay for medical care.*"

Financial Assistance Policy – this draft document begins with the following policy statement: "*MHS is guided by a mission to provide high quality, patient-centered care. We are committed to serving all patients, including those who lack health insurance coverage and who cannot pay for all or part of the essential care they receive. We are committed to treating all patients with compassion. We are committed to maintaining Financial Assistance policies that are consistent with our mission and values and that take in to account an individual's ability to pay for medically necessary health care services.*" The policy includes the following non-discrimination language: "*Consideration for Financial Assistance will be given equally to all Eligible Persons, regardless of race, color, sex, religion, age, national origin, veteran's status, marital status, sexual orientation, immigration status or other legally protected status. See MHS Policy: Patient Nondiscrimination. All information relating to the Financial Assistance application is confidential and protected by HIPAA guidelines. See HIPAA Privacy Compliance – Administrative policy.*" The policy identifies a sliding scale that is used determine the appropriate amount of charity care to be provided for patients with family incomes up to 500% of the Federal Poverty Guidelines. Patients with a family income below 300% of the federal poverty guidelines are provided with free care.

Discrimination Complaints and Grievances – the policy statement attached to this policy is: *"MultiCare does not discriminate against any person on the basis of age, race, ethnicity, religion, culture, language, physical or mental disability, socioeconomic status, sex, sexual orientation, and gender identity, citizenship, immigration status, military status, or any other basis prohibited by state or federal law in care and treatment or participation in its programs, services, activities or employment.."* It includes additional assistance the agency has available to patients, as well as internal and external contact information for filing complaints. The policy is used to ensure MultiCare hospice patients are aware of what services are available to them, how to access services, and how to air grievances if standards are not met.

Patient Rights and Responsibility – MultiCare provided copies of the "Patient Rights and Responsibilities: Adults and Special Rights of Adolescents" and "Home Health & Hospice: Patient Responsibilities" policies. Both policies identify the process whereby patients and their families will be notified of their rights while being treated, as well as the expectations of the patients while participating in the care being provided.

To further support its availability to residents of the planning area, MultiCare provided the following statements related to this sub-criterion. [Source: Application, pp18-19]

"*PNW Hospice is guided by a mission to provide high quality compassionate patient-centered care. We are committed to serving all patients, including those who lack health insurance coverage and who cannot pay for all or part of the essential care they receive. We are committed to maintaining Financial Assistance policies that are consistent with our mission and values and that consider an individual's ability to pay for medically necessary health care services. We have provided a copy of our financial assistance policy in Exhibit 4.*

"All referred patients of any age who meet eligibility criteria and desire hospice care will be considered for admission by the hospice Interdisciplinary Team (IDT). Patients will be accepted for referral without regard to race, gender, sexual orientation, national origin, religion, age, physical impairments or the ability to pay for medical care.

"Hospice services are provided wherever the patient calls home. This may be a private home, an Assisted Living Community, Skilled Nursing Facility, or Adult Family Home.

Additionally, MultiCare provided the following anticipated payer mix for its Spokane County hospice services: [Source: Application, p23]

Applicant's Table

Table 10: PNW Hospice Payer Mix

Payer	Pct. Payer Source	Pct. Patients
Medicare/ Managed Medicare	88.2%	88.2%
Medicaid/ Managed Medicaid	3.6%	3.6%
Commercial	3.9%	3.9%
Self-Pay	0.2%	0.2%
Health Care Exchange	0.5%	0.5%
Other (1)	3.6%	3.6%
Total	100.0%	100.0%

Source: Applicant

Notes: "Other" payers include Tricare, Veterans Admin., Worker Compensation, and Healthcare Exchange payers.

In its initial application, MultiCare provided its assumptions regarding contractual deductions for each payer source so that net revenue by payer source could be calculated.

AccentCare Public Comment -Oppose

"PNW Hospice fails to identify under-served groups and simply refers again to MultiCare's financial assistance policies and history of service to indigents. However, no specific outreach programs are proposed that would identify those in need that are unable to access hospice. To reach those that are under-served or missed by existing hospice providers, the hospice first needs to identify the underserved population and then address ways to increase hospice enrollment among those populations."

Providence Public Comment – Oppose

1. MultiCare has not shown that it intends to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program.

In its application, MultiCare states that it "will serve all patient age groups." It similarly states: "Patients will be accepted for referral without regard to race, gender, sexual orientation, national origin, religion, age, physical impairments, other protected class, or the ability to pay for medical care." However, all of the applicants, not just MultiCare, are legally bound not to engage in age discrimination, and all of them have provided nondiscrimination statements similar to the one provided by MultiCare. This type of statement does not constitute a commitment to provide specialized pediatric care or to establish a dedicated pediatric program. MultiCare does assert that it "plans to provide services related to Pediatric Hospice Care and Case Management." However, it fails to provide any specific details in its application regarding the nature and scope of the pediatric "services" that it "plans to provide."

It is important to note that, in a recent Evaluation issued in a hospice concurrent review, the Department has recognized that pediatric patients constitute an "underserved population," stating that pediatric patients "represent a small volume, but a high need for hospice services." We strongly concur with the Department's conclusion. In contrast, in its CN application MultiCare provides a table which depicts the "Projected Spokane County Unserved Patients by Age." It is telling that, in its discussion of the patient age data set forth in the table, MultiCare states that it "will provide targeted services and programs to elderly individuals," but does not address pediatric patients.

2. MultiCare has failed to adequately identify underserved groups or specific populations to whom it intends to provide hospice services.

Under WAC 246-310-210(2), MultiCare must demonstrate that underserved groups will have "adequate access" to its proposed hospice agency. As noted above, the Department requires hospice applicants to "[i]dentify how this project will be available and accessible to underserved groups." An applicant's response to this request enables the Department to evaluate whether a proposed project satisfies the "adequate access" subcriterion.

However, MultiCare has failed to adequately identify the underserved groups and specific patient populations to whom it intends to provide hospice services. Instead, it only offers general statements regarding its intention to (1) accept patient referrals "without regard to race, gender, sexual orientation, national origin, religion, age, physical impairments, other protected class, or the ability to pay for medical care," (2) provide financial assistance, and (3) provide hospice services "wherever the patient calls home." As noted above, MultiCare also states that it "plans to provide services related to Pediatric Hospice Care and Case Management," but provides no details about those services.

Instead, as best we can determine, the only specific group or population that MultiCare discusses in any detail in its application is "elderly individuals, especially those over the age of 75." Thus, MultiCare asserts that it "will provide targeted services and programs to elderly individuals." With respect to this group, MultiCare notes that "many 85+ year old persons do not live at home, but in facilities," and states that these persons would be an "area of focus." Finally, it states that it intends to provide care to "those 85+ year old persons who do live at home."

MultiCare's recognition of the needs of "elderly individuals" over the ages of 75 and 85 is laudable, and the needs of those individuals must, of course, be addressed. However, the needs of "elderly individuals" are quite naturally the focus of all hospice agencies given the nature of hospice care and the typical age range distribution of hospice patients. Further, the Department's Hospice Numeric Need Methodology is a use rate-based methodology, with use rates calculated for two age cohorts: 0-64 and 65+. Therefore, the Department's approval of a new agency in Spokane County in accordance with the need shown by the Methodology will, as a matter of course, address the needs of "elderly individuals," regardless of which application is approved.

However, the purpose of the "adequate access" sub-criterion contained in WAC 246-310-210(2) is to enable the Department to determine whether an applicant's proposed hospice agency will address the needs of underserved groups beyond the age-based need identified in the Hospice Numeric Need Methodology. MultiCare has failed to provide sufficient evidence in its application that its proposed agency will provide adequate access to underserved groups and specific patient populations in Spokane County. Accordingly, its application does not satisfy the adequate access sub-criterion.

MultiCare Rebuttal to AccentCare

"AccentCare's statements 4 and 5 argue that MultiCare will not provide improved access to under-served groups because "no specific outreach programs are proposed that would identify those in need that are unable to access hospice." This is false. As stated in MultiCare's application, PNW Hospice will respond to all calls all hours, seven days a week. MultiCare has a documented history of providing significant and above-average amounts of financial assistance to financially indigent individuals across Washington State, and as discussed in our public comments, since the purchase of Deaconess and Valley hospitals in 2017, access to financial assistance for patients receiving care at these locations has significantly expanded. Most importantly, PNW Hospice will admit patients through its Interdisciplinary Care Team without regard to race, gender, sexual orientation, national origin, religion, age, physical impairments or the ability to pay for medical care.

"Lastly, PNW Hospice plans to provide full financial assistance to persons below 300 percent of the Federal Poverty Guidelines, and partial financial assistance to persons between 300 and 500 percent of the Federal Poverty Guidelines. This financial assistance policy is substantially more generous than that proposed by AccentCare, which limits eligibility for full financial assistance to persons under 200 percent For Spokane County, the U.S. Census estimates that in 2020, 150,544 individuals fell below 200% of the Federal Poverty Guidelines, and thus would be eligible for full financial assistance under both the AccentCare and PNW Hospice policies. An additional 89,888 Spokane County residents are estimated to be between 200% and 300% of the Federal Poverty Guidelines, and eligible for full financial assistance at PNW Hospice but not at AccentCare. This is what is meant with the statement in our application and screening responses that "MultiCare has a documented history of providing significant and above-average amounts of financial assistance to financially indigent individuals across Washington State, and PNW Hospice, as a wholly-owned subsidiary, would continue this tradition for Spokane County residents in need of hospice services."

MultiCare Rebuttal to Providence

"Providence Concern 1: MultiCare has not shown that it intends to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program

"As stated in our application, MultiCare will serve all patients in need of hospice services in Spokane County, with an emphasis on underserved populations, including but not limited to pediatric patients, Veterans, elderly persons 85 years and older, financially indigent individuals, and families and children in need of grief and bereavement services.

"MultiCare stated within its application that it plans to provide hospice services related to pediatric hospice care, will accept all patients "without regard to race, gender, sexual orientation, national origin, religion, age, physical impairments or the ability to pay for medical care." We note that the level of detail provided regarding MultiCare's pediatric hospice services is consistent with that provided by Eden Hospice in the Whatcom application which Providence referenced as testament to the importance of pediatric hospice services in hospice applications. We also note that PNW Hospice (MultiCare) was approved by the Department for a hospice agency in Thurston County in 2021. In that application, we used the same eligibility discussion of age ranges, including pediatrics. Seasons, the other hospice applicant in Thurston County, made criticisms similar to Providence. However, the Department's evaluation rejected these criticisms and approved PNW Hospice under WAC 246-310-210(2). We would respectfully anticipate the same Department approval would occur this time.

"Furthermore, MultiCare also has specific focus on pediatric populations, given it operates tertiary and quaternary neonatal care at Tacoma General Hospital and it also operates Mary Bridge Children's Hospital. Mary Bridge is one of Washington's three dedicated pediatric hospitals, established in 1955 by founders convinced of the need for a specialized healthcare center in Tacoma to serve the children of the South Puget Sound region. Today, Mary Bridge provides comprehensive care for children throughout Western Washington and across the Pacific Northwest. MultiCare Hospice currently works with Mary Bridge to serve complex pediatric patients, and partners with Mary Bridge along the continuum of care. PNW Hospice would do the same.

"In summary, the Providence assertion is unfounded and has been rejected by the Department as recently as late last year. MultiCare will provide specialized pediatric hospice services and Providence is wrong.

"Providence Concern 2: MultiCare did not adequately identify underserved groups or specific populations to whom it intends to provide hospice services.

"Providence criticizes MultiCare's use of broad, encompassing language in our description of how the proposed project will ensure that underserved groups will have adequate access to our proposed hospice agency, and our identification of persons over the age of 85 as a potential underserved group.

"With regards to our use of broad, encompassing language, this criticism both ignores the information provided by MultiCare in its application, exhibits, and screening responses, and the fact that the PNW Hospice response reflects a common approach to this application question. To the extent the Department had questions about how the proposed project would provide outreach to these underserved populations, it requested additional information in its screening questions to MultiCare. MultiCare provided responses to these screening questions on February 28, 2022. In addition, MultiCare's approach addressing underserved groups is identical to the statements made by PNW Hospice in 2021, when the Department approved PNW Hospice as a hospice agency in

Thurston County, as discussed above. In that application, we used the same commitment to serve otherwise underserved groups. Seasons, the other hospice applicant in Thurston County, made criticisms similar to Providence. However, as stated above, the Department rejected these criticisms and approved PNW Hospice under WAC 246-310-210(2). We would anticipate the same Department approval would occur this time.

…

"As Providence states in its public comments, "the Department's Hospice Numeric Need Methodology is a use rate-based methodology, with use rates calculated for two age cohorts: 0-64 and 65+." However, Providence fails to recognize that use rates and population structures vary within these cohorts, so it is not true that any application which serves Spokane residents "in accordance with the need shown by the Methodology will, as a matter of course, address the needs of 'elderly individuals.'" As we show in our public comments, individuals aged 85 and over have a use rate 10 times greater than that of individuals between the ages of 65 and 74.71 For a 65+ cohort with relatively more persons aged 85 and over, such as in Spokane, it is necessary to plan for the needs of these elderly individuals. MultiCare is the only applicant to consider the impact of the Spokane County age structure beyond the Department's Numeric Need Methodology. This is a serious oversight of the other three applicants.

"Indigent individuals in Spokane County also represent an underserved population in need of improved hospice access. MultiCare will provide comprehensive hospice services to all qualifying patients, regardless of the patient's ability to pay for medically necessary health care services. Our social workers will provide additional financial planning and financial assistance for patients and their families during hospice care based on MultiCare's Financial Assistance Policy. MultiCare has a well-documented history of providing financial assistance to its patients that exceeds the respective regional averages in the service areas they serve. MultiCare's Puget Sound and King County hospitals consistently are significantly above their respective regional averages, and since MultiCare acquired Deaconess and Valley hospitals in 2017, it has significantly expanded access to financial assistance for patients receiving care at these Spokane hospitals. More than any words, these actions demonstrate the commitment of MultiCare to provide quality health services to patients regardless of payer coverage or ability to pay, and who are unable to pay for medically necessary health care services. This commitment extends beyond just hospital care, as MultiCare provides financial assistance and support to its patients across the care continuum, and it will include those patients requiring hospice care at the proposed agency.

Department Evaluation

The Admission Policy provided by the applicant describes the process MultiCare would use to admit a patient to its hospice agency. The policy includes language to ensure all patients will be admitted for treatment without discrimination.

The Financial Assistance Policy includes non-discrimination language to ensure all patients eligible for hospice services could be served by the agency. The Financial Assistance Policy also provides the process to obtain charity care.

The applicant also provided a Discrimination Complaints and Grievances policy along with several other related policies and procedures which further assures the department of MultiCare's intention to provide access to hospice services to all the residents of Spokane County.

Furthermore, documentation provided in the application indicates that if approved, MultiCare would include Spokane County in both its Medicare and Medicaid certifications. MultiCare provided its projected Medicare and Medicaid revenues for Spokane County operations and based its projections on its affiliates' historical performance.

Competitors criticized MultiCare's application on the grounds that it had not sufficiently documented the specific underserved groups it would serve, in particular contending that MultiCare had insufficiently documented its proposed efforts to serve pediatric patients. As noted by MultiCare in rebuttal and substantiated by a review of its proposed services on page 10 of its application, MultiCare identified 'Pediatric Hospice Care and Case Management' as a service to be provided in addition to the standard set of services in the application matrix.

WAC 246-310-290(13)
Consistent with WAC 246-310-290(13), the applicant provided statements within the application confirming that the new agency would provide Medicare and Medicaid hospice services to Spokane County in its entirety.

Based on the information above, the department concludes that with written agreement to the condition in the conclusion section of this evaluation, the MultiCare Health System/PNW Hospice, LLC project **meets this sub-criterion**.

Providence Health & Services-Washington dba Providence Hospice Spokane
Providence Hospice provided copies of the following policies that would be used by the hospice agency. [source: Application, Exhibits 9-12]

Admission Criteria and Process Policy – Executed
Stated purpose: *To establish a standard and a process by which a patient may be evaluated and accepted for admission for hospice services*.

The policy also outlines the admission criteria to be accepted for hospice services and provides the following non-discrimination language: *Patients will be accepted for care without discrimination of race, religion, age, gender, sexual orientation, disability (mental or physical) or place of national origin.* The policy further states: *Acceptance of patients is based on their hospice care needs and not their ability to pay. A patient's ability to pay for services will be evaluated for state or federal assistance programs, charity care, private insurance or private pay.*

Charity Care Policy – Executed
Stated purpose: *…to outline financial assistance as it pertains to Home and Community Care (HCC) and to also incorporate state specific guidelines.*

The policy provides a definition of 'charity care' to be *healthcare provided for free or at reduced cost to low income patients. Charity Care is a provision of health and social services with no expectation of compensation from any source—either third party insurance or private pay*. The policy also provides the charity care eligibility requirements, evaluation process, and procedures for obtain charity care.

Patient Family Bill of Rights and Responsibilities Policy – Executed
Stated purpose: *To provide information to patients, families, and their caregivers that describe their rights and responsibilities related to their care and how to communicate with their care team and Providence Hospice as outlined in WAC 246-335-075 and CFR 418.52*.

The policy also outlines the roles and responsibilities for both the patient/family and the hospice agency.

Non-Discrimination Policy – Executed
Stated purpose: *To establish PSJH[7]'s System-level policy and procedures prohibiting discrimination against individuals accessing any Health Program and/or Activity (defined below) provided by PSJH, designating caregivers responsible for implementation and monitoring of this policy, and establishing the internal grievance procedure for complaints alleging discrimination related to a PSJH Program or Activity. In addition to this policy, PSJH is committed to nondiscrimination in employment and in the provision of benefits to caregivers of PSJH, and in the provision of coverage through PHP. These commitments are more fully outlined in PSJH's applicable Human Resources policies and benefit plan documents, or in the applicable PHP policies. This policy is not intended to replace, substitute or modify: (1) PSJH's and Affiliates' policies that prohibit discrimination in employment and provide for an internal grievance procedure for employment-related disputes; (2) any grievance procedure set forth in the applicable summary plan description for individuals participating in a PSJH benefit plan; or (3) PHP's policies governing nondiscrimination and associated grievance procedures in its health-related insurance activities. For information on the latter policies and grievance procedures, please see the links provided at the end of the Reference section below*.

The policy provides specific definitions used in the document and includes the following non-discrimination language.
Consistent with PSJH's Mission and Core Values, it is the policy of PSJH to not discriminate against, exclude, or treat differently any individuals accessing any PSJH Program or Activity on any basis prohibited by local, state or federal laws, including but not limited to on the basis of race, color, religious creed (including religious dress and grooming practices), national origin (including certain language use restrictions), ancestry, disability (mental and physical including HIV and AIDS), medical condition (including cancer and genetic characteristics), marital status, age, sex (including pregnancy, childbirth, breastfeeding and related medical conditions, gender, gender identity, gender expression and sexual orientation, genetic information (including family medical history), or military/veteran status as those terms are defined under federal and state laws and rules. Discrimination will not be tolerated.

PSJH applies all appropriate federal and/or state protections for religious freedom and conscience. It is also PSJH's policy to provide free auxiliary aids and language assistance services to individuals with Disabilities, or Limited English Proficiency, or non-English speaking who are accessing PSJH Programs or Activities. Such services may include providing Qualified Bilingual/Multilingual Staff, Qualified Interpreters, and Qualified Translation free of charge as needed or appropriate.

[7] Providence St. Joseph Health

PSJH has established applicable grievance procedures for individuals accessing any PSJH Program or Activity, which provides for prompt and equitable resolution of complaints alleging violations of applicable federal or state laws that prohibit discrimination, including but not limited to Sections 504 and 508 of the Rehabilitation Act of 1973, the Americans With Disabilities Act (ADA) and Title VI of the Civil Rights Act of 1964, Section 1557 of the Affordable Care Act (42 U.S.C. 18116), and its implementing regulations at 45 CFR part 92 (collectively refer red to below as "Section 1557"). Any person who believes that someone accessing a PSJH Program or Activity has been subjected to discrimination on the basis of race, color, religious creed (including religious dress and grooming practices), national origin (including certain language use restrictions), ancestry, disability (mental and physical including HIV and AIDS), medical condition (including cancer and genetic characteristics), marital status, age, sex (including pregnancy, childbirth, breastfeeding and related medical conditions, gender, gender identity, gender expression and sexual orientation, genetic information (including family medical history), or military/veteran status may file a grievance under this procedure. It is against the law for PSJH to retaliate against anyone who opposes discrimination, files a grievance, or participates in the investigation of a grievance. Human Resources also maintains a policy on this topic.

Providence Hospice provided the projected payer mix for its hospice agency in Spokane County. [source: Application, p35]

Applicant's Table

Table 15. Providence Hospice Spokane Projected Payer Mix

	Projected	
Payer Mix	**% of Gross Revenue**	**% by Patient**
Medicare	84.7%	90.2%
Medicaid	8.5%	3.1%
Commercial	3.1%	3.3%
Other (includes government & Tricare)	3.0%	3.0%
Self-Pay	0.7%	0.4%
Total	**100.0%**	**100.0%**

Source: Providence

Providence states that the projected percentages shown in the table above are *"…based on recent historical experience for Providence's three established Washington State agencies and supported by data related to the three hospice agencies currently serving the Spokane County market*." [source: Application, p35]

WAC 246-310-290(13) Any hospice agency granted a certificate of need for hospice services must provide services to the entire county for which the certificate of need was granted.

The applicant stated that the new hospice agency would be available to all residents of the service area as required by WAC 246-310-290(13) and provided the following specific information regarding its availability. [source: Application, p24]

"Providence Hospice Spokane confirms and commits that the proposed agency will be available and accessible to the entire Spokane County planning area."

AccentCare Public Comment – Oppose

In listing the various underserved groups that will be served, Providence includes patients with End-Stage Renal Disease. On page 25 of the application, Providence mentions their experience in working with Northwest Kidney Centers and their intention to bring these partnerships to Spokane County residents. However, Northwest Kidney Centers does not have any locations in or near Spokane County as shown in the information below from the website: www.nwkidney.org. No other organization is identified in which Providence intends to partner with.

Providence also includes dual-eligible individuals as an underserved population, citing statistics showing how many residents across the country qualify for dual-eligibility specifically those with "poor" self-reported health status. This data does not sufficiently support identifying dual-eligible individuals as an underserved population for hospice care. Specifically, these are low-income elderly individuals, often living alone, in rural areas or inner cities. No specific outreach measure or program is discussed regarding how Providence intends to increase hospice utilization among this segment of the population.

Providence continues asserting that cardiac hospice patients are underserved but provides no analysis of existing service levels demonstrating that existing hospice providers are not serving cardiac patients in sufficient numbers.

Providence Rebuttal to AccentCare

Of course, Providence recognizes the importance of identifying, and directing attention and resources to, the needs of specific patient populations and underserved groups, and of providing a wide range of ancillary hospice services. We, too, identify and discuss such populations, groups, and services in our hospice CN applications. We also presume that all applicants in a hospice concurrent review share the same goal of providing hospice care in a dedicated and compassionate manner to all residents of the community they propose to serve.

…

Given Providence's long-term presence in Spokane County, we are certainly aware of the Russian community (as well as many other communities) in Spokane County. We have been serving those communities for years, and will continue to do so. However, we do not find it respectful, helpful, or appropriate to place those communities on competitive lists. In our experience, AccentCare's approach is not consistent with, or supportive of, the overall nature and purpose of the certificate of need review process in Washington. Therefore, that approach should be rejected by the Department.

Department Evaluation

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

The Non-Discrimination Policy includes language to ensure all patients would be admitted for treatment without discrimination.

Providence Hospice anticipates its Medicare and Medicaid revenues for the proposed hospice agency will be approximately 93.2% of its total revenues. Providence Hospice does not expect any change

in its Medicare and Medicaid revenues over time. Additionally, the financial data provided in the application shows that Medicare and Medicaid revenue is expected.

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

As with the MultiCare application discussed earlier in this evaluation, competitors criticized the Providence Hospice application on the grounds that it had not sufficiently documented the specific underserved groups it would serve. The department notes that Providence provided information in its application materials specific to several groups, including pediatric patients, patients with end-stage renal disease, dual-eligible beneficiaries, the homeless population, veterans, minority communities as among those to whom it would seek to provide service

WAC 246-310-290(13)
Consistent with WAC 246-310-290(13), the applicant provided statements within the application confirming that the new agency would provide Medicare and Medicaid hospice services to Spokane County in its entirety.

Based on the information above, the department concludes that with written agreement to the condition in the conclusion section of this evaluation, the Providence Hospice of Spokane project **meets this sub-criterion**.

AccentCare, Inc.
In response to this sub-criterion, the applicant provided a copy of the following policies. [source: Application, Exhibit 15, and February 28, 2022, screening response, Attachment 5]

Indigent and Charity Care Policy-Executed
Stated purpose: *To provide guidelines to be considered when establishing patient eligibility for uncompensated or discounted services for uninsured or underinsured indigent and charity patients.*

The policy also outlines the process one would use to access charity care or financial assistance and includes a sliding scale for Federal poverty levels.

Hospice Patient Bill of Rights-Executed
Stated purpose: *To ensure patients, caregivers and staff are aware of the patient Bill of Rights.*

This policy outlines rights and responsibilities for patients and families.

Non-Discrimination & Grievance Procedure-Executed
Stated purpose: *This agency does not discriminate based on disability and follows an internal grievance procedure providing prompt and equitable resolution of complaints alleging any action prohibited by Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) or the U.S. Department of Health and Human Services regulations implementing the Act.*

Any person who believes she or he has been subjected to discrimination based on disability may file a grievance under this procedure. It is against the law to retaliate against anyone who files a grievance or cooperates in the investigation of a grievance."

The policy states the methods by which it is disseminated to the public, patients, and employees. It also provides the process and procedures to be used to file a discrimination grievance.

Contracted Services Policy-Executed
State purpose: *To verify that the training and qualifications for professionals and paraprofessionals who provide services to the organization's patients via contractual agreement meet AccentCare's standards.*

This policy is used to ensure Seasons-contracted employees are trained and available to serve hospice patients.

Availability of Services – Acceptance, Admission, Ongoing and Discharge -Executed
Stated purpose: *All covered services are available 24-hours a day, seven days a week including during the bereavement period to the extent necessary for the palliation and management of the terminal illness and related conditions*.

This policy outlines the procedures to be used to ensure hospice services are available when needed, and also bears the following policy statement: *It is the policy of this agency that all patients, regardless of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, or place of national origin have the right to receive the same quality of care throughout the organization and to have access to the home health resources they need to meet their health care needs.*

Interdisciplinary Group Coordination of Care-Executed
Stated policy: *Hospice will designate an interdisciplinary group or groups composed of individuals who work together to meet the physical, medical, psychosocial, emotional, and spiritual needs of the hospice patients and families facing terminal illness and bereavement.*

This policy outlines the staff associated with the interdisciplinary groups, their functions, and the coordination of care processes.

Clinical Policies and Procedures-Executed
Stated policy: *The organization will maintain current, up-to-date policies and procedures manuals for clinical personnel to utilize in the provision of patient care and service.*

Clinical policies and procedures will be revised according to state/federal guidelines and current clinical practice.

This policy is used to ensure adequate staff is available for the patient and family.

Discharge from Hospice Program-Executed

Stated policy: *AccentCare will provide service to a patient and family/caregiver as long as the patient remains terminally ill and lives in the designated service area. The organization will not discontinue or reduce care provided to a Medicare or Medicaid beneficiary because of the inability to pay.*

This policy outlines the reasons and the process for discharging a patient from hospice care.

In addition to the policies discussed above, AccentCare provided several other policies discussing patient-care issues such as plan of care and advance directives as well as internal policies governing staff hiring, conduct, and training, among others. While not separately discussed here, all policies were reviewed as part of this evaluation process.

AccentCare, Inc. provided the following payer mix for the Spokane County hospice services in year three. [source: Application, p69]

Department's Table 3
AccentCare, Inc.
Projected Payer Mix and Percentage

Payer	Percent
Medicare & Medicare Managed Care	91.0%
Medicaid	1.0%
Commercial, TriCare, Private Pay, etc.	8.0%
Total	**100.0%**

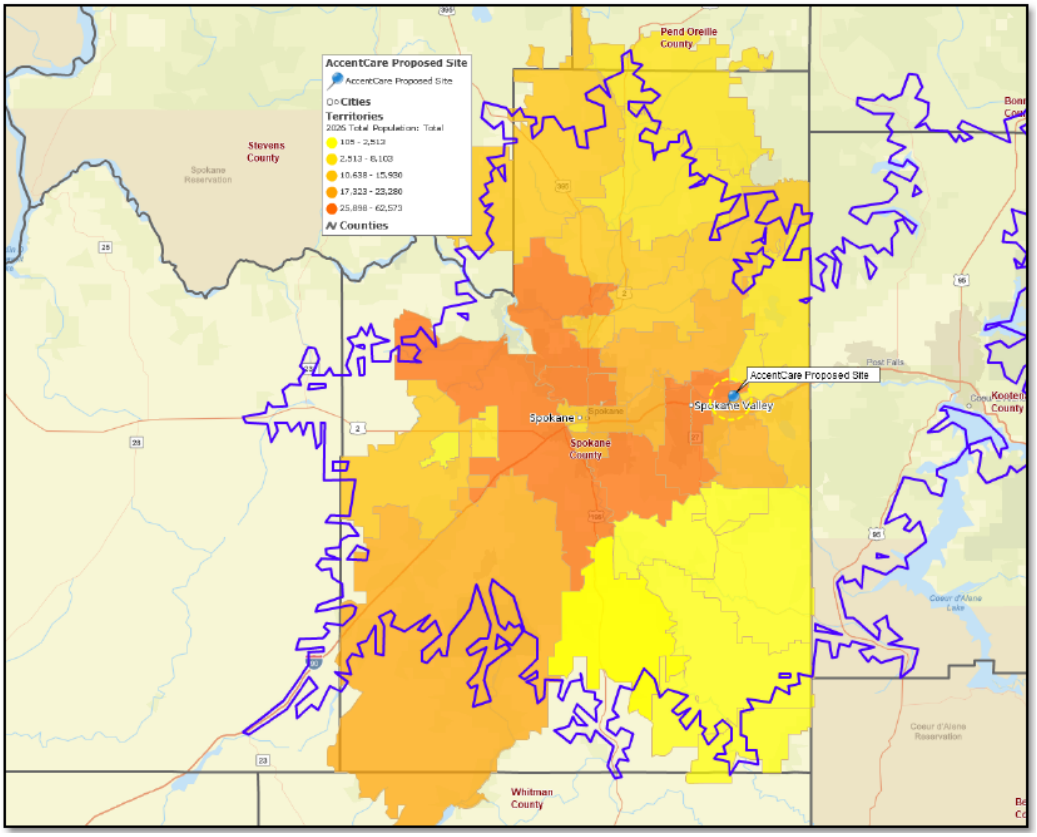
The applicant provided the following information regarding assumptions used to determine the projected payer mix above. [source: screening response, pp3-4]
"The payor mix shown in Table 25 on page 70 is based on the information in Exhibit 16, although it combines Medicare (at 27.3% of patient days) and Medicare Managed Care (63.7% of patient days) as shown in Exhibit 16, Workpaper 3, page 494, for a combined 91.0%. The percent of Gross Revenue shown in Table 25 is calculated from the revenues shown in Exhibit 16, page 493. Charity care is a deduction of private pay revenue, and therefore represents 1% of patient days, but 0% of Gross Revenue.

"The payor mix is based on the experience of the applicant in other service areas. Hospice services are overwhelmingly accessed by elderly patients who are Medicare beneficiaries. The 91 percent Medicare payor distribution reflects this fact. The Applicant has projected that Medicare recipients will, in the majority of cases, adopt a Medicare supplement program. In the pro formas, these payors are assumed to negotiate reductions in net payments with providers. To this extent, the assumption that Medicare Managed Care payors will make up the bulk of this results in a somewhat lower net reimbursement."

WAC 246-310-290(13) Any hospice agency granted a certificate of need for hospice services must provide services to the entire county for which the certificate of need was granted.
The applicant stated that the new hospice agency would be available to all residents of the service area as required by WAC 246-310-290(13) and provided the following specific information regarding its availability. [source: Application, pp15-16]

"The proposed agency will establish its office proximate to the most populous areas of Spokane County to ensure availability and accessibility to the entire geography of the county. Enrolled patients receive hospice services in their own homes. However, when necessary, a patient may require inpatient respite or general inpatient services, which are temporary and typically less than one week, at a facility under contract. Therefore, the location of the business office is the repository for medical records, staff training and staff conferences for the purpose of care team meetings. All care staff are dispatched generally from their homes to provide in-home care to patients. All staff use computer technology to communicate with the office as well as each other, and the call center.

"The figure that follows shows the location of the home office on a map with a 45 minute drive time contour around it. The contours establish the feasibility of staff being able to access the home office for meetings, in-service training, care team conferences and medical records. The location allows an access point to the majority of the population, as indicated in the map. Specifically, the map shows the projected 2027 population by Zip Code. The 45-minute drivetime contour captures 94.5%, documenting accessibility of the proposed program.



Department Evaluation

As of the writing of this evaluation, the applicant does not operate any in home service facilities, including hospice services, in Washington State.

The executed Admission Policy describes the process and criteria that would be used to admit a patient to its proposed hospice agency. The Admission Policy includes extensive language to ensure all patients would be admitted for treatment without discrimination. The Admission Policy and

documentation provided in the application are clear that the proposed hospice agency would be available to all residents of the services area, include pediatric patients.

The applicant also provided a copy of its executed Charity Care Policy that will be used for its Spokane County hospice agency. The policy provides the circumstances that a patient may qualify for charity care and where to access information about appealing a charity care determination. The pro forma financial statements provided by AccentCare also include charity care as a deduction of revenue.

AccentCare also provided an executed Non-Discrimination Policy that demonstrates its intent to be available and accessible to all residents of Spokane County. The policy includes the process and procedures one would use to file a grievance.

Other executed polices provided in the application related to hospice services include Contracted Services Policy, Availability of Services Policy, Interdisciplinary Group Policy, Standards of Practice, Patient Discharge Policy, and Patient/Family Rights and Responsibilities. All polices provide detailed information.

The applicant anticipates its Spokane County agency's combined Medicare and Medicaid revenues to be 92% of total revenues and commercial/other to make up the remaining 8% of revenues. The applicant also provided pro forma financial statements that show each of these revenues are anticipated in projections for the hospice agency. These percentages of revenues are not expected to change over time.

No public comment was received for this sub-criterion

WAC 246-310-290(13)
Consistent with WAC 246-310-290(13), the applicant provided statements within the application confirming that the new agency would provide Medicare and Medicaid hospice services to Spokane County in its entirety.

Based on the information above, the department concludes that the AccentCare project **meets this sub-criterion.**

The Pennant Group, Inc.
In response to this sub-criterion, Pennant provided copies of many policies in use at all of its hospice agencies. For the purposes of this evaluation, each of the policies is considered a draft in light of the following statement from the applicant's screening responses: *A version of these policies is currently in use at other Pennant hospice agencies. As mentioned above, while not identical to all other Pennant agency policies, they are similar, as they are developed by Corridor and then "customized" per agency. Should Spokane County be approved, we will order our policies from Corridor and customize them for Spokane County.* Of the policies provided, the following are directly related to this sub-criterion. [source: Application, Exhibit 6]

Admission Criteria and Process – the stated purpose of this policy is "*To establish standards and a process by which a patient can be evaluated and accepted for admission.*" This policy states that

patients will be admitted if they meet the admission criteria, and then identifies the admission criteria. The policy also provides the following non-discrimination language: "*Patients will be accepted for care without discrimination on the basis of race, color, religion, age, gender, sexual orientation, disability (mental or physical), communicable disease, or place of national origin.*"

The Admission Policy also states: *"While patients are accepted for services based on their hospice care needs, the patient's ability to pay for such services, whether through state or federal assistance programs, private insurance, or personal assets is a factor that will be considered."*

Pennant provided the following clarification regarding the statement above in the Admission Policy. [source: February 28, 2022, screening response, p8]
"We would first note that the policy's language states unequivocally what determines whether a patient is admitted or not: the patient's hospice care needs. Having established that, the policy goes onto note that as part of the admissions process we will factor in the patient's ability to pay for hospice services. This must be factored in to ensure the patient is admitted under the appropriate payor structure (i.e., accurately identifying the party that will be responsible for paying for care), including, as applicable, the payment structure outlined in our charity care policy. This is what is meant by 'factors that will be considered.'"

Charity Care Policy – the stated purpose of this policy is "*To detail the process utilized for patients in need of hospice services under the charity care policy as required by the Washington State Department of Health. Patients without third-party payer coverage and who are unable to pay for medically necessary hospice care will be accepted for charity care admission, per established criteria set forth by Federal and Washington State Department of Health. Alpha Hospice will establish objective criteria and financial screening procedures for determining eligibility for charity care.*"

The policy includes the following non-discrimination language: "*Once Federal and State hospice clinical admission guidance, all patients in need of hospice will receive Puget Sound services expeditiously regardless of ability to pay, race, color, gender, gender identity, religion, age, or citizenship.*" The policy identifies that the Executive Director/Administrator and appropriate program director will determine the appropriate amount of charity care to be provided.

Pennant provided the following clarification regarding the 'objective criteria' statement above in the Charity Care Policy. [source: February 28, 2022, screening response, p8]
"*Objective criteria' refers to the hospice eligibility criteria that the federal government has established as guidance. No patient will be turned away from hospice due to an inability to pay but the individual needs to qualify for hospice by having a life limiting illness and a prognosis that if the illness continues on its normal course the client will perish in 6 months or less. This charity policy is being utilized by our other Washington State agencies and has been approved by the DOH and the outside accreditors on several occasions.*

Hospice care is a benefit under the hospital insurance program. To be eligible to elect hospice care under Medicare, an individual must be entitled to Part A of Medicare and be certified as being terminally ill. An individual is considered to be terminally ill if the medical prognosis is that the individual's life expectancy is 6 months or less if the illness runs its normal course. Only care provided by (or under arrangements made by) a Medicare certified hospice is covered under the

Medicare hospice benefit. Just as CMS uses these objective measures; we must use objective criteria to determine the applicability of our charity care policy. Without objective criteria supporting terminality, a hospice agency runs the risk of providing an inappropriate level and/or type of care, which may put the patient, out staff, and our agency's viability at risk."

Nondiscrimination Policy and Grievance Process – the stated purpose of this policy is: *"To prevent organization personnel from discriminating against other personnel, patients, or other organizations on the basis of race, color, religion, age, sex (an individual's sex, gender identity, sex stereotyping, pregnancy, childbirth and related conditions), sexual orientation, disability (mental or physical), communicable disease, or national origin."* It includes additional assistance the agency has available to patients, as well as internal and external contact information for filing complaints. The policy is used to ensure Pennant hospice patients are aware of what services are available to them, how to access services, and how to air grievances if standards are not met.

To further support its availability to residents of the planning area, Pennant provided the following statements related to this sub-criterion. [source: Application, pdfs 19-20]
"Manito Hospice plans to support Spokane County in its entirety.

Spokane County will be served in its entirety by Manito Hospice. Manito Hospice clinical staff will be available 24 hours a day, seven days a week, to meet patient and family needs. We plan to provide our full range of services for all residents of Spokane County.

Spokane County has a diverse population. Unfortunately, there is also diversity in the health of different populations in the County. For example, in comparing different areas within Spokane County, there have been disparities found in life expectancy of up to 6 years. We believe a lot of the disparity in health stems from the lack of access to timely healthcare for people in certain demographics, and community members in Spokane County identified timely access to health care as a health priority. We believe we can help fix this problem. As mentioned above, we have a robust non-discrimination policy. Demographic characteristics are not considered when making the decision to admit a patient.

Additionally, Pennant provided the projected payer mix for its Spokane County operations. [source: Application, p25]

Department's Table 4
Pennant's Spokane County Projected Payer Mix

Payer	Percent of Gross Revenue	Percent by Patient
Medicare	94.6%	95.2%
Medicaid	4.0%	3.73%
Commercial	1.2%	0.87%
Self-Pay	0.2%	0.2%
Total	**100.0%**	**100.0%**

In response to a screening question, Pennant provided the additional justification for the use of the preceding payer mixes. [source: screening response, p5]

"*All forty-four Pennant-affiliated hospice agencies are included in the payer mix averages, including Pennant's Washington State hospices: Elite Hospice, Alpha Hospice, and Puget Sound Hospice. The states used to determine the averages include Arizona, California, Colorado, Iowa, Idaho, Montana, Nevada, Oklahoma, Oregon, Texas, Utah, Washington, Wisconsin, and Wyoming.*

"The averages have proven to be similar to Pennant's Washington hospice agencies in Snohomish, Thurston, Pierce, and Asotin counties, with minor variances. Stated another way, we have found the averages we've provided to be reliable considering Spokane County holistically, including its demographics, availability of particular payor types, and community/provider types, and then comparing that to the experience and community dynamics of the Pennant-affiliated agencies we've referenced above and in our application."

WAC 246-310-290(13) Any hospice agency granted a certificate of need for hospice services must provide services to the entire county for which the certificate of need was granted.
The applicant stated that the new hospice agency would be available to all residents of the service area as required by WAC 246-310-290(13) and provided the following specific information regarding its availability. [source: Application, p11]
"*Manito Hospice will be available and accessible to the entire geography of Spokane County*."

AccentCare Public Comment – Oppose
Pennant fails to identify under-served groups and simply refers to Spokane County's diverse population and general descriptions of health disparities, including life expectancy. However, no detail or analysis is provided on specific sub-populations and no specific outreach programs are proposed that would identify those in need that are unable to access hospice. To reach those that are under-served or missed by existing hospice providers, the hospice first needs to identify the underserved population and then address ways to increase hospice enrollment among those populations.

Providence Public Comment – Oppose
A. Pennant's application does not satisfy the "adequate access" need sub-criterion set forth in WAC 246-310-210(2).
The Department's Hospice Numeric Need Methodology shows need for a new hospice agency in Spokane County in 2023. However, the need calculation is only the first step in the Department's evaluation of whether an application satisfies the need criterion. In addition, the Department must determine whether each application satisfies the second need sub-criterion: "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." Accordingly, the Department's hospice application form contains the following requirement: "identify how this project will be available and accessible to underserved groups."

As discussed below, Pennant's application does not satisfy the "adequate access" requirement. First, Pennant has not demonstrated a commitment to providing specialized pediatric hospice care or to establishing a dedicated pediatric hospice program. Second, Pennant has failed to demonstrate the manner in which it will provide adequate access to underserved groups and specific patient

populations in Spokane County. Thus, Pennant's application does not satisfy the "adequate access" sub-criterion set forth in WAC 246-310-210(2).

1. Pennant has not shown that it intends to provide specialized pediatric hospice care or to establish a dedicated pediatric hospice program.

As best we can determine, Pennant's CN application does not mention pediatric hospice patients or services at all. However, in its application Pennant does state: "Manito Hospice will serve patients of all ages and diagnosis and is committed to serving all patients regardless of race, color, religion (creed), gender, gender expression, age, national origin, disability, marital status, sexual orientation, English proficiency, or military service, and will ensure that all populations have access to services through its charity care policy." However, all of the applicants, not just Pennant, are legally bound not to engage in age discrimination, and all of them have provided non-discrimination statements similar to the one provided by Pennant. This type of statement does not constitute a commitment to provide specialized pediatric care or to establish a dedicated pediatric hospice program.

2. Pennant has failed to adequately identify underserved groups or specific populations to whom it intends to provide hospice services.

Under WAC 246-310-210(2), Pennant must demonstrate that underserved groups will have "adequate access" to its proposed Spokane County hospice agency. As noted above, the Department requires hospice applicants to "[i]dentfy how this project will be available and accessible to underserved groups." An applicant's response to this request enables the Department to evaluate whether a proposed application satisfies the "adequate access" sub-criterion.

However, Pennant's response to the Department's request to specify how its proposed hospice agency "will be available and accessible to underserved groups" is very brief and contains no identification of specific underserved groups or specific populations which Pennant intends to serve. The first paragraph of Pennant's response states that (1) "Spokane County will be served in its entirety," (2) "clinical staff will be available 24 hours per day, seven days a week," and (3) Pennant "plan[s] to provide our full range of services for all residents of Spokane County."

The second (and only other) paragraph of Pennant's response states in its entirety:

> *Spokane County has a diverse population. Unfortunately, there is also diversity in the health of different populations in the County. For example, in comparing different areas within Spokane County, there have been disparities found in life expectancy of up to 6 years. We believe a lot of the disparity in health stems from the lack of access to timely health care for people in certain demographics, and community members in Spokane County identified timely access to health care as a health priority. We believe we can help fix this problem. As mentioned above, we have a robust non-discrimination policy. Demographic characteristics are not considered when making the decision to admit a patient.*

Thus, Pennant fails to identify any specific underserved groups or specific patient populations to whom it intends to provide services, or upon whom it intends to focus. Instead, it provides only a general commitment to not discriminate. Of course, this is laudable. However, as noted above in our discussion of the MultiCare CN application, all of the applicants, not just Pennant, are legally bound

not to engage in discrimination of any type, and all of them have provided non-discrimination statements similar to the one provided by Pennant.

Pennant Rebuttal to AccentCare

The Department does not ask us to identify underserved groups, it asks us to identify how we will be available and accessible to them. The Department's question is, "Identify how this project will be available and accessible to underserved groups". Our answer is reasonable and has been accepted by the Department in multiple applications we have submitted. Accentcare's comment on this issue should not be given consideration.

Pennant Rebuttal to Providence

Providence's comments on how our project will be available and accessible to underserved groups, including pediatric patients.

First, we would note that Providence is asking the Department to interpret the purportedly relevant regulation the way Providence is choosing to do, which simply is not what the regulation says. Secondly, Providence itself noted that we represented to the Department that we will provide care to "patients of all ages[.]" Despite the fact that we stated in unequivocal terms ("we will provide care to patients of all ages"), Providence, in an effort to allege we have not met the criterion that Providence falsely believes is in the regulation, reads our unequivocal statement to be conditional. Stating these two points another way, Providence has misread both the regulation and our statement that indicates we have in fact met the regulation. Because Providence has misread the regulation and our application, and we are in fact willing and able to provide the type of care Providence references, Providence's comments on this issue are immaterial.

Providence's comments on identifying underserved groups. The department does not ask us to identify underserved groups, it asks us to identify how we will be available and accessible to them. The Department's question is, "Identify how this project will be available and accessible to underserved groups". Our answer is reasonable and has been accepted by the Department in multiple applications we have submitted. Providence's comment on this issue should not be given consideration.

Department Evaluation

The draft Admission Criteria and Process Policy provided by the applicant describes the criteria for admission and the procedure Pennant would use to admit a patient to its hospice agency. The policy includes language to ensure all patients will be admitted for treatment without discrimination.

Pennant anticipates its combined Medicare and Medicaid revenues for the proposed hospice agency will be approximately 98.6% of its total revenues. In addition, the financial data provided shows that Medicare and Medicaid revenue is expected.

Pennant also provided a copy of its draft Charity Care Policy. The department notes that the draft policy provided in this application specifically addresses a different Pennant entity – Alpha Hospice. Because this is presented as a draft policy, any executed policy provided would be required to address Manitou Hospice. The policy includes non-discrimination language ensuring all patients eligible for hospice services would be served by the agency. The policy also provides the procedure to apply for

charity care, as well as the steps the agency takes throughout the process. Additionally, the pro forma financial statements provided show a charity care line item as a deduction from gross revenue.

As with the MultiCare and Providences applications discussed earlier in this evaluation, competitors criticized Pennant's application on the grounds that it had not sufficiently documented the specific underserved groups it would serve, particularly that it did not provide for a dedicated pediatric program. The department concludes that these critiques are inapposite to this sub-criterion. The applicable criterion is: *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."* An applicant is required to demonstrate that all residents will have access to its services. This need not include listing of specific sub-populations to that the applicant will seek to serve. Pennant's representations in this application meet the requirements of this sub-criterion and indicate an intention to serve all hospice patients, including pediatric patients.

WAC 246-310-290(13)
Consistent with WAC 246-310-290(13), the applicant provided statements within the application confirming that the new agency would provide Medicare and Medicaid hospice services to Spokane County in its entirety.

In conclusion, the department finds that Pennant's draft Admission Criteria and Process Policy and draft Charity Care Policy demonstrate Pennant's intention that all residents of the service area will be accepted for services. If this project is approved, the department would attach conditions to the approval requiring submission of final executed policies. With agreement to these conditions, the department concludes that **this sub-criterion is met**.

(3) The applicant has substantiated any of the following special needs and circumstances the proposed project is to serve.
- *(a) The special needs and circumstances of entities such as medical and other health professions schools, multidisciplinary clinics and specialty centers providing a substantial portion of their services or resources, or both, to individuals not residing in the health service areas in which the entities are located or in adjacent health service areas.*
- *(b) The special needs and circumstances of biomedical and behavioral research projects designed to meet a national need and for which local conditions offer special advantages.*
- *(c) The special needs and circumstances of osteopathic hospitals and non-allopathic services.*

Department Evaluation
This sub-criterion under WAC 246-310-210(3), (4), and (5) are not applicable for these four applications.

(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.

Department Evaluation

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

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

Department Evaluation

This sub-criteria under WAC 246-310-210(3), (4), and (5) are not applicable for these four applications.

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

Based on the source information reviewed, the department determines the following applicants **met the applicable financial feasibility criteria in WAC 246-310-220:**

- Providence Health & Services – Washington d/b/a Providence Hospice Spokane
- AccentCare, Inc., dba AccentCare Hospice and Palliative Care of Spokane County, LLC
- Pennant, Inc., dba Manito Hospice

Based on the source information reviewed, the department determines the following applicants **did not meet the applicable financial feasibility of care criteria in WAC 246-310-220:**

- MultiCare Health System dba PNW Hospice LLC

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

Chapter 246-310 WAC 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 projects of this type and size. Therefore, using its experience and expertise the department evaluates if an applicant's pro forma income statements reasonably project the proposed project is meeting its immediate and long-range capital and operating costs by the end of the third complete year of operation.

To evaluate this sub-criterion, the department reviews the assumptions provided by an applicant, projected revenue and expense (income) statements, and projected balance sheets. The assumptions are the foundation for the projected statements. The income statement is a financial statement that reports a company's financial performance over a specific period—either historical or projected. Projected financial performance is assessed by giving a summary of how the business expects its

revenues to cover its expenses for both operating and non-operating activities. It also projects the net profit or loss incurred over a specific accounting period.[8]

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

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

MultiCare/PNW Hospice

MultiCare, through its subsidiary MultiCare Good Samaritan Hospital, currently owns and operates two in home service agencies.[9][10] PNW Hospice, the agency that is the focus of this application, was recently approved to provide hospice services in Thurston County, with an anticipated date to provide services of July 1, 2022.[11] As of the writing of this evaluation, PNW Hospice's license for Thurston County is in "pending" status. This applicant, the ultimate parent of that agency, MultiCare Health System operates numerous other healthcare facilities in Washington, including acute care and psychiatric hospitals, medical clinics, physician practices, and other allied health services.

MultiCare provided the following assumptions used to determine the projected number of patients and visits for the proposed Spokane County hospice services. [source: Application, pp15-18]
"*From the number of unmet patient days in Table 5 and the assumed proportion of unmet need in Table 6, we forecast patient counts and patient days over the first three full years of operation in Table 7. Additional assumptions include an average length of stay ("ALOS") equal to 62.12 and a facility opening date of July 1, 2023.*

"The projected utilization for the proposed agency is based on the DOH 2021-2022 Hospice Need Methodology, included as Exhibit 3. The 2021-2022 need methodology is extrapolated to 2026 to cover the first three full years of operation using linearly interpolated population forecast estimates from the Washington State Office of Financial Management (OFM). We present the forecasted population and extrapolated need estimates in Table 5 and our corresponding utilization assumptions in Table 6."

[8] One purpose behind the income statement is to allow key decision makers to evaluate the company's current situation and make changes as needed. Creditors use these statements to make decisions on loans they might make to a company. Stock investors use these statements to determine whether the company represents a good investment.
[9] IHS.FS.60639376 MultiCare Home Health and Hospice provides Medicare and Medicaid hospice services to the residents of King, Kitsap, and Pierce counties.
[10] IHS.FS.60081744 MultiCare Home Health and Hospice provides Medicare and Medicaid home health services to the residents of King and Pierce counties.
[11] CN#1915, issued November 5, 2021

Applicant's Table

Table 6: Utilization Forecast Assumptions

Utilization Assumptions	Row	2022	2023	2024	2025	2026
Unmet Admissions	1	176	263	351	438	513
Proportion of Unmet Need	2	0%	30%	35%	40%	50%
Total Admissions ([1]*[2])	3	0.00	79.00	122.70	175.20	256.40
Patients per Month ([3]/12)	4	0.0	6.6	10.2	14.6	21.4

Sources: Table 5 and self-calculations.

Using the assumptions stated above, MultiCare projected utilization for its Spokane County operations summarized in the table below: [source: Application, p16]

Applicant's Table

Table 7: PNW Hospice Projected Utilization

Utilization Forecast	Row	2023 (Q3 and Q4	2024	2025	2026
Months	1	6	12	12	12
Patients per Month	2	6.6	10.2	14.6	21.4
Unduplicated hospice patients ([1]*[2])	3	39.6	122.4	175.2	256.8
ALOS (WA Avg.)	4	62.12	62.12	62.12	62.12
Total visits ([3]*[4])	5	2,460	7,603	10,883	15,952
ADC [5]/365	6	13.5	20.8	29.8	43.7

Source: Applicant
Notes: The Total Admissions presented in Table 6 differ slightly from the Unduplicated Hospice Patients in Table 7 because of rounding the calculated patients per month to the nearest decimal.

If this project is approved, the new hospice agency would be operated in combination with its Thurston County operations, but independent of MultiCare's other home health and hospice operations.

MultiCare also provided the assumptions used to project profits and losses for its Spokane County agency shown in the following tables. [source: Application, Exhibit 11]

MultiCare's Financial Assumptions

PNW Hospice LLC Revenue Assumptions

Utilization	**Assumptions (Forecasted Years 2023 - 2026)**		
Hospice Admits	Unique patients served; see utilization forecast		
Patient Days	Unique patients served times ALOS of 62.12 in WA		
Averaged Daily Census (ADC)	Estimated to meet ADC of 43.70 by third full year of operations (2026).		
Gross Patient Revenue	Payer Mix	Contractual Adjustment Rate	Charges per Admit
Medicare/Mgd Medicare	88.2%	10.65%	$17,303
Medicaid/Mgd Medicaid	3.6%	6.10%	$17,303
Commercial	3.9%	15.90%	$17,303
Self Pay	0.2%	0.00%	$17,303
Health Care Exchange	0.5%	6.40%	$17,303
Other (Tricare, Vet Admin, Workers Comp and Healthcare Exchange.)	3.6%	3.10%	$17,303
Other revenue adjustments			
Bad debt	Assumed constant at 0.52% of gross revenues based on 2021 Oct YTD levels.		
Charity care	Assumed constant at 1.04% of gross revenues based on 2017-2019 Spokane County Planning Area average.		

PNW Hospice LLC Expense Assumptions		
Category/Item		**Assumptions (Forecasted Years 2023 - 2026)**
Patient Days		
Estimated Patient Days	62.12	Unique patients served times ALOS of 62.12 in WA
Professional Fees		
Medical Director (contracted)		Based on medical director contract compensation and 0.2 FTEs in Year 0, 0.5 FTEs in Year 1, 0.7 FTEs in Year 2, and 1 FTE in Year 3
SNF Pass-through Professional Fees	$13.34	$13.34/patient day based on MHS Hospice Oct 2021 YTD average
Supplies		
Pharmaceutical Supplies	$1.36	$1.36/patient day based on MHS Hospice Oct 2021 YTD average
Medical Supplies	$2.24	$2.24/patient day based on MHS Hospice Oct 2021 YTD average
Office Supplies	$0.03	$0.03/patient day based on MHS Hospice Oct 2021 YTD average
Purchased Services		
PSI Pharmacy Prescriptions	$3.17	$3.17/patient day based on MHS Hospice Oct 2021 YTD average
System License and Maintenance Fee	$0.33	$0.33/patient day based on MHS Hospice Oct 2021 YTD average
Other Expenses		
Epic Charges		Costs include $21,250 License/Op fees for 12 users, $31,875 License/Op fees for 18 users per quarter, or $42,500 License/Op fees for 18 users per quarter
Building Lease Space		Lease expenses equal to $4,200.00 per month in 2023, $4,273.50 per month in 2024, $4,401.71 per month in 2025, and $4,533.76 in 2026
Equipment Lease & Rent Fees	$4.10	$4.10/patient day based on MHS Hospice Oct 2021 YTD average
Mileage/Tolls/Parking	$3.44	$3.44/patient day based on MHS Hospice Oct 2021 YTD average
Copier and Fax Line	$200.00	$200/month based on MHS Hospice Oct 2021 YTD average
Cell Phone	$53.33	$53.33/month per employee based on MHS Hospice Oct 2021 YTD average
Travel	$0.04	$0.04/patient day based on MHS Hospice Oct 2021 YTD average
Other Operating Costs (Incl. books & subscriptions, postage, & recruitment)	$2.11	$2.11/patient day based on MHS Hospice Oct 2021 YTD average
System Allocation	$22.23	$22.23/patient day based on MHS Hospice Oct 2021 YTD average
Depreciation & Amort.	$6,625.43	Capital expenses equal to about $66,254.31 depreciated over 10 years; equals about $6,625.43/year in depreciation costs
Taxes	1.5%	1.50% B&O taxes in WA (% of Net Revenue)

Additionally, MultiCare provided the following anticipated payer mix for its Spokane County hospice services: [Source: Application, p23 and Exhibit 11]

Applicant's Table

Table 10: PNW Hospice Payer Mix

Payer	Pct. Payer Source	Pct. Patients
Medicare/ Managed Medicare	88.2%	88.2%
Medicaid/ Managed Medicaid	3.6%	3.6%
Commercial	3.9%	3.9%
Self-Pay	0.2%	0.2%
Health Care Exchange	0.5%	0.5%
Other (1)	3.6%	3.6%
Total	100.0%	100.0%

Source: Applicant

Notes: "Other" payers include Tricare, Veterans Admin., Worker Compensation, and Healthcare Exchange payers.

Following is a summary of the projected Revenue and Expense Statement for MultiCare's Spokane County hospice. [source: Application, Exhibit 11] For all the following Revenue and Expense Statement summaries the amounts in the "*Net Revenue*" row includes gross revenues, minus contractual adjustments, charity care, and bad debt. The amounts in the "*Total Expenses*" row represents all direct patient care costs, all administrative costs, allocated costs, and depreciation associated with operating the agencies.

Department's Table 5
MultiCare/PNW Hospice Spokane County
Revenue and Expense Statement Summary for Years 2023 through 2026

	CY 2023 (Partial Year)	**CY 2024** (Year 1)	**CY 2025** (Year 2)	**CY 2026** (Year 3)
Net Revenue	$603,414	$1,865,100	$2,669,650	$3,913,050
Total Expenses	$749,848	$2,006,429	$2,707,237	$3,723,957
Net Profit / (Loss)	**($146,434)**	**($141,329)**	**($37,587)**	**$189,093**

As previously stated, MultiCare proposes to combine its proposed Spokane County hospice services with its recently approved Thurston County agency. It is noted that MultiCare did not provide any financial projections for the combined Spokane and Thurston County operations.

Following is a summary of the projected Balance Sheets for MultiCare's proposed Spokane County hospice project. [source: Application, Exhibit 11]

Department's Table 6
Balance Statement Summary for Years 2023 through 2026
MultiCare/PNW Hospice Spokane County Operations

ASSETS	**CY 2023** Partial Year	**CY 2024** (Year 1)	**CY 2025** (Year 2)	**CY 2026** (Year 3)
Current Assets	$163,349	$42,924	$31,659	$257,381
Property and Equipment	$62,942	$56,316	$49,691	$43,065
Other Assets	$0	$0	$0	$0
Total Assets	**$226,291**	**$99,240**	**$81,350**	**$300,446**

LIABILITIES	**CY 2023** Partial Year	**CY 2024** (Year 1)	**CY 2025** (Year 2)	**CY 2026** (Year 3)
Current Liabilities	$52,271	$69,107	$92,609	$126,653
Long-Term Debt	$0	$0	$0	$0
Equity	$174020	$30,133	($11,260)	$173,793
Total Liabilities and Equity	**$226,291**	**$99,240**	**$81,349**	**$300,446**

Pennant Public Comment - Oppose

(1) PNW does not show costs for durable medical equipment (DME), costs for accreditation, or costs for the initial state license and bi-annual state license renewals. Additionally, the pro forma does not show the medical director's costs. While PNW does state that the MD will work 30-40 hours per week, it is not possible to calculate the annual MD costs with this hour range. Based on these deficiencies, financial feasibility cannot be determined.

(2) PNW shows Medicare Advantage and Medicaid Advantage reduced rates from Medicare and Medicaid in the pro forma. Medicare and Medicaid reimburse at the full rates for hospice care, the Advantage plans are used in home health, not hospice. The reimbursement rates in the pro forma are not correct and the Department is not able to determine financial feasibility."

AccentCare Public Comment – Oppose

"On page 21 of PNW Hospice's application, they respond to Question 3 by stating, "Documentation demonstrating MultiCare ownership of the building where PNW Hospice will lease space is included in Exhibit 9, as is the draft lease. The signed, notarized lease will be provided in screening in Exhibit 9." Exhibit 9, which begins on page 107, includes a draft lease between MultiCare Health System and PNW Hospice, LLC. However, a signed, notarized lease was not included in the screening response. Therefore, there is no firm commitment of site control."

Providence Public Comment – Oppose

B. MultiCare's application does not satisfy the financial feasibility sub-criterion set forth in WAC 246-310-220(1).

There are a number of issues relating to MultiCare's pro forma financial statement, financial assumptions, and supporting information and data which raise significant concerns as to the overall accuracy and reliability of the statement and other financial information. These issues establish that MultiCare's application fails to satisfy the first financial feasibility sub-criterion: "The immediate and long-range capital and operating costs of the project can be met." These issues are discussed below.

1. To calculate projected annual expenses for 13 expense categories in its Pro Forma Revenue and Expense Statement, MultiCare uses per patient day or per month figures purportedly based upon year-to-date financial data through October, 2021. However, all of those figures are identical to the per patient day or per month figures used by MultiCare in its 2021 Spokane County hospice application, which were based upon year-to-date financial data through October, 2020. Therefore, it appears that MultiCare has incorrectly used 2020 year-to-date data, not 2021 year-to-date data, in its current Pro Forma Revenue and Expense Statement.

There appears to be a fundamental data error in MultiCare's Pro Forma Revenue and Expense Statement which compromises the reliability of the Statement's projected expenses for the proposed Spokane County hospice agency for the period from 2023 through 2026. In order to calculate projected annual expenses for 13 expense categories in its Pro Forma Forecast 2023-2026 Revenue & Expense Statement (referred to herein as the "2022 Pro Forma Revenue and Expense Statement"), MultiCare uses per patient day or per month figures that are purportedly "based on MHS Hospice Oct 2021 YTD average" (emphasis added). It is essential to note that all of the dollar figures for each of the 13 expense categories in the 2022 Pro Forma Revenue and Expense Statement are identical to the per patient day or per month dollar figures for the same 13 categories contained in the Pro Forma Forecast 2022-2025 Revenue & Expense Statement (referred to herein as the "2021 Pro Forma Revenue and Expense Statement") submitted last year by MultiCare. However, the dollar figures used in last year's 2021 Pro Forma Revenue and Expense Statement were stated to be "based on MHS Hospice Oct 2020 YTD average" (emphasis added).

Table 1 below provides a comparison of the per patient day and per month dollar figures for each of the 13 expense categories used by MultiCare in the current 2022 application and in last year's 2021 application. Table 1 shows that the per patient day and per month dollar figures are identical in both applications.

Providence's Table

Table 1: Comparison of 2021 and 2022 PNW Hospice Expense Assumptions

PNW Hospice LLC Expense Assumptions		
Category/Item	**Assumptions (Forecasted Years 2023 - 2026)[1]**	**Assumptions (Forecasted Years 2022 - 2025)[2]**
Patient Days		
Estimated Patient Days	Unique patients served times ALOS of 62.12 in WA	Unique patients served times ALOS of 62.66 in WA
Professional Fees		
Medical Director (contracted)	Based on medical director contract compensation and 0.2 FTEs in Year 0, 0.5 FTEs in Year 1, 0.7 FTEs in Year 2, and 1 FTE in Year 3	Based on medical director contract compensation and 1.0 FTEs in Year 3
SNF Pass-through Professional Fees	$13.34/patient day based on MHS Hospice Oct 2020 YTD average	$13.34/patient days based on MHS Hospice Oct 2020 YTD average
Supplies		
Pharmaceutical Supplies	$1.36/patient day based on MHS Hospice Oct 2021 YTD average	$1.36/patient days based on MHS Hospice Oct 2020 YTD average
Medical Supplies	$2.24/patient day based on MHS Hospice Oct 2021 YTD average	$2.24/patient days based on MHS Hospice Oct 2020 YTD average
Office Supplies	$0.03/patient day based on MHS Hospice Oct 2021 YTD average	$0.03/patient days based on MHS Hospice Oct 2020 YTD average
Purchased Services		
PSI Pharmacy Prescriptions	$3.17/patient day based on MHS Hospice Oct 2021 YTD average	$3.17/patient day based on MHS Hospice Oct 2020 YTD average
System License and Maintenance Fee	$0.33/patient day based on MHS Hospice Oct 2021 YTD average	$0.33/patient day based on MHS Hospice Oct 2020 YTD average
Other Expenses		
Epic Charges	Costs include $21,250 License/Op fees for 12 users, $31,875 License/Op fees for 18 users per quarter, or $42,500 License/Op fees for 18 users per quarter	Costs include $21,250 License/Op fees for 12 users, $31,875 License/Op fees for 18 users per quarter, or $42,500 License/Op fees for 24 users per quarter
Building Lease Space	Lease expenses equal to $4,200.00 per month in 2023, $4,273.50 per month in 2024, $4,401.71 per month in 2025, and $4,533.76 in 2026	Lease expenses equal $3472.92/month in 2022, $3551.06/month in 2023, $3657.59/month in 2024, and $3767.32/ month in 2025. These numbers factored in a 3% annual escalator per the lease agreement, and are adjusted to a calendar year basis based on the start and end date of the lease (the lease term starts in April and ends in March every year)
Equipment Lease & Rent Fees	$4.10/patient day based on MHS Hospice Oct 2021 YTD average	$4.10/patient days based on MHS Hospice Oct 2020 YTD average
Mileage/Tolls/Parking	$3.44/patient day based on MHS Hospice Oct 2021 YTD average	$3.44/patient days based on MHS Hospice Oct 2020 YTD average
Copier and Fax Line	$200/month based on MHS Hospice Oct 2021 YTD average	$200/month based on MHS Hospice Oct 2020 YTD average
Cell Phone	$53.33/month per employee based on MHS Hospice Oct 2021 YTD average	$53.33/month per employee based on MHS Hospice Oct 2020 YTD average
Travel	$0.04/patient day based on MHS Hospice Oct 2021 YTD average	$0.04/patient days based on MHS Hospice Oct 2020 YTD average
Other Operating Costs (Incl. books & subscriptions, postage, & recruitment)	$2.11/patient day based on MHS Hospice Oct 2021 YTD average	$2.11/patient dayss based on MHS Hospice Oct 2020 YTD average
System Allocation	$22.23/patient day based on MHS Hospice Oct 2021 YTD average	$22.23/patient days based on MHS Hospice Oct 2020 YTD average
Depreciation & Amort.	Capital expenses equal to about $66,254.31 depreciated over 10 years; equals about $6,625.43/year in depreciation costs	Capital expenses equal to about 57,820 depreciated over 10 years; equals about $5,782/year in depreciation costs
Taxes	1.50% B&O taxes in WA (% of Net Revenue)	1.50% B&O taxes in WA (% of Net Revenue)

Sources:

[1] PNW Hospice, LLC Certificate of Need Application, dated December 30, 2021, pg. 140

[2] PNW Hospice, LLC, A Wholly-Owned Subsidiary of MultiCare Health System Certificate of Need Application, dated December 30, 2020, pg. 145

Therefore, it appears that MultiCare has simply imported the MHS Hospice October 2020 YTD per patient day and per month dollar figures for the 13 expense categories from last year's 2021 CN application into its current 2022 application, rather than using actual MHS Hospice October 2021 YTD figures. Accordingly, contrary to the language contained in its application, it appears that MultiCare has not used the most recently available actual 2021 MHS Hospice YTD data to forecast

annual expenses for the 13 expense categories in its current application. Instead, it appears to have reused 2020 YTD data imported from its 2021 application.

This raises significant concerns regarding the reliability and accuracy of MultiCare's 2022 Pro Forma Revenue and Expense Statement. For example, in 2026 (the third full year of operation) the total annual expenses for 12 of the 13 expense categories (excluding "Professional Fees") are projected to be $638,784, which represents 17.4% of "Total Operating Expenses." Given that the projected "Total Operating Margin" for 2026 is only $189,092 the apparent data importation error may have a significant impact on the financial feasibility of the proposed agency under WAC 246-310-220(1). That impact cannot be accurately determined based on the information which is currently in the record. However, regardless of the magnitude of the impact, the apparent error raises serious questions with respect to the overall reliability of the 2022 Pro Forma Revenue and Expense Statement.

2. MultiCare has failed to provide complete and adequate explanations of the assumptions used to calculate projected annual expenses for two key expense categories: "System Allocation" and "Professional Fees."

The Department requires hospice applicants to "[i]nclude all assumptions" that are used by an applicant to prepare its pro forma revenue and expense projections. Two of the key expense categories in MultiCare's 2022 Pro Forma Revenue and Expense Statement are "System Allocation" and "Professional Fees." In 2026 (the third full year of operation), System Allocation expenses constitute 9.69% of Total Operating Expenses and Professional Fees constitute 12.64% of Total Operating Expenses." Thus, these two expense categories account for 22.33% of Total Operating Expenses in 2026. Despite the significance of these two categories, MultiCare has failed to provide a complete and adequate explanation of the assumptions used to calculate the projected annual expenses for each category.

a. System Allocation

With respect to the System Allocation expense category, MultiCare provides only the following statement: "$22.23/patient day based on MHS Hospice Oct 2021 YTD average." This explanation of the assumption is not complete and adequate for several reasons. First, MultiCare fails to provide any details as to what specific types of allocated system expenses are included in the System Allocation category: as far as we can determine, the application does not identify the types of expenses that will be allocated. Second, as discussed above in Section B.1, there is a significant concern as to whether the "$22.23/patient day" figure used as the basis for System Allocation is correct, given that it appears that MultiCare may have incorrectly imported outdated 2020 data from its 2021 application into its current 2022 application, rather than using actual 2021 data, as it asserts in its application.

Third — and most importantly — given that the Spokane County hospice agency will be owned and operated by MultiCare Health System d/b/a PNW Hospice, LLC ("PNW Hospice"), not by MHS Hospice, it is not clear what rationale has been relied upon to justify using MHS Hospice's historical "System Allocation" expense data to allocate "System" expenses to PNW Hospice. In this regard, it is crucial to note that there is no direct organizational or operational relationship between MHS Hospice and PNW Hospice. MHS Hospice is not PNW Hospice's immediate parent organization or owner; rather, MultiCare Health System is PNW Hospice's immediate parent organization and its

"sole Member/owner." It therefore appears logical that any "System Allocation" expenses would relate to "System" services provided to PNW Hospice by MultiCare Health System, not by MHS Hospice. Accordingly, it does not appear to be either reasonable or accurate to use MHS Hospice's historical "System Allocation" expense data as the basis for forecasting PNW Hospice's future "System Allocation" expenses.

For these reasons, MultiCare has failed to provide a complete and adequate explanation of the assumptions used by it to project the annual "System Allocation" expenses set forth in its Pro Forma Revenue and Expense Statement.

b. Professional Fees

With respect to the Professional Fees expense category, MultiCare indicates that there are two sub-categories of "Professional Fees": "Medical Director (contracted)" and "SNF Pass-through Professional Fees." With respect to the latter sub-category, MultiCare provides the following assumption: "$13.34/patient day based on MHS Hospice Oct 2021 YTD average." This explanation of the assumption is not sufficient. First, MultiCare fails to provide any definition or explanation of what "SNF Pass-through Professional Fees" are, and what the fees specifically consist of. It is not clear why the term "Professional Fees" is used in conjunction with the term "SNF Pass-through." "SNF Pass-through" expenses normally consist of room-and-board expenses or other facility expenses relating to hospice patients residing in skilled nursing facilities, not of "Professional Fees" for professional clinical services provided to those patients. Second, as discussed above in Section B.1, there is a significant concern as to whether the "$13.34/patient day" figure used as the basis for the calculation of "SNF Pass-through Professional Fees" is correct, given that it appears that MultiCare may have incorrectly imported outdated 2020 data from its 2021 application into its current 2022 application, rather than using actual 2021 data, as it asserts in its application.

c. Conclusion

In summary, the assumptions provided by MultiCare for the System Allocation and Professional Fees expense categories are not complete and accurate. Accordingly, there are significant questions as to the accuracy and reliability of the annual expense projections for the proposed Spokane County hospice agency for 2023 through 2026, particularly in view of the fact that, for example, these two expense categories account for 22.33% of Total Operating Expenses in 2026, the third full year of operation of the proposed new agency.

3. MultiCare has failed to provide any information as to whether the operation of two new hospice agencies by PNW Hospice will have any impact on the Pro Forma Revenue and Expense Statement for the proposed new Spokane County hospice agency.

MultiCare's proposed new Spokane County hospice agency will be operated by PNW Hospice. However, to the best of our knowledge, MultiCare has not provided any information in its CN application regarding PNW Hospice's organizational and operational structure, including whether, and how, any expenses relating to PNW Hospice are reflected in the 2022 Pro Forma Revenue and Expense Statement. In addition, as MultiCare notes in its CN application, PNW Hospice has been granted a certificate of need to establish a new hospice agency in Thurston County. MultiCare has not, to the best of our knowledge, provided any information regarding whether the operation of two new hospice agencies by PNW Hospice on opposite sides of the state will have any impact on the

Pro Forma Revenue and Expense Statement for the proposed new Spokane County hospice agency. In the absence of such information, the Department cannot conduct a fully-informed and accurate evaluation of MultiCare's Spokane County hospice application.

The absence of organizational and operational information for PNW Hospice raises a number of important unanswered questions which are directly relevant to the Department's ability to conduct its evaluation of whether MultiCare's proposed new Spokane County hospice agency is financially feasible under WAC 246-310-220(1). The unanswered questions include:
• Will the Spokane County and Thurston County hospice agencies be operated under a single hospice license or under separate hospice licenses?
• Will the Spokane County and Thurston County hospice agencies be operated under a single Medicare provider agreement and a single Medicaid agreement, or will each agency have its own separate Medicare agreement and Medicaid agreement?
• What is the managerial, administrative, and operational structure of PNW Hospice? For example, will managerial and administrative employees for PNW Hospice be located in a single office in Pierce County (the location of MultiCare Health System, the parent organization), Spokane County, or Thurston County, or will managerial and administrative employees by located in more than one county?
• Will PNW Hospice and MHS Hospice share any managerial, administrative, or operational employees or functions? If so, is the cost of sharing employees and/or functions reflected in the Pro Forma Revenue and Expense Statement for the proposed Spokane County hospice agency? If so, how and where is the cost of sharing employees and/or functions reflected in the Statement, and what assumptions have been used to allocate the shared costs?

To the best of our knowledge, none of these questions have been answered in MultiCare's Spokane County hospice CN application. However, all of the questions (and the concomitant absence of information) raise significant issues and concerns as to whether the Pro Forma Revenue and Expense Statement for the proposed Spokane County hospice agency is complete, accurate, and reliable. Without answers to these questions, the Department cannot conduct a fully-informed evaluation of whether MultiCare's proposed Spokane County hospice agency is financially feasible under WAC 246-310-220(1).

MultiCare Health System/PNW Hospice Inc-Rebuttal to Pennant

Orchard Prairie states that MultiCare "does not show costs" for the expense line items of durable medical equipment, accreditation costs, licensing costs, and medical director costs. However, all mentioned costs are accounted for within the provided Pro Forma.

Durable Medical Equipment is included within the expense line-item "Equipment Lease & Rent Fees," while accreditation and licensing costs are included within "Other Operating Costs."

Medical director costs, as stated within the MultiCare screening responses and Pro Forma assumptions, were based on an hourly rate of about $120.19 ($250,000 per year) and FTEs equal to 0.2 in Year 2 (2023), 0.5 in Year 1 (2024), 0.7 in Year 2 (2025) and 1.0 in Year 3 (2026). Medical Director costs are grouped with SNF pass through costs within MultiCare's Pro Forma, so require some basic arithmetic. For example, in Year 3, we forecast Professional Fees to equal $462,800. Based on the stated assumption of SNF Pass-through professional fees equal to $13.34 per patient

day and utilization equal to 15,952 patient days, Professional Fees are thus equal to $212,800 in SNF Professional Fees and $250,000 in Medical Director fees, whose sum is equal to $462,800. The amounts thus check out, and a similar arithmetic will result in the amounts for the other presented years.

With regards to the application of Medicare and Medicaid Advantage rates within the PNW Hospice Pro Forma, Orchard Prairie does not explain how it came to this conclusion, but it is not correct. The Pro Forma for the proposed project forecasted payer mix at the Payer Group level, not at the Payer level, as there are many different Payers within each of the Payer Groups. MultiCare aggregates payers into six standard Payer Groups within its reporting system:

- *Medicare (including Med Advantage)*
- *Medicaid (including Med Advantage)*
- *Commercial*
- *Self Pay*
- *Health Care Exchange*
- *Other*

Medicare and Medicaid Advantage payers are embedded in the first two Payer Groups, as is any revenue received (or not received). The Pro Forma forecasts Medicare and Medicaid revenue based on the historical revenue received by MultiCare Hospice in these payer groups.

MultiCare Rebuttal to AccentCare

AccentCare Concern 3: MultiCare did not submit a signed, notarized lease and thus has not demonstrated Site Control

As stated in our application and affirmed by the Department, the applicant of the PNW Hospice proposed project is its parent, MultiCare Health System. Within our application, we provided a draft lease agreement and documentation that the owner of the site is MultiCare. MultiCare thus has full control over the site and may allocate its use whenever and however it chooses. As such, there is no question that MultiCare demonstrated site control within the application. While the Draft Lease agreement serves to allocate occupancy costs, it was our intention to provide an executed lease agreement between the parent, MultiCare Health System, and the subsidiary, PNW Hospice if deemed necessary by the Department in its screening questions. The Department asked no questions related to site control or Exhibit 9 in its January 31, 2022, screening questions, which communicated to us that control over the site was demonstrated with the documents submitted.

Given that MultiCare owns the proposed location of the Spokane hospice agency, MultiCare has, in fact, demonstrated the firmest site control of any of the four applicants.

MultiCare Rebuttal to Providence

Providence Concern 3: MultiCare's financial assumptions include a typographical error in the labeling of the year for which they are based on.

Providence, in its public comments, identifies a typographical error referring to 2021 rather than 2020. The information provided in Exhibit 11 identifies the operations of MHS Hospice in 2020. Providence claims this "raises significant concerns regarding the reliability and accuracy of MultiCare's 2022 Pro Forma Revenue and Expense Statement," which is incorrect. It is common

practice to use financial assumptions that reflect prior year operations, and a typographical error in the year has been determined before to not affect the accuracy and reliability of the financial Pro Forma. This same circumstance occurred in the recent hospice decision in Thurston County, where Seasons mislabeled the year on which its financial assumptions were based but was still found by the analyst to satisfy financial feasibility.

Providence Concern 4: MultiCare did not provide adequate explanations of the assumptions used to calculate projected annual expenses for the expense categories "System Allocation" and "Professional Fees."

Providence, in its public comments, complains that MultiCare did not sufficiently explain what is contained within expense line-items "Professional Fees" and "System Allocation," and for the latter, questions the appropriateness of using the historical financials for MultiCare Hospice as a benchmark.

With regards to expenses related to the MultiCare system allocation, this covers costs related to the provision of administrative services typically provided by a parent organization. As is typical for a parent organization, these services include IT, Human Resources, MultiCare administrative services, and other support services. We felt this expense category was self-explanatory as it is a feature of nearly every financial Pro Forma submitted to the Department. We note that the Department did not ask about the details of what is included within the MultiCare system allocation in its screening questions. The cost of these allocated expenses was equal to $354,613 in 2026, or about 9.3 percent of Net Revenue. While slightly higher than the 7 percent assumed by Providence, the assumed proportions are not substantially different.

As with most of the expense line-items, system allocation costs were estimated using the historical financials of the existing MultiCare Hospice operations. As would be the case for the proposed agency, MultiCare provides administrative services for MHS Hospice. The costs associated with these administrative services are labeled as "System Allocation" costs and our best estimate of these costs was the historical experience of MHS Hospice. We are thus unsure why Providence incorrectly assumes that MHS Hospice will provide administrative services for the proposed project. Rather, MultiCare will provide these services, as it currently does for MHS Hospice.

With regards to expenses related to Professional Fees, these include Medical Director and SNF Pass-Through costs. As with the "System Allocation" line-item, we felt the label SNF Pass-Through fees to be self-explanatory. Providence, in its public comments, confirms the reasonableness of that decision, since it correctly states that these expenses "normally consist of room-and-board expenses or other facility expenses relating to hospice patients residing in skilled nursing facilities," which is what these costs represent.

The Providence SNF Pass-Through criticism is thus limited to the inclusion of SNF pass-through costs within the category of Professional fees. Providence, in its own accounting, may group these costs differently, but it has been the practice of MultiCare to group these costs within the expense category of Professional Fees. With that said, whether these costs are grouped under "Professional Fees," "Purchased Services," or some other category is a stylistic question, and not relevant to the accuracy or reliability of MultiCare's Pro Forma.

Providence Concern 5: MultiCare did not provide adequate information relating to MultiCare's proposed hospice agency in Spokane with its recently approved hospice agency in Thurston County.

Providence complains that MultiCare did not provide historical revenue and expense statements for PNW Hospice, did not jointly forecast the operations of the Thurston and Spokane County agencies, and did not explain the relationship between the Thurston and Spokane County operations.

As stated in our application, MultiCare Health System d/b/a PNW Hospice was approved to provide hospice services in Thurston County on October 29, 2021. However, since the Thurston agency is not yet operational PNW Hospice is not an existing agency. To the extent the Department had questions about how the two locations would jointly operate, it requested additional information in its screening questions to MultiCare. This included information on how the agencies would be jointly staffed. MultiCare provided responses to these screening questions on February 28, 2022.

The information Providence asserts is required is, in fact, required only for applicants "preparing more than one application for different planning areas under the same parent company" during the same review cycle. As stated in our application, MultiCare did not submit any other hospice applications under either of this year's concurrent review cycles, and thus these requirements were not applicable

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. The applicant currently operates a hospice agency in Washington State, and based its projected utilization of the proposed service area expansion on specific factors:

- Average length of stay of 62.12 days based on the statewide average.
- Market share, and referral rates are based on evaluation of current utilization of existing hospices.
- Based on the factors above, the three-year average daily census calculates to 13.5 in partial year one, 20.8 in full year one, increasing to 29.8 in full year two, and 43.7 in full year three.

After reviewing the assumptions described in the application, the department concludes that the applicant's Spokane County utilization assumptions are reasonable.

Pro Forma Financial Statements

As summarized in Table 4 above, this Spokane County project is projected to operate at a loss in its first partial and first and second full years and become profitable in full year three; with an expected $189,092 more in revenues than expenses in year three.

MultiCare also provided a balance sheet for this Spokane County project alone. As previously stated, the purpose of the balance sheet is to review the financial status of the project at a specific point in time. The balance sheets show what the hospice agency owns (assets) and how much it owes (liabilities), as well as the amount invested in the business (equity). In its comment, Providence contended that MultiCare should have provided combined financial statements showing this

proposed Spokane County project in conjunction with the Thurston County hospice agency approved by the department in 2022, and proposed to be operated under the PNW Hospice, LLC, business entity as the immediate owner of both.

The department's application form for hospice services requests several sets of financial information from each applicant, among which one is: *For existing agencies proposing addition of another county, provide historical revenue and expense statements, including the current year. Ensure these are in the same format as the projections. For incomplete years, identify whether the data is annualized.* In response to this request, MultiCare provided only the projected financial statements for this Spokane County project and audited financial statements for MultiCare as a whole. In its screening questions, the department requested projected FTE tables including both Spokane and Thurston County operations. MultiCare provided an FTE table outlining combined staffing for the two counties but did not provide combined Thurston and Spokane final projections.

MultiCare accurately notes that the department did not specifically request combined Spokane and Thurston operations and contends that this omission is appropriate because the Thurston hospice agency, while approved, is not yet operational. The department concludes that MultiCare should have provided combined Thurston and Spokane projected financial projections in order to allow the department to fully evaluate this project's impact on PNW Hospice as a whole.

The assertion by Providence that MultiCare re-used the January-October 2020 expense averages for this application and labeled them year-to-date 2021 represents a more important issue. Providence provided a side-by-side comparison of the financial assumptions contained in MultiCare's 2020 cycle 1 application for Spokane with the assumptions from Exhibit 11 of the current, 2011, application. This comparison reveals that MultiCare has labeled all but one approximated expense category as being "…based on Oct 2021 YTD average." Each of those values is identical to the value provided in the previous year's application, where they were described as being "…based on Oct 2020 YTD average" with the exception of estimated patient days, which are estimated using an updated average length of stay, and lease expenses and depreciation, which are based on other sources, the values are identical.

MultiCare rebuts Providence by calling the issue above "…a typographical error in labeling the year for which they are based…" This rebuttal argument is troublesome for two reasons. First and foremost, the contention that this is a typographical error does not remedy Providence's assertion that MultiCare's financial assumptions are inaccurate and flawed. If MultiCare actually based the values in its financial projections on the first 10 months of 2020, instead of the same period in 2021, this 'typographical error' represents an error repeated 12 times on a page where several other items have been updated from last year and one item, SNF Pass-through Professional Fees, is still identified as being based on 2020[12]. If MultiCare had made a simple error in updating these values, why was the error made in 12 of 13 possible locations? Second, in representing the assumptions as based on 2021 data instead of their actual basis in 2020 data, MultiCare has deprived the department and any commentors from questioning why MultiCare would use partial-year data from a previous period

[12] Because professional fees might be determined by a contract or might be governed by reimbursement rates that may not change each year, keeping this value consistent with the prior year did not create questions as to its propriety.

rather than either full-year 2020 or partial-year 2021 data. What might the full-year 2020 or partial year 2021 averages projected? The department is left with no opportunity to investigate that question.

The department concludes that updating 12 of 13 year values in its financial projections is more than a mere typographical error. Whether intentional or unintentional, it is an error of sufficient magnitude to call into question the remainder of MultiCare's financial projections. Without confidence in the bases for MultiCare's financial projections, the department is unable to conclude that they are reasonable or reliable.

Lease

PNW Hospice intends to sub-lease office space in an office building owned by its parent company, MultiCare, at 1801 West 5th Avenue, in Spokane [99204], within Spokane County. In its application materials MultiCare provided a copy of a draft lease agreement and between PNW Hospice and the MultiCare Health System. The lease commencement date is June 1, 2023, and expires on May 31, 2026, with an option to extend the lease for another two years, or until May 31, 2030. If this application is approved, it would be conditioned upon receipt of an executed lease, consistent with the draft document provided in the application. [sources: Application, Exhibit 9]

All costs associated with the lease are clearly defined; and MultiCare accounted for the lease expenses in its projected Revenue and Expense Statements as "*Building Lease Space*" line items. The anticipated amounts match those in the lease agreement. [source: Application, Exhibit 11]

Medical Director Service Agreement

MultiCare provided a copy of an executed Medical Director Service Agreement between PNW Hospice and MultiCare, and has designated Isam Dorna, MD, as the medical director for the Thurston hospice services. The agreement identifies the roles and responsibilities of both the hospice agency and its medical director, and projected Revenue and Expense Statements identify all costs associated with this agreement as a "*Professional Fees*" line item. [source: Application, Exhibit 11]

After reviewing the information provided, and with the errors identified by Providence, the department concludes that the MultiCare/PNW Hospice, project **does not meet this sub-criterion.**

Providence Health & Services-Washington dba Providence Hospice Spokane

This project proposes establishment of a new Providence hospice agency in Spokane County. To determine its projected number of admissions and patient days for its proposed Spokane County operations, Providence provided the following information and assumptions. [source: Application, p19-24]

"As set forth in Table 3 above, the utilization forecast for 2023-2025 used to drive the pro forma revenue and expense projections for Providence Hospice Spokane is comprised of four components:

- *Total Number of Admissions ("Unduplicated Patients Served")*
- *Total Number of Patient Days*
- *Average Daily Census ("ADC")*
- *Average Length of Stay (Days) per patient*

"If our requested project is approved, we anticipate beginning services in Spokane County on January 1, 2023. Therefore, the first full year of operations will be 2023 and the third full year of

operations will be 2025. The step-by-step methodology and assumptions used to develop the utilization forecasts for each pro forma statement are presented below:

Step 1. *The average daily census (component C) is set at 42 ADC by the end of the third full year of operation (2025), in-line with and supported by the unmet need identified in the Department of Health 2021-2022 Hospice Numeric Need Methodology. Our annual ADC assumption aligns with our internal benchmarked RN staffing ratio of 14 ADC per RN. Years 1 through 3 of the pro forma include a straight line ramp up phase for the new agency.*

Step 2. *Total number of patient days (component B) is calculated as total targeted ADC multiplied by the number of days in the year. As an example, the formula for the 2025 Total Hospice Days is:*

Average Daily Census x # of Days in the Year = Total number of patient days
or 42 x 365 = 15,330.

Step 3. *ALOS (component D) for The Project is set to the State of Washington average of 62.12 as published in the Department of Health 2021-2022 Hospice Numeric Need Methodology.*

Step 4. *The number of unduplicated patients served (component A) was calculated as total number of patient days in that year (from step 2) divided by the ALOS per patient (from step 3), rounded to the nearest whole number. As an example, the formula for the 2025 Total Number of Unduplicated Patients Served is:*

(Average Daily Census x # of Days in the Year) / WA State Average ALOS =
Total Number of Admissions
or (42 x 365) / 62.12 = 247

Using the assumptions described above, Providence provided the following table:

Applicant's Table

Table 3. Providence Hospice Spokane Utilization Forecasts 2023-2025

SPOKANE COUNTY	Forecast 2023-2025[2]		
Providence Hospice Spokane (the Project)	**2023**	**2024**	**2025**
Total Number of Admissions ("Unduplicated Patients Served")[1]	83	165	247
Total Number of Patient Days[3]	5,110	10,248	15,330
Average Daily Census ("ADC")	14	28	42
Average Length of Stay (Days)	62.12	62.12	62.12

Source: Providence Hospice Spokane

[1] For the purposes of this table, Total Number of Admissions is defined as Total Number of Unduplicated Patients Served.

[2] Based on project start date of January 1, 2023.

[3] 2024 is a leap year; therefore Total Number of Patient Days is calculated using the ADC x 366 in 2024.

The following shows a summary of Providence's projected utilization for its Spokane County operations. [source: screening responses, p4]

	2021	2022	2023	2024	2025	CAGR[1]
Providence Forecast (Patient Days)			5,110	10,248	15,330	73.2%
Providence Forecast (ADC)			14	28	42	73.2%
DOH Need Methodology (Patient Days)	5,511	10,934	16,357			72.3%
DOH Need Methodology (ADC)	15	30	45			72.3%
Percent of Patient Days (Providence Forecast/DOH Need)			31%			

Sources: Providence Application, Table 3, p. 19; DOH 2021-2022 Hospice Need Methodology

[1] Combined Average Growth Rate

Providence provided several tables outlining their financial assumptions for the project. The tables are below: [source: Application, Exhibit 14]

A	B	C
Category/Item	**Calculations, Assumptions & Basis (Forecast Years 2022-2025)**	**Additional Notes**
Year	Assumed project commencement is January 1, 2023. Start-up costs are applied to 2022 and the 3rd full year of operations ends December 31, 2025.	
Averaged Daily Census ("ADC")	ADC is set at 42 by the end of the third full year of operation (2025), in-line with and supported by the unmet need identified in the DOH 2021-2022 Hospice Numeric Need Methodology. Annual ADC assumption aligns with internal staffing benchmark of 14 ADC per RN. Years 1 through 3 are based on a straight line ramp up phase for the new agency.	
Total Patient Days	Targeted ADC X number of days in the year.	2024 has 366 days.
Patient Days (by Level of Care)	Total Patient Days x Level of Care mix, rounded to the nearest day. The level of care mix is based on the average mix of the three agencies currently serving Spokane County as sourced from Berg Data for 2020, to two decimal places.	See Revenue Schedule for detail.
Total Number of Admissions	Total Patient Days divided by Washington State Average Length of Stay of 62.12, rounded up to the next whole person.	
GROSS PATIENT REVENUE (GPR)		***GPR Payor Mix Assumptions***
Medicare	Total Gross Patient Revenue ("GPR") is calculated by multiplying per diem rates and total patient days by levels of care. Gross Patient Revenue by payor is then calculated by multiplying Total GPR by the respective payor mix and rounding the result to the nearest dollar. Per diem rates are based on rates currently charged by Providence Hospice agencies in Washington State. The forecasted payor mix is based on the average payor mix of Providence Hospice agencies in Western Washington from 2019 through year-to-date 2021 (January - June 2021). "Other" GPR includes Tricare, VA and Other Government Payors. Please see Project Revenue Schedule for per diem, level of care mix, and patient days by level of care assumptions.	84.7%
Medicaid		8.5%
Commercial		3.1%
Other		3.0%
Self Pay		0.7%
Total Contractual Allowances	30% of GPR based on rates experience by Providence's Western Washington agencies from 2019 through June 2021, rounded to the nearest dollar.	
Bad Debt	0.17% of total GPR based on average experience in 2019 through June 2021 for Providence's Western Washington agencies, rounded to the nearest dollar.	
Charity Care	0.3% of total GPR based on average experience in 2019 through June 2021 for Providence's Western Washington agencies, rounded to the nearest dollar.	
Other Operating Revenue	Represents foundation funding received to cover the cost of free programs provided by Providence to the community. 2% of total GPR based on average amount of funding received by and applied to other Providence Hospice agencies, rounded to the nearest dollar.	

A	B	C
Category/Item	**Calculations, Assumptions & Basis (Forecast Years 2022-2025)**	**Additional Notes**
SALARIES & BENEFITS		
RN	Salaries are calculated as estimated FTE x annual salary per FTE, rounded to the nearest dollar. Salaries are based on 91% of the rates paid for comparable positions at Providence hospice agencies in Western Washington to account for cost of living adjustments and market staffing pressures, in-line with salary adjustments used in the Providence Home Health agency in Spokane.	$18,417 included as start-up costs in 2022 representing 0.2 FTE for initial set-up tasks, rounded to the nearest dollar.
LPN		
Hospice Aide		
Medical Social Worker (MSW)		
Chaplain/Clergy		
Occupational Therapist (OT)		
Medical Director/Physicians		
Management/Supervisor		$26,113 included as start-up costs in 2022 representing 0.2 FTE for initial set-up tasks, rounded to the nearest dollar.
Administrative/Clerical		
Other		Other Salaries are for bereavement counselors and volunteer coordinators.
Employee Benefits	30% of total salaries, rounded to the nearest dollar. Includes taxes, pension, and other employee benefits and is based on Providence experience.	$13,359 included as benefits for FTEs in start-up period.
PROFESSIONAL FEES		
Legal	$1,000/month based on Providence experience in Western Washington.	
Other Professional Fees	$45/month based on Providence experience in Western Washington.	Consists of consulting fees.
SUPPLIES		
Medical Supplies	$4.00/patient day rounded to the nearest dollar, and based on Providence experience in Western Washington.	$3,407 included as start-up costs in 2022, representing 2 months (2 of 12 or 2 divided by 12) of 2023 expense amount rounded to the nearest dollar.
Durable Medical Equipment	$6.90/patient day rounded to the nearest dollar, based on Providence experience in Western Washington.	
Pharmacy Supplies	$6.70/patient day rounded to the nearest dollar, based on Providence experience in Western Washington.	
Office Supplies	$0.25/patient day rounded to the nearest dollar, based on Providence experience in Western Washington.	$213 included as start-up costs, representing 2 months of expected 2023 expense amount to cover paper, pens, post-its, and flip-charts.
Other Supplies	$0.50/patient day rounded to the nearest dollar, based on Providence experience in Western Washington.	Includes food and cleaning supplies.

A	B	C
Category/Item	**Calculations, Assumptions & Basis (Forecast Years 2022-2025)**	**Additional Notes**
PURCHASED SERVICES		
General Inpatient (GIP)	60% of GIP reimbursement, rounded to the nearest dollar. GIP reimbursement is calculated as GIP per diem rate x GIP number of days of care x (1 - contractual (30%). Please see Project Revenue Schedule for per diem and patient days by level of care assumptions. Based on negotiated rates currently paid by Providence.	
Respite	60% of Respite reimbursement, rounded to the nearest dollar. Respite reimbursement is calculated as Respite per diem rate x Respite number of days of care x (1 - contractual (30%)). Please see Project Revenue Schedule for per diem and patient days by level of care assumptions. Based on negotiated rates currently paid by Providence.	
Room and Board (SNF)	4% of total patient days (rounded to the nearest patient day) x 105% of routine care reimbursement rate, rounded to the nearest dollar. The reimbursement rate is equal to per diem routine rate of $283 x (1 - contractual rate (30%)) = $198, rounded to the whole dollar. Rates based on current Providence experience.	
Contract Labor	See Contract Labor section of Staffing Schedule for FTE and Annual rate assumptions, rounded to the nearest dollar. Staffing requirements based on current Providence experience in similar size hospice agency.	
Print and Publications	$45/month based on Providence experience in Western Washington.	$200 included as start-up costs in 2022, based on the following specifications: 30 Admission packets @ $5 each + 40 brochures @ $1.25.
Telephone and Wireless	$50/month per phone, Phones provided to case-based staff in field (6, 10, and 14 phones in years 1, 2, and 3, respectively) based current rates billed to Providence.	Start-up cost includes 2 phones x 2 months at $50/month.
Translation Services	$100/month based on Providence experience in Western Washington.	
Other Purchased Services	$700/month based on Providence experience in Western Washington. Includes utilities, other purchased healthcare services (such as cardiology, x-ray services, records management, and answering services.	$81,353 included as start-up costs in 2022 representing labor for implementation of Epic and set-up fees for technology, based on quote for services.

A	B	C
Category/Item	Calculations, Assumptions & Basis (Forecast Years 2022-2025)	Additional Notes
OTHER EXPENSES		
Equipment	$200/month based on Providence experience in Western Washington.	
Information Technology	$500/month based on Providence experience in Western Washington.	
Dues and Memberships	$50/month based on Providence experience in Western Washington.	
Licensing	CLIA licensing estimated at $200/year + DOH initial licensing fee of $3,283 paid in 2022 and $1,856 renewal in 2024.	$3,483 included in start-up costs in 2022.
Training and Education	$150/month based on Providence experience in Western Washington.	
Mileage	$2.07/patient day based on Providence experience in Western Washington, rounded to the nearest dollar.	
Travel - Administrative	$100/month based on Providence experience in Western Washington.	$1,000 included as start-up costs in 2022 to cover air, hotel, and incidentals during set-up.
Lease Expense	Based on internal lease allocation schedule.	
Repairs and Maintenance	$50/month based on Providence experience in Western Washington.	
Other Miscellaneous Expenses	$500/month based on Providence experience in Western Washington.	Includes taxes, postage, meetings, and minor recruitment expenses. $1,000 included as start-up costs in 2022 related to estimated moving costs.
Depreciation	Straight-line depreciation of capital expenditure ($32,646) over 4 years starting when purchased (November 1, 2022), rounded to the nearest dollar.	
Allocated System Expense	Estimated at 7% of Net Operating Revenue (NOR).	Covers billing, human resources, and other shared services.

In response to the department's screening of its application, Providence also provided the following clarification regarding its assumptions: [source: March 31, 2021, screening response, pp3-5]
"When building its utilization forecast, Providence took into consideration a number of factors. While the percentage of the forecast need to be served by the project (or "market share") was an important consideration when evaluating the reasonableness of the utilization forecast, it was not used as an assumption to drive the forecast. Instead, the key factors in the utilization forecast are the ability to meet unmet need and to adequately staff the project, especially in the ramp-up years as the agency becomes established. Providence used an internal staffing benchmark of 14 ADC per Registered Nurse, with years 1 through 3 based on straight-line ramp-up, with an ADC of 14 in year 1, an ADC of 28 in year 2, and an ADC of 42 in year three, the third full year of the utilization forecast. This aligns with the Department's 2021-2022 Hospice Numeric Need Methodology, which forecasts an unmet need of 45 ADC in the target year of 2023, which results in a need for 1.3 hospice agencies in that year.

This conservative utilization model takes into consideration three elements: (1) whether the project will meet the growing need for hospice services in Spokane County, (2) whether the project can be adequately staffed, and (3) whether the project will be sensitive to existing hospice agencies, and thus not result in an unnecessary duplication of services. Each of these elements is discussed below.

Meet Growing Need for Hospice Services

The key motivation for Providence in establishing a hospice agency in Spokane County is to meet the unmet need for hospice services. By aligning its growth rate similar to the growth rate projected in the Department's Hospice Numeric Need Methodology, the proposed project will incrementally grow at a rate that is reasonable in comparison with the Department's projected need forecast. The Department's hospice model forecasts unmet patient days of 5,511, 10,934, and 16,357 for 2021, 2022, and 2023 respectively. This represents a combined average growth rate of 72.3%. Providence Hospice Spokane projects patient day utilization of 5,110, 10,248, and 15,330 for 2023, 2024, and 2025 respectively. This represents a combined average growth rate of 73.2%, which closely aligns with the growth trajectory of unmet patient days estimated by the Department in the Hospice Numeric Need Methodology. This is shown in Table 28 below.

Adequately Staff the Project

In building the utilization forecast set forth in Table 3 of the application, Providence considered what would be reasonable given its extensive experience in staffing hospice agencies and in addressing the human resource challenges facing the entire healthcare sector. As noted above, in the utilization forecast we used an internal staffing benchmark of 14 ADC per Registered Nurse, adding one RN at 14 ADC per year through the end of the third full year of operation in 2025 to reach an ADC of 42 in that year. This gradual increase allows Providence Hospice Spokane to build its key front line clinical staff over a period of time. In addition, Providence Hospice Spokane will be able to rely on the broader Providence system, which provides support services such as Human Resources, Finance, Information Services, Revenue Cycle, and others, which will assist in adequately serving the agency using existing system resources. Finally, as noted above in response to question 1, existing key leaders are in place and ready to serve the Spokane County agency, thus obviating the need to recruit new key leaders.

Sensitive to Existing Hospice Agencies

As previously stated, Providence Hospice Spokane's utilization model does not utilize a target "market share" as a projection assumption. Instead, as discussed above, the percentage of the forecast need that will be addressed by the project was an important consideration in evaluating the reasonableness of the utilization forecast. The Department's Hospice Numeric Need Methodology forecasts an unmet ADC need of 45 in 2023. Providence Hospice Spokane forecasts an ADC of 14 in 2023 (its first full year of operation), representing 31% of the projected need in 2023 being met by the project. This is shown in Table 28 above. When developing our forecast, we recognized from the outset that existing Spokane County hospice agencies are also able to grow, and to assist in meeting the future need for hospice services. By developing a conservative utilization forecast, Providence aimed to position itself to address current and future need, but not have an adverse impact on existing Spokane County agencies or create a duplication of services in the County.

In summary, Providence did not utilize a specific assumption relating to the percentage of forecast need to be met by the project in making its utilization projections, but the percentage resulting from the projections was a key consideration in testing the reasonableness of the utilization forecast. In developing its utilization model and projections, Providence's goals were to address the unmet need for hospice services shown by the Hospice Numeric Need Methodology, provide a realistic staffing model, and not adversely impact the existing hospice agencies in Spokane County."

The table below is a summary of the projected revenue and expense statement for Providence's Spokane County operations that begin in year 2022. [source: Application, Exhibit 13]

Department's Table 7
Providence Spokane County Operation
Revenue and Expense Statement for Years 2022 through 2025

	CY 2022 (Partial Year)	**CY 2023** (Year 1)	**CY 2024** (Year 2)	**CY 2025** (Year 3)
Net Revenue	$0	$1,058,015	$2,120,890	$3,173,238
Total Expenses	$150,105	$1,361,568	$2,068,021	$2,928,449
Net Profit / (Loss)	($150,105)	($303,553)	$52,869	$244,789

Providence provided the following clarifications and assumptions used for the projected balance sheets provided for Providence Hospice Spokane. [source: Application, pp29-30 and Exhibit 15]
"Please note that Providence Health & Services does not maintain balance sheets at the facility level and does not routinely use balance sheets as part of its financial analysis when evaluating new business ventures. Instead, a business pro forma is generally relied upon for evaluation of new ventures. With that said, for purposes of this Application and to satisfy the Department's questions relating to balance sheets, Providence Hospice has extrapolated information from the pro forma statements to construct a pro forma balance sheet. This balance sheet was created solely for the Department's review of this Application and will not be generally used in the financial operations of Providence Hospice Spokane."

BALANCE SHEET		
Cash	Cash is centrally managed at parent organization, a target amount of 2% of Total Operating Revenue (rounded to the nearest dollar) is allocated to the operating unit level.	
Accounts Receivable ("AR"), Net	Assumed to equal 5.2% of Total Gross Patient Revenue based on historical levels (2019-June 2021) for Providence hospice agencies in Western Washington, rounded to the nearest dollar.	
Inventory	Assumed to equal 25% of Total Supply Expense rounded to the nearest dollar representing 3 months inventory on hand.	
Fixed Assets	No new capital expenditures expected to occur in the forecast time horizon.	
Other Assets	No "Other Assets" are held at the entity level.	
Accounts Payable	Assumed to equal 5.5% of Total Supply Expense based on average levels (2019-June 2021) for Providence hospice agencies in Western Washington, rounded to the nearest dollar.	
Accrued Compensation	Assumed to equal 5.0% of Total Salaries, Wages, and Benefits Expense based on average levels (2019-June 2021) for Providence hospice agencies in Western Washington, rounded to the nearest dollar.	
Long-Term Liabilities	No "Long-Term Liabilities" are held at the entity level.	
Net Assets	All excess earnings are assumed to be dividended to parent organization. Excess earnings are assumed to be those that are above the amount needed to fund cash expenditures and increases in net working capital. Negative cash positions will be funded from parent reserves and not expected to be repaid.	

The projected balance sheets are summarized in the following tables. [source: Application, Exhibit 15]

Department's Table 8
Providence Spokane Hospice
Balance Sheet for Year 2022 through 2025

ASSETS	**CY 2022** Projected	**CY 2023** (Year 1)	**CY 2024** (Year 2)	**CY 2025** (Year 3)
Current Assets	$3,620	$121,516	$243,613	$364,476
Property and Equipment	$31,266	$23,104	$14,942	$6,780
Other Assets	$0	$0	$0	$0
Total Assets	$34,886	$144,620	$258,555	$371,256

LIABILITIES	**CY 2022** Projected	**CY 2023** (Year 1)	**CY 2024** (Year 2)	**CY 2025** (Year 3)
Current Liabilities	$0	$50,533	$74,951	$107,288
Long-Term Debt	$0	$50,533	$74,951	$107,288
Equity	$34,886	$94,087	$183,604	$263,968
Total Liabilities, Long-Term Debt, and Equity	$34,886	$144,620	$258,555	$371,256

Department's Table 9
Providence Spokane with Providence King/Pierce Operations
Balance Sheet for Year 2022 through 2025

ASSETS	**CY 2022** Projected	**CY 2023** (Year 1)	**CY 2024** (Year 2)	**CY 2025** (Year 3)
Current Assets	$6,993,290	$7,510,322	$7,910,940	$8,300,649
Property and Equipment	$3,793,088	$3,784,926	$3,781,582	$3,778,238
Other Assets	$0	$0	$0	$0
Total Assets	$10,786,378	$11,295,248	$11,692,522	$12,078,887

LIABILITIES	**CY 2022** Projected	**CY 2023** (Year 1)	**CY 2024** (Year 2)	**CY 2025** (Year 3)
Current Liabilities	$2,537,334	$2,725,030	$2,849,269	$2,979,040
Long-Term Debt	$0	$0	$0	$0
Equity	$8,249,044	$8,570,218	$8,843,253	$9,099,847
Total Liabilities, Long-Term Debt, and Equity	$10,786,378	$11,295,248	$11,692,522	$12,078,887

Pennant Public Comment -Oppose

(1) Providence did not include accreditation costs in their pro forma, and we cannot find the accreditation costs anywhere else in the application or screening response. For reference, ACHC accreditation costs are estimated at $10,000 and CHAP accreditation is approximately the same. Without these costs financial feasibility cannot be determined.

(2) Providence did not provide the most recent audited financials, instead they provided 2020 financials. Without recent financials, the Department is unable to determine financial feasibility.
(3) Providence projected unreasonable dates for Medicare certification and Medicaid eligibility. Please reference the timelines on p. 2 and p. 3 above. Providence projected Medicaid eligibility on January 1, 2023 and they provided pro formas and other assumptions for 2023, 2024 and 2025. Medicaid eligibility by January 1, 2023 is not reasonable or feasible. For all the reasons stated in the timeline section, Providence needed to include 2026 in their projections. Without 2026 projections the Department cannot determine financial feasibility."

MultiCare/PNW Hospice Public Comment -Oppose

"Financial Feasibility Concern 1: Based on the presented organizational structure, Providence's provided lease and internal rent allocation sheet does not appropriately demonstrate site control

Providence plans to locate its hospice agency at 1000 North Argonne Road, Suite 201, Spokane Valley, WA, 99212. Providence has provided a lease for this 14,499 square foot location between Providence Health and Services – Washington and Dave Black Play Hard Trust Dated December 24, 2012, and an "Internal Rent Expense Allocation" for the 3,338 square foot Suite 201.

We would first note that the lessor within the provided lease is listed as Dave Black Play Hard Trust Dated December 24, 2012, but the owner of the site is 1050 N Argonne Road LLC. Providence has not provided information on the relationship between the site owner and the lessor listed within its provided lease.

Furthermore, the legal structure of Providence Hospice Spokane is as a separate legal entity of Providence Health & Services – Washington, with its own Unified Business Identifier to be obtained after CN approval. We note that Providence emphasizes this separation in justifying its decision to omit joint financials for its concurrent project in Pierce County. However, Providence has not provided a sublease for the proposed site, only an "Internal Rent Expense Allocation." While the Providence lease allows for assignment or sublease of the proposed space to entities controlled by Providence, it has provided only an unsigned statement about how rent is calculated for the purposes of the financial Pro Forma. Based off its presented organizational structure of the proposed agency, a sublease should have been prepared to demonstrate site control.

As a final note for our concerns related to site control, it does not appear as if the terms outlined in the provided lease are consistent with the terms within the Providence "Internal Rent Expense Allocation." The provided lease lists rent per square foot equal to $8.00 in Year 1 (2020), increasing by 2.5% each year thereafter. The "Internal Rent Expense Allocation" lists rent per square foot equal to $21.30 in 2023, increasing by 3% each year thereafter.

Financial Feasibility Concern 2: There exist discrepancies and/or questionable assumptions within the Providence Hospice Spokane Pro Forma financial statements.

We have identified the following instances where the amounts specified within the Providence Pro Forma do not appear consistent with its stated assumptions. These instances relate to its calculation of:

***Room and Board (SNF):** The Providence assumptions state: "4% of total patient days (rounded to the nearest patient day) x 105% of routine care reimbursement rate, rounded to the nearest dollar. The reimbursement rate is equal to per diem routine rate of $283 x (1 – contractual rate (30%)) =*

$198, rounded to the whole dollar. Rates based on current Providence experience." However, assuming these rates are based on 4% of patient days, the implied per patient rate is $208, not $193. Providence should explain whether its historical experience is in fact $208 per patient day, or if not, how its stated assumption and historical experience is consistent with the amounts listed in its Pro Forma.

Respite Patient Revenue: *The Providence stated assumption is that Respite Care is reimbursed at a rate of $607 per patient day. However, respite revenue divided by respite patient days reflects a per diem reimbursement rate of $594. 36*

GIP Patient Revenue: *The Providence stated assumption is that GIP care is reimbursed at a rate of $1,415 per patient day. However, GIP revenue divided by GIP patient days reflects a per diem reimbursement rate of $1,435. 38*

Balance Sheet Accounts Payable ("A/P"): *The Providence Balance Sheet includes annual A/P and accrued compensation as liabilities. However, Providence calculates A/P based off expenses for supplies but omits A/P for purchased services. This understates A/P each year, which results in an understatement of liabilities each year.*

Providence Rebuttal to Pennant

"(1) Providence Hospice Spokane did not include accreditation costs in its pro forma financial statement because it will not be seeking accreditation.

In its public comments, Pennant states: "Providence did not include accreditation costs in their pro forma, and we cannot find the accreditation costs anywhere else in the application or screening responses. . . . Without these costs financial feasibility cannot be determined." Pennant is apparently under the mistaken impression that Providence Hospice Spokane (or any other applicant) is required to obtain third-party accreditation in order to operate a hospice agency in Washington. However, hospice agency accreditation is not required as part of the CN approval process, or otherwise, in Washington. Providence does not intend to seek accreditation for the Providence Hospice Spokane agency. Accordingly, Providence Hospice Spokane will not incur any accreditation costs.

(2) Contrary to Pennant's claim, Providence Hospice Spokane did submit the Providence system's most recent audited financial statements.

In its public comments, Pennant states: "Providence did not provide the most recent audited financials, instead they provided 2020 financials. Without recent financials, the Department is unable to determine financial feasibility." Pennant's claim has no merit. The Department requires applicants to submit "the most recent audited financial statements." We submitted the most recent audited financial statements for Providence St. Joseph Health, which are the statements for the year ending December 31, 2020. These statements were the most recent available statements as of the date the CN application was filed. Accordingly, we have complied with the Department's requirements, and there is no validity to Pennant's claim

(3) There is no merit to Pennant's claim that Providence Hospice Spokane's project implementation timeline is not realistic.

As noted above in Section 3.a, Pennant claims that Providence Hospice Spokane's project implementation timeline is not realistic, and that therefore we should have submitted pro forma

financial information through 2026 in order to enable the Department "to determine financial feasibility." We addressed Pennant's claim in detail in Section 3.a, and we will not repeat that discussion here. To reiterate: Pennant's claim that the timeline is not realistic has no merit, and there is no basis for requiring Providence Hospice Spokane to submit pro forma financial information for 2026

Providence Rebuttal to MultiCare

"There is no merit to MultiCare's claim that Providence has not shown that it has site control over the leased office space to be occupied by Providence Hospice Spokane.
Providence Hospice Spokane will occupy office space which is leased by Providence Health & Services - Washington from a third party. MultiCare asserts that, "[b]ased on the presented organizational structure, Providence's provided lease and internal rent allocation sheet does [sic] not appropriately demonstrate site control." As discussed below, there is no merit to this assertion.

MultiCare's argument is based upon a fundamental misunderstanding as to the identity of the applicant for this project. The applicant is "Providence Health & Services - Washington d/b/a Providence Hospice Spokane" (emphasis added). MultiCare acknowledges that Providence Health & Services - Washington — the applicant — is the lessee of the leased office space to be occupied by Providence Hospice Spokane. However, despite its acknowledgement of this fact, MultiCare nonetheless proceeds to argue that, because Providence Hospice Spokane is "a separate legal entity of Providence Health & Services - Washington," "a sublease [between Providence Hospice Spokane and Providence Health & Services - Washington] should have been prepared to demonstrate site control."

MultiCare's argument makes no sense. Providence Health & Services - Washington, which is the applicant, has demonstrated that it has site control. This is indisputable. MultiCare attempts to muddy the issue of site control by introducing an irrelevant discussion of the Internal Rent Expense Allocation, which sets forth the annual cost allocation from Providence Health & Services - Washington to Providence Hospice Spokane related to the office space which the hospice.

Providence Hospice Spokane's Room and Board (SNF) expense calculation is correct.
In its pro forma revenue and expense statement, Providence Hospice Spokane includes an expense line item for "Room and Board (SNF)." The assumptions used to calculate the line item are set forth in the application: "4% of total patient days (rounded to the nearest patient day) x 105% of routine care reimbursement rate, rounded to the nearest dollar. The reimbursement rate is equal to per diem routine rate of $283 x (1 - contractual rate (30%)) = $198, rounded to the whole dollar. Rates based on current Providence experience."

Using 2025 (the third full year of operation) as an example, the manner in which the line item is calculated is as follows:
A. 4% of total patient days (15,330 in 2025), rounded to the nearest patient day = 0.04 x 15,330 = 613.
B. The reimbursement rate is equal to the per diem routine rate of $283 x (1 – contractual rate (30%)) = $198.
C. 105% of the routine care reimbursement rate rounded to the nearest dollar = 1.05 x $198 = $208.

D. Therefore, the Room and Board (SNF) expense in 2025 = 613 days x $208 per patient day = $127,504. This amount corresponds to the line item expense for 2025 set forth in the pro forma revenue and expense statement.

MultiCare asserts: "However, assuming these rates are based on 4% of patient days, the implied per patient rate is $208, not $193." MultiCare does not provide any explanation of the basis for this assertion. Further, the figure "$193" does not appear in Providence Hospice Spokane's application in connection with the calculation of the Room and Board (SNF) expense line item. MultiCare provides no explanation of where the "$193" figure comes from, or how it was derived by MultiCare. As shown above, our calculation is correct, and is accurately reflected in the application. Thus, MultiCare's unexplained and unsupported assertion has no validity. (2) Providence Hospice Spokane's Respite Care patient revenue calculation is correct.

In its pro forma revenue and expense statement, Providence Hospice Spokane includes a per diem rate of $607 with respect to "Respite Care" revenue. The per diem rate is calculated by dividing annual Respite Care revenue by annual Respite Care patient days. Thus (using 2025 as an example), 2025 Respite Care revenue of $7,284 divided by 2025 Respite Care days of 12 equals $607, which is the per diem rate.

Using its own "self-calculations" (which it does not provide), MultiCare claims that "respite revenue divided by respite patient days reflects a per diem reimbursement rate of $594." Given that MultiCare has failed to provide its "self-calculations," the Department has no way of evaluating either the basis for, or the accuracy of, the "self-calculations." Accordingly, MultiCare's claim has no validity and must be disregarded.

(3) Providence Hospice Spokane's General Inpatient Care (GIP) patient revenue calculation is correct.
In its pro forma revenue and expense statement, Providence Hospice Spokane includes a per diem rate of $1,415 with respect to "General Inpatient Care (GIP)" revenue. The per diem rate is calculated by dividing annual GIP revenue by annual GIP patient days. Thus (using 2025 as an example), 2025 GIP revenue of $117,445 divided by 2025 GIP patient days of 83 equals $1,415.77 Using its own "self-calculations" (which, again, it does not provide), MultiCare claims that "GIP revenue divided by GIP patient days reflects a per diem reimbursement rate of $1,435." Given that MultiCare has again failed to provide its "self-calculations," the Department has no way of evaluating either the basis for, or the accuracy of, the "self-calculations." Accordingly, MultiCare's claim is not valid and must be disregarded.

(4) Contrary to MultiCare's claim, Providence Hospice Spokane's balance sheet accounts payable are not "understated."
In its pro forma balance sheet, Providence Hospice Spokane includes a line item for "Accounts Payable." The amount of the line item is determined by applying the following assumption: "Assumed to equal 5.5% of Total Supply Expense based on average levels (2019 - June 2021) for Providence hospice agencies in Western Washington, rounded to the nearest dollar." MultiCare asserts: "Providence calculates A/P based off expenses for supplies but omits A/P for purchased services. This understates A/P each year, which results in an understatement of liabilities each year."

At the outset, we wish to reiterate the statement regarding our pro forma balance sheet which is included in our application:
Please note that Providence does not hold balance sheets at the facility level, and does not routinely use balance sheets as part of its financial analysis when evaluating new business ventures. Instead, a business pro forma is generally relied upon for evaluation of new business ventures. With that said, for purposes of this Application and to satisfy the Department's questions relating to balance sheets, Providence has extrapolated information from its business pro forma to construct a pro forma balance sheet. This balance sheet has been created solely for the Department's review of this Application and will not be generally used in the business and financial operations of Providence Hospice Spokane.

This being said, the pro forma balance sheet was constructed in order to approximate the financial reality of the proposed project, with clearly-stated assumptions that are reasonable, and that accurately reflect the financial operations of the project. As stated above, A/P was calculated using an assumption of 5.5% of Total Supply Expense based on average levels for Providence hospice agencies in Western Washington. Supply expenses are related to supplies that will be purchased in advance of usage and will be included in inventory levels on the balance sheet, rather than treated as an expense in the current year. In contrast, we assume that purchased service expenses are primarily related to inter-company transactions that are settled at the end of each month, and, as such, are not expected to result in material A/P balances. We believe that this approach is reasonable, accurate, and supported by the long-term operating experience of Providence's hospice agencies.

For the reasons set forth above, there is no merit to MultiCare's argument relating to the A/P line item in Providence Hospice Spokane's pro forma balance sheet."

Department Evaluation

Utilization Assumptions
An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. Providence based its projected utilization of the Spokane County operations on the results of the need methodology for Spokane County and Providence's assumed staff-to-patient ratios, stating:
"*The average daily census (component C) is set at 42 ADC by the end of the third full year of operation (2025), in-line with and supported by the unmet need identified in the Department of Health 2021-2022 Hospice Numeric Need Methodology. Our annual ADC assumption aligns with our internal benchmarked RN staffing ratio of 14 ADC per RN. Years 1 through 3 of the pro forma include a straight line ramp up phase for the new agency."* [source: Application, p20]

No commenters questioned Providence's volume assumptions. Hospice of Spokane provided comment about Providence's RN staffing ratio, which is discussed elsewhere in this evaluation, but no critique of the projected patient volumes was offered. The department concludes that Providence adequately supported their volume assumptions and data used to project them.

Pro Forma Financial Statements

The applicant provided pro forma financial statements, including the Revenue and Expense Statements and Balance Sheets to allow the department to evaluate the financial viability of the both the Spokane County hospice services combined with the recently-approved Pierce County services that are provided through Providence's existing King County hospice agency.

Two entities provided comments that focus on the financial statements provided in the application. The Pennant Group's comments focus on one expense item, the audited financial statements provided by Providence, and the projected timeline for this project. MultiCare's comments focus on the rent allocated to this project, the revenues and costs for various types of care to be provided, and Providence's projected amounts for accounts payable on their pro-forma income statement and balance sheet. The comments, along with Providence's rebuttal statements, are evaluated by topic below.

Revenue and Expense Line Items – Respite and General Inpatient (GIP) Revenue and SNF Room and Board Expense

MultiCare contends that the amounts for the revenue and expense items listed above and presented in Providence's projected income statement are not consistent with its stated assumptions. Providence provided a detailed explanation of how those items are calculated and demonstrated that the income statement amounts and assumptions are consistent with one another. The department reviewed those calculations and determined that they are consistent. Providence further notes that MultiCare has not provided the bases for its calculations, and for the SNF room and board, has attributed a cost to Providence that is not present in the assumptions. MultiCare did not provide a basis for evaluating their calculations, therefore the department cannot conclude that that Providence's calculations are incorrect.

Expense Line Item-Accreditation Costs

Pennant provided comment questioning the absence of accreditation costs. Providence stated that it does not intend to seek accreditation for this new hospice, therefore those costs have been properly omitted. The department concludes that this response is satisfactory.

Expense Line Item – Lease allocation

MultiCare contends that the internal rent expense allocation provided as part of Exhibit 16 of the application is inadequate to demonstrate site control. MultiCare concedes that the lease agreement allows Providence to sublet or assign to its own subsidiaries but claims that Providence should be required to provide an executed sublease for this project. MultiCare also claimed that the lessor, Dave Black Play Hard Trust, is not the owner of the property – rather MultiCare stated that the building is owned by 1050 N Argonne Road, LLC. Providence argues convincingly that requiring an executed sublease between the applicant (Providence Health and Services) and the proposed hospice (a subsidiary of the applicant) is not necessary. The department notes that MultiCare correctly identified the building owner at the time of comment – 1050 N Argonne Road, LLC. The property was sold to 1050 N Argonne Road, LLC, by the Dave Black Play Hard Trust, on July 15, 2021. The department further notes that the lease between the Dave Black Play Hard Trust and Providence was executed on January 30, 2020, when the Trust owned the property. The lease includes the following clause:

> 32. **Successors or Assigns**. All the terms, conditions, covenants and agreements of this Lease shall extend to and be binding upon Lessor, Lessee and their respective successors and assigns, and upon any person, firm or corporation coming into ownership or possession of any interest in the Premises by operation of law or otherwise, and shall be construed as covenant

Lacking evidence that this succession clause is not legally sufficient to preserve the terms of the lease after the building was acquired by 1050 N Argonne Road, LLC, the department concludes that a properly executed lease exists between Providence and its landlord, and that the internal lease cost allocation document is an appropriate method for documenting the lease expenses for this project.

MultiCare also questions the fact that the internal lease allocation document does not increase costs to the hospice at the same rate that the overall lease for the greater space increases. As Providence notes in its rebuttal, whether the allocated lease expenses increase at the same rate as the overall lease is irrelevant. Providence may allocate its internal costs in any reasonable manner and has done so consistently with its stated assumptions.

Balance Sheet

MultiCare questions the amount of Accounts Payable projected by Providence, contending that they are understated because they are based only on supplies expense and not purchased services. Providence provided its rationale for allocating balance sheet items to its sub-units and provided an adequate explanation of why it is appropriate. The department concludes that Providence's rebuttal is sufficient.

Audited Financial Statements

Pennant asserts that Providence did not provide its most recent audited financial statements, as is required in the application guidelines. Providence noted that the financial statements provided were its most recent at the time of application and screening responses. Upon review of Providence's website, the department concludes that this statement is accurate. The audited financial statements for Providence for the year ending December 31, 2021, were not available until March 8, 2022, just over a week after screening responses were due. Providence provided the appropriate statements.

Project Timeline

Pennant contends that Providence's implementation timeline is too rapid for it to begin providing Medicare and Medicaid services by January 1, 2022. This argument is discussed in the Project Description portion of this evaluation and is not persuasive.

Providence's projected revenue and expenses statements, summarized in Table 28 above for Pierce County-only operations, show profitability in all three projection years. Providence provided a statement showing its projected King County operations without the addition of Pierce County and a combined King and Pierce County statement. The combined statement summarized in Table 29 above also shows profitability in all three projection years.

The pro forma balance sheet provided for Providence's proposed Spokane County operations shows financial stability in all three projection years. The balance sheet demonstrates that the Providence is a financially healthy company that is able to support the expansion of hospice services.

None of the concerns raised in public comment regarding utilization, revenues, expenses, and projected statements provided raise to the level of denial of this project. All costs in the pro forma Revenue and Expense Statement can be substantiated by assumptions provided in the application.

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

AccentCare, Inc.

The applicant provided the assumptions used to determine the projected number of patients and visits for the proposed Spokane County hospice agency. The assumptions are restated below: [source: Application, p42 and p59 and Exhibit 14]

"The forecast below for AccentCare Spokane is consistent with most recent need methodology produced by the Department of Health. The Financial forecast and visit estimates use Seasons Hospice & Palliative Care of Oregon as a proxy, having similar programs and services as the proposed project, and a location with multiple hospice providers and similar population size and demographics as Spokane County. Demographic data comparing Spokane County with Multnomah County, Oregon and the Oregon Service Area is provided in Exhibit 14..

Applicant's Table
AccentCare Spokane Forecast, First Three Years

Spokane County	Partial Year 7/23-12/23	Year 1 CY 2024	Year 2 CY 2025	Year 3 CY 2026
Total number of admissions	53	123	175	255
Patient Days	2,107	6,749	10,881	15,830
Average Length of Stay	40.00	55.00	62.12	62.12
Average Daily Census	6	18	30	43

"AccentCare Spokane's admissions and patient days are similar to other Seasons Hospice programs and their start-up experience nationwide. (See Exhibit 14 for the start-up utilization of new hospice programs over the past 10 years which have Administrative Services Agreements with Seasons Healthcare Management, LLC.) The Financial forecast and visit estimates use Seasons Hospice & Palliative Care of Oregon as a proxy, having similar programs and services as the proposed project and a location with similar population size and demographics as Spokane County. Demographic data comparing Spokane County with Multnomah County and the Oregon Service Area is provided in Exhibit 14."

Exhibit 14 referenced above and provided in the application is a table comparing Spokane County in Washington State with the following three Oregon counties: Multnomah, Clackamas, and Washington. The table provides extensive comparison data with highlighted sections. Below is an excerpt of the table showing the highlighted areas. In its screening responses, AccentCare also provided additional charts (not included here) that identified the startup experience for various locations, highlighting Portland, Oregon.

Fact	Fact Note	Multnomah County, OR	Clackamas County, OR	Washington County, OR	Oregon	Value Note for Oregon	Spokane County, Washington
Population Estimates, July 1 2021, (V2021)		NA	NA	NA	4,246,155		NA
Population estimates base, April 1, 2020, (V2021)		NA	NA	NA	4,237,256		NA
Population, percent change - April 1, 2020 (estimates base) to July 1, 2021, (V2021)		NA	NA	NA	0.20%		NA
Population, Census, April 1, 2020		815,428	421,401	600,372	4,237,256		539,339
Population, Census, April 1, 2010		735,334	375,992	529,710	3,831,074		471,221
Persons under 5 years, percent		5.10%	5.20%	5.80%	5.40%		6.00%
Persons under 18 years, percent		18.40%	21.20%	22.50%	20.50%		22.00%
Persons 65 years and over, percent		13.90%	18.80%	13.90%	18.20%		16.60%
Female persons, percent		50.50%	50.70%	50.50%	50.40%		50.40%
White alone, percent		79.00%	88.90%	79.60%	86.70%		88.90%
Black or African American alone, percent	(a)	6.00%	1.20%	2.50%	2.20%		2.00%
American Indian and Alaska Native alone, percent	(a)	1.40%	1.10%	1.10%	1.80%		1.80%
Asian alone, percent	(a)	8.10%	4.90%	11.70%	4.90%		2.40%
Native Hawaiian and Other Pacific Islander alone, percent	(a)	0.70%	0.30%	0.50%	0.50%		0.60%
Two or More Races, percent		4.70%	3.70%	4.50%	4.00%		4.20%
Hispanic or Latino, percent	(b)	12.00%	9.00%	17.10%	13.40%		6.10%
White alone, not Hispanic or Latino, percent		69.10%	81.10%	64.60%	75.10%		84.00%
Veterans, 2015-2019		37,495	26,384	31,391	283,045		43,294
Foreign born persons, percent, 2015-2019		13.80%	8.20%	17.70%	9.90%		5.40%
Housing units, July 1, 2019, (V2019)		359,778	170,724	234,162	1,808,465		223,079
Owner-occupied housing unit rate, 2015-2019		54.50%	71.10%	61.60%	62.40%		62.40%
Median value of owner-occupied housing units, 2015-2019		$386,200	$395,100	$386,600	$312,200		$224,800
Median selected monthly owner costs -with a mortgage, 2015-2019		$1,924	$2,003	$1,972	$1,699		$1,433
Median selected monthly owner costs -without a mortgage, 2015-2019		$672	$655	$660	$538		$489
Median gross rent, 2015-2019		$1,237	$1,295	$1,359	$1,110		$913
Building permits, 2020		2,709	2,011	3,062	18,665	1	3,170
Households, 2015-2019		326,229	157,408	219,053	1,611,982		202,811
Persons per household, 2015-2019		2.41	2.59	2.66	2.51		2.41
Living in same house 1 year ago, percent of persons age 1 year+, 2015-2019		81.90%	85.60%	83.80%	82.90%		80.60%
Language other than English spoken at home, percent of persons age 5 years+, 2015-2019		20.00%	12.10%	24.80%	15.40%		7.40%
Households with a computer, percent, 2015-2019		94.10%	94.20%	96.10%	93.00%		92.60%
Households with a broadband Internet subscription, percent, 2015-2019		87.90%	87.80%	90.70%	85.90%		87.00%
High school graduate or higher, percent of persons age 25 years+, 2015-2019		91.50%	93.40%	92.20%	90.70%		93.80%
Bachelor's degree or higher, percent of persons age 25 years+, 2015-2019		45.90%	37.40%	44.40%	33.70%		30.80%
With a disability, under age 65 years, percent, 2015-2019		9.10%	7.50%	6.60%	9.90%		10.50%
Persons without health insurance, under age 65 years, percent		8.30%	7.40%	6.90%	8.60%		7.00%
In civilian labor force, total, percent of population age 16 years+, 2015-2019		69.40%	64.60%	69.00%	62.30%		60.80%
In civilian labor force, female, percent of population age 16 years+, 2015-2019		65.90%	58.80%	61.90%	57.90%		57.60%
Total accommodation and food services sales, 2012 ($1,000)	(c)	2,506,213	637,512	970,572	8,466,788		1,062,633
Total health care and social assistance receipts/revenue, 2012 ($1,000)	(c)	7,703,673	2,424,207	3,238,074	24,956,816		3,968,007
Total manufacturers shipments, 2012 ($1,000)	(c)	10,278,074	5,371,545	13,525,848	51,349,948		3,943,094

Based on the assumptions above, AccentCare, Inc provided its projected utilization shown in the table below: [source: Application, p42]

Department's Table 10
Spokane County Utilization Projections

	Year 2023-6 Months	Year 2024 Full Year 1	Year 2025 Full Year 2	Year 2026 Full Year 3
Total Number of Admissions (unduplicated)	53	123	175	255
Total Number of Patient Days	2,107	6,749	10,881	15,830
Average Length of Stay	40.00	55.00	62.12	62.12
Average Daily Census	6	18	30	43

AccentCare, Inc. also provided the following summary of the basis for the assumptions used to project the pro forma statements for its Spokane County agency. The assumptions are restated below: [source: Application, Exhibit 16]

"REVENUES

Patient Care Revenues:

Revenues are forecast on the basis of the Applicant's historical experience in other services area. Charges are set to be generally consistent with expected Medicare reimbursement by level of service.

In order to reflect patient care services rendered, charges assessed to charity care patients and to bad debts are initially recorded as private pay revenue. The allowances for charity care and bad debts are deducted from the gross revenues projected for the private pay payor group.

All payor groups are projected to access the four categories of patient care routine, continuous care, respite, and GIP in the same distribution.

Non-Operating Revenues:

Non-Operating revenues are billings for physician services outside of the Medicare hospice benefit. The amount shown is based on the experience of the Seasons-Affiliated program Seasons Hospice and Palliative Care of Oregon.

Net Patient Service Revenues:

Net Patient service revenues by payor are computed as follow:

Medicare:

Medicare Net patient service revenues are forecast on the basis of the October 2022 Medicare rates applicable to the Applicant's proposed service area. For purposes of computing the blended routine care rate, it is assumed that 52 percent of the routine patient days delivered at the proposed hospice will be reimbursed at the rate applicable to days 1 – 60. The balance of the projected patient days will be reimbursed at the rate applicable to days 61 and beyond. This mix of routine days is based on the experience of SHCM with start-up programs.

Medicare Managed Care:

It is assumed that managed care providers will negotiate and average discount of 5 percent below the published Medicare rates.

Medicaid:

It is assumed that net reimbursement for Medicaid patients will be approximately 10 percent lower than published rates for Medicare patients.

Applicant's Table Recreated

Payer	***Percentage of Charges Collected***
Healthy Options	*80*
*Private Pay**	*12*
Third Party Insurance	*95*
*Other***	*75*

** A portion of the write-off from Private Pay Charges is attributable to Charity Care.*

*** Other payors include relatively small payors such as VA, Worker's Comp and Tri-Care*

"Expenses

"Advertising:

"Advertising costs are bases on the 2020 experience of Seasons Hospice and Palliative Care of Oregon, which was $15,669. No inflation adjustment has been made to this amount. Advertising costs are treated as fixed and do not respond to changes in clinical volume. An advertising budget of $2,000 is also included in the pre-opening expenditures of the Applicant.

"Depreciation and Amortization:

"Depreciation and Amortization is computed on the basis of the capital assets to be acquired in connection with this project. Depreciation is forecast on a straight-line basis with useful lives provided by the Northwestern University Kellogg Business School.

"Dues and Subscriptions

"The Applicant has projected the cost of dues and subscriptions based on its experience with other start-up programs. It is assumed that this line item is not sensitive to increases in clinical volume. No inflation adjustment is made to this amount.

"Education and Training

"The budget for this line item is based upon the 2020 expenses at of Seasons Hospice and Palliative Care of Oregon for Conferences and Training, which was $1,544 and its expenses for Employee Relations which was $3,042. Conferences and Training Costs are treated as fixed costs and do not respond to changes in clinical volume. Employee Relations Costs are treated as variable.

"Based on the 24,814 patient days delivered at Seasons Hospice and Palliative Care of Oregon in 2020, the $3,042 expense for Employee Relations coverts to a per diem cost of Approximately $0.123 per diem. ($3,042 / 24,814 = $0.123)

"Total Education and Training costs are computed as follows:

Applicant's Table

Projection of Education and Training Expense	Initial Six Months	Year 1	Year 2	Year 3
Fixed Costs				
Conferences and Training	$ 778	$1,544	$1,544	$ 1,544
Variable Costs				
Patient Days	2,107	6,749	10,881	15,830
Per Diem Employee Relations Expense	$0.123	$0.123	$0.123	$0.123
Projected Employee Relations Expense	$ 258	$ 827	$1,334	$ 1,941
Total Education and Training Expense	$ 1,037	$ 2,371	$ 2,878	$ 3,485

"No inflation adjustment has been made to this amount. This budget does not reflect salary costs of professional clinical mangers who will be employed by the Applicant in connection with this project. Those costs are captioned under Salaries and Wages, Payroll Taxes and Employee benefits.

"Employee Benefits

"Employee benefits are projected to equal 15 percent of salaries and wages. This percentage does not include provision for Employer FICA contributions, which are forecast under the caption of Payroll Taxes.

"Information Technology Computers
"The budget for this line item reflects the acquisition of the costs of purchasing computer hardware, cell phones, computer monitors, desk phones and applicable charges for internet connections and telecom charges. Such charges will be incurred as staffing levels require. For this reason, the largest expense is in year one. Internet and telecom charges are fixed, others are incremental. The schedule of acquisitions and expenses is shown below.

Applicant's Table

Telecommunications and EMR										
		Six Months Ending	Calendar Year			Six Months Ending	Calendar Year		
		31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Toshiba Protégé x20W-D, Lap Top	$ 1,400	6	1	3	2	$ 8,400	$ 1,400	$ 4,200	$ 2,800
Samsung S8 Cell Phone	$ 700	6	1	3	2	$ 4,200	$ 700	$ 2,100	$ 1,400
Lenovo Think Center M7 10Q Computer	$ 700	4	1	1	1	$ 2,800	$ 700	$ 700	$ 700
Monitor	$ 150	6	1	3	2	$ 900	$ 150	$ 450	$ 300
Desk Phone	$ 300	6	1	3	2	$ 1,800	$ 300	$ 900	$ 600
Internet Charges	$ 8,400	1	1	1	1	$ 8,400	$ 8,400	$ 8,400	$ 8,400
Telecom Charges	$ 3,600	1	1	1	1	$ 3,600	$ 3,600	$ 3,600	$ 3,600
Total						$ 30,100	$ 15,250	$ 20,350	$ 17,800

"Insurance
"The insurance expense of $12,500 is based on the experience of other Seasons-affiliated organizations. This expense is not forecast to be sensitive to increases in clinical volume.

"Interest
"There is no long or short-term debt forecast in connection with this projector its operations.

"Legal and Professional
"Legal and Professional fees are based upon the $11,786 in printing costs and $4,794 in Outside services expensed at of Seasons Hospice and Palliative Care of Oregon in 2020. Outside services are treated as 100 percent fixed. 80 percent of the printing expense of $11,786 is treated as fixed – or $9,429. The balance of $2,357 is considered to be variable and computes to a per diem amount of $0.095 per diem ($2,357 / 24,814 = $0.095).

"The Table below shows the computations that result in the expense projection for Legal and Professional Fees shown in the pro forma Income and Expense projections:

Applicant's Table

Projection of Legal and Professional Expense	Initial Six Months	Year 1	Year 2	Year 3
Fixed Costs				
Printing	$ 4,753	$ 9,429	$ 9,429	$ 9,429
Outside Services	$ 2,417	$ 4,794	$ 4,794	$ 4,794
Variable Costs				
Patient Days	2,107	6,749	10,881	15,830
Printing Cost Per Diem Expense	$ 0.095	$ 0.095	$ 0.095	$ 0.095
Variable Printing Cost Expense	$ 200	$ 641	$ 1,034	$ 1,504
Total Education and Training Expense	$ 7,370	$ 14,864	$ 15,526	$ 15,727

"Licenses and Fees

"Licenses and Fees include a $5,000 annual provision for state and local licenses. In addition to this amount, the following computer software and licensing fees are projected in connection with the office computer equipment to be acquired in connection with the project.

Applicant's Table

		Six Months Ending	Calendar Year			Six Months Ending	Calendar Year		
Licenses		31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Windows 365 & Related	$ 540	4	1	1	1	$ 2,160	$ 540	$ 540	$ 540
EMR Costs Operating	3,500	1	1	1	1	$ 3,500	$ 3,500	$ 3,500	$ 3,500
EMR Costs Incremental	$ 2,500	3	4	5	6	$ 7,500	$ 10,000	$ 12,500	$ 15,000
Total						$ 13,160	$ 14,040	$ 16,540	$ 19,040

These costs added to the $5,000 annual license allowance referenced above result in the projections that appear in the pro forma income and expense statement.

"Medical Supplies

"Medical Supplies are forecast on the basis of the experience of Seasons Hospice and Palliative Care of Oregon in 2020. These expenses include Clinical Supplies of $34,663, DME Expense of $121,889, Pharmacy Costs of $169,033, and Open Access of $1,014. These amounts sum to $326,599. Application of the 24,814 patient days delivered at of Seasons Hospice and Palliative Care of Oregon in 2020 results in a per diem expense of $13.16.

"The table below shows the computations used to develop the Supply Expense projection for the Pro Forma Statement of Income and Expense:

Applicant's Table

Projection of Supply Expenses	Initial Six Months	Year 1	Year 2	Year 3
Variable Costs				
Patient Days	2,107	6,749	10,881	15,830
Supply Cost Per Diem	$ 13.16	$ 13.16	$ 13.16	$ 13.16
Projected Supply Cost	$ 27,732	$ 88,830	$ 143,214	$ 208,353

"Payroll Taxes
"Payroll Taxes are projected to equal 6.5 percent of Salaries and Wages.

"Postage
"Postage is based on an estimated per-diem expense of $0.10 per patient day of care.

"Purchased Services
"Purchased services consist of the fees paid to hospitals and nursing homes that provide inpatient services on a subcontracted basis to the Applicant's projected hospice inpatients. It is assumed that these facilities will be paid an amount to 85 percent of the GIP charges. The computations used to project the costs of purchased services appear in the table below.

Applicant's Table

Projection of Purchased Services Expense		Initial Six Months	Year 1	Year 2	Year 3
GIP Days		31.60	101.23	163.21	237.45
Projected GIP Per Diem Charge		$ 1,200	$ 1,200	$ 1,200	$ 1,200
Projected GIP Per Diem Contract Payment	85%	$ 1,020	$ 1,020	$ 1,020	$ 1,020
Total Purchased Services		$ 32,237	$ 103,260	$ 166,479	$ 242,199

"Rental \ Lease
"The amount shown under rental and lease expense represents the costs of leasing the office space from which the proposed hospice will conduct its operations. The lease amounts are documented in the Appendices to this application.

The rental amount is inclusive of utilities and property taxes.

"Repairs and Maintenance
"The Applicant estimates that repairs and maintenance will be relatively minor expenditures in its early years of operations but has included a budget of $3,500 per year to cover unexpected costs of this type.

"Salaries and Wages
"Salaries and wages are detailed In Tables 22 and 23 of this application. Staffing levels are based on the projected daily census of the proposed hospice and Seasons staffing model.

"Salary expense for the pre-opening period includes provisions for pre-opening hiring of staff to permit orientation and training before clinical operations commence.

"Supplies
"The Supply line item refers to general office supplies. This line item is assumed to be variable with respect to clinical volume. An allowance of $1.00 per diem is made for this line item.

"Telephones\Pagers
'The expenses included in this line item include the Information Systems and Call Center expenses at of Seasons Hospice and Palliative Care of Oregon in 2020. These expenses totaled $78,453 and are assumed to be fixed with respect to the clinical volume changes forecast in this application.

"Service Fees
"Service Fees consist of the management fee paid by the Applicant to Seasons. This fee is fixed at $60,000 per year.

"Washington State B&O Taxes
"This tax is computed as 1.5 percent of Revenues.

"Travel, Patient Care and Other
"The expenses included in this line item include the following line items form the 20 Income and expenses statement of Seasons Hospice and Palliative Care of Oregon.

Room and Board	*$22,747*
Other Direct Expense	*$369,007*
Travel:	*$ 886*
Other Operating Expense:	*$14,313*
Total:	*$406,953*

"These costs include not only travel, but payments to Nursing Homes for resident patients as well as other operating costs. For budgeting purposes, the following assumptions were made concerning the sensitivity of these expenses to clinical volume:

Applicant's Table

Line Item	Amount	Percent Fixed	Percent Variable	Amount Fixed	Amount Variable
Room and Board	$ 22,747	0 %	100 %	$0	$ 22,747
Other Direct Expenses	$ 369,007	0 %	100 %	$0	$ 369,007
Travel	$ 886	70 %	30 %	$ 620	$ 266
Other Operating Expenses	$ 14,313	100%	0 %	$ 14,313	$ 0
Total	$ 406,953			$ 14,933	$ 392,020
Seasons Oregon Patient Days 2020					24,814
Variable Per Diem Expense Travel and Other					$ 15.80

"The detail of the forecast for this line item is presented below:

Applicant's Table

Projection of Legal and Professional Expense	Initial Six Months	Year 1	Year 2	Year 3
Fixed Costs				
Travel	$ 310	$ 620	$ 620	$ 620
Other Operating Costs	$ 7,215	$ 14,313	$ 14,313	$ 14,313
Variable Costs				
Patient Days	2,107	6,749	10,881	15,830
Variable Per Diem Costs Travel and Other	$ 15.80	$ 15.80	$ 15.80	$ 15.80
Variable Travel and Other Cost Projection	$ 33,287	$ 106,623	$ 171,902	$ 250,088
Total Education and Training Expense	$ 40,815	$ 121,556	$ 186,835	$ 265,021

"Contributions to Foundation
"These amounts reflect the commitment of the Applicant to provide funding for identified special programs as discussed in the application."

In addition to the assumptions identified above, the applicant also provided its worksheets and mathematical calculations used to project the pro forma statements for its Spokane County agency. The worksheets are extensive and provide the line-by-line calculation of each revenue source and mathematical calculations. [source: Application, Exhibit 15]

AccentCare, Inc. also provided its projected payer mix for the new hospice agency, explained why it is reasonable for Spokane County, and provided its assumptions used to determine the payer mix. [source: Application, pp68-70; screening responses, pp3-4]

Applicant's Table

AccentCare Spokane's Percentage of Gross Revenue and Patient Days by Payor

Payor	Percent of Gross Revenue	Percent of Patient Days
Medicare & Medicare Managed Care	91.0%	91.0%
Medicaid & Medicaid Managed Care	1.0%	1.0%
Health Options (BHP)	2.0%	2.0%
Charity Care	0.0%	1.0%
Private Pay	2.5%	1.5%
Third Party Insurance	3.0%	3.0%
Other (Champus, VA)	0.5%	0.5%
Total Gross Patient Service Revenues	**100.0%**	**100.0%**

Payer Mix
"The payor mix is based on the experience of the applicant in other service areas. Hospice services are overwhelmingly accessed by elderly patients who are Medicare beneficiaries. The 91 percent

Medicare payor distribution reflects this fact. The Applicant has projected that Medicare recipients will, in the majority of cases, adopt a Medicare supplement program. In the pro formas, these payors are assumed to negotiate reductions in net payments with providers. To this extent, the assumption that Medicare Managed Care payors will make up the bulk of this results in a somewhat lower net reimbursement."

If this project is approved, the new hospice agency in Spokane County would be operated under the parent, AccentCare, Inc. To assist in this evaluation, the applicant provided pro forma financial statements for the Spokane County hospice agency alone which is summarized in Table 10 below:

Department's Table 10
AccentCare, Inc. Spokane County
Revenue and Expense Statement for Projected Years 20232 through 2026

	Six Months Year 2023	Full Year 1 Year 2024	Full Year 2 Year 2025	Full Year 3 Year 2026
Net Revenue	**$434,006**	**$1,390,184**	**$2,241,310**	**$3,260,722**
Total Expenses	**$874,745**	**$1,859,901**	**$2,487,452**	**$2,958,016**
Net Profit / (Loss)	**($449,889)**	**($449,025)**	**($293,393)**	**$233,964**

The 'Net Revenue' line item is gross revenue minus deductions for contractual allowances, bad debt, and charity care; it also excludes non-operating revenue. Total expenses include all expenses associated with the operations of the Spokane County agency.

Further, the applicant provided pro forma financial statements for AccentCare, Inc. that includes both hospice applications submitted by AccentCare during this 2021 concurrent review cycle.[13] The combined information is summarized in the tables below: [source: Application, Exhibit 16 and screening response, Attachment 4]

[13] During this 2021 hospice review cycle, AccentCare, Inc submitted applications for Pierce and Spokane counties.

Department's Table 11
AccentCare, Inc.-Spokane County
Balance Sheet for Projection Years 2022 through 2025

ASSETS	Six Months Year 2023	Full Year 1 Year 2024	Full Year 2 Year 2025	Full Year 3 Year 2026
Current Assets	$1,290,367	$898,002	$706,440	$1,048,901
Property and Equipment	$99,842	$99,842	$99,842	$99,842
Minus Depreciation	$5,526	$16,488	$27,449	$38,411
Total Assets	$1,384,683	$981,356	$778,833	$1,110,332

LIABILITIES	Six Months Year 202.	Full Year 1 Year 2024	Full Year 2 Year 2025	Full Year 3 Year 2026
Current Liabilities	$57,820	$124,208	$167,828	$196,618
Long-Term Debt	$0	$0	$	$
Equity	$1,326,863	$857,148	$611,005	$913,714
Total Liabilities, Long-Term Debt, and Equity	$1,384,683	$981,356	$778,833	$1,110,332

AccentCare, Inc. also provided projected balance sheets that includes each of the hospice applications submitted by AccentCare during this 2021 concurrent review cycle.[14] The combined information is summarized in Table 9: [source: Screening responses, Attachment 4]

Department's Table 12
AccentCare, Inc.
Combined Balance Sheet Years 2022 through 2025 (in 1,000s)

ASSETS	Full Year Year 2023	Full Year 1 Year 2024	Full Year 2 Year 2025	Full Year 3 Year 2026
Current Assets	$414,469	$527,970	$683,417	$885,210
Property and Equipment	$27,776	$18,670	$11,621	$1,381
Other Assets	$2,038,091	$2,038,090	$2,038,092	$2,038,091
Total Assets	**$2,480,336**	**$2,584,730**	**$2,733,130**	**$2,924,682**

LIABILITIES	Full Year Year 2023	Full Year 1 Year 2024	Full Year 2 Year 2025	Full Year 3 Year 2026
Current Liabilities	$286,068	$313,736	$343,901	$368,094
Long-Term Debt	$1,213,713	$1,204,979	$1,196,245	$1,196,245
Other Long Term Liabilities	$173,434	$173,434	$173,434	$173,434
Equity	$807,122	$892,582	$1,019,549	$1,186,910
Total Liabilities, Long-Term Debt, and Equity	**$2,480,337**	**$2,584,731**	**$2,733,129**	**`$2,924,683**

[14] AccentCare submitted applications for Spokane and Pierce counties.

AccentCare provided a copy of the executed lease for the proposed agency in Exhibit 4 of the application. The lease agreement is between AccentCare Hospice and Palliative Care of Spokane County, LLC, and BH Properties I LLC, Bloch Boyer LLC, and Zia Spokane LLC. The lease was executed on December 30, 2021, and extends until December 31, 2027, with provision for one five-year extension. All costs can be substantiated and are consistent with the lease amounts in the pro forma income statements.

Pennant/Puget Sound Public Comment - Oppose

(1) Accentcare used Medicare Advantage and Medicaid Advantage rates for their projections, both at reduced rates from Medicare and Medicaid rates. The Hospice benefit is covered by Medicare part A and Medicaid, at full rates. Advantage plans are not used for Hospice. Therefore, their projections are not accurate. Financial feasibility cannot be determined.

(2) Accentcare did not include accreditation costs in their pro forma, and we cannot find these costs anywhere else in their application or screening response. For reference, ACHC accreditation costs are estimated at $10,000 and CHAP accreditation is approximately the same. Without these costs financial feasibility cannot be determined.

(3) Accentcare shows state license fees of $5000 per year in the pro forma. Initial state license is $3,283, and the bi-annual fee varies based on census. Financial feasibility cannot be determined with these incorrect costs."

MultiCare Public Comment - Oppose

Financial Feasibility Concern 1: The AccentCare lease is not fully notarized.

AccentCare provides a lease for its proposed agency in Exhibit 4 of its application. This lease is signed by both the Landlord (Bloch River View LLC) and Tenant (AccentCare Hospice and Palliative Care of Spokane County, LLC), but on separate sheets. Only a single notary page is provided for the signature of the landlord. Real Estate law in Washington State requires all signatures be notarized in leases, which is not the case with the lease document presented by AccentCare. Thus, based off the documents submitted, AccentCare has not demonstrated Site Control. We would also note that at this point in the review cycle, AccentCare cannot supplement its record.

Financial Feasibility Concern 2: AccentCare includes Charity care as a revenue source for Private Pay patients, resulting in the implication that only Private Pay patients will be offered financial assistance.

AccentCare includes Charity Care as a revenue source and calculates Bad Debt and Charity Care as applicable only for patients from Private Payers. This is not obvious from the AccentCare Pro Forma because AccentCare has grouped the Charity Care amounts into its Private Pay category while leaving a row for Charity Care misleadingly presented as receiving zero revenue. This action obscures the presence of Charity Care as a revenue source but can be found by calculating the proportion of Gross Charges from Private Payers as equal to 2.5% of Gross Revenue. This amount represents the combination of patients allocated to Charity Care and Private Payer sources. Our interpretation of the AccentCare Pro Forma is corroborated by its presentation of revenue deductions, where it separates Charity Care and Bad Debt. Within its revenue deductions, Bad Debt is calculated only as a proportion of the 1.5% of Private Pay patients. This proportion, as assumed by AccentCare, is equal to 80% of Private Pay revenue.

AccentCare's incorrect inclusion of Charity Care as a proportion of Gross Revenue, and calculation of Bad Debt as a proportion of Private Pay patients, results in the implication that AccentCare will provide financial assistance or write off charges for Private Pay patients only. This raises questions of whether all planning area residents, particularly those who are financially indigent, will have equal access to its hospice services.

Financial Feasibility Concern 3: AccentCare includes physician services within "non-operating revenues."

AccentCare, in its Pro Forma, includes revenues labeled "non-operating revenues" which consist of "physician services outside of the Medicare hospice benefit" and are assumed to equal about $4.34 per patient day. Given that these "physician services" vary with projected utilization, these should have been contained within the AccentCare schedule of operating revenues and allocated across its payer distribution. That they were not raises questions about whether financial assistance is available for these services, or whether they are only selectively available. While it is possible these amounts reflect Net Revenue, the availability of these services across payers is unclear. AccentCare must explain whether it contains "service tiers" and how these services would be provided equally to all service area residents.

Financial Feasibility Concern 4: There exist discrepancies between the stated staffing schedule and listed amounts for salaries.

AccentCare presents pre-opening staffing costs equal to $120,792. As stated in its assumptions, this is based on two months of salary for administrative positions ($467,250/year), one month of salary for all other positions ($485,000/year), and a pre-opening medical director fee ($2,500).48 However, we are unable to verify the consistency of these amounts with the stated salary assumptions. AccentCare forecasts positive FTE levels in 2023 for the occupations of Business Development – Department, Business Development – Leadership, Chaplain, Executive Director, Hospice Aide, Music Therapy, Nursing, Social Work, Clinical Nutritionist, Team Assistant, and Team Director. Assuming administrative positions include Business Development, Business Operations, Executive Director, Team Assistant, and Team Director, weighting by the July to December 2023 FTE counts yields total salaries equal to $467,250, an amount which matches the two months of salary for administrative positions. However, performing this same exercise for the remaining positions with positive FTE counts (Chaplain, Hospice Aide, Music Therapy, Nursing, Social Work, and Clinical Nutritionist) yields total salaries equal to $398,800, an amount which does not match the AccentCare stated assumption of $485,000/year. AccentCare thus appears to have either miscalculated salaries for the pre-operational period or failed to include some FTEs within its presented staffing table. Either way, the AccentCare financial models are unreliable.

The discrepancy between the staffing table and Pro Forma extends to the forecast period, where there also appears to be a partial FTE missing from the AccentCare staffing model. Each year of the forecast, the implied salaries from the staffing assumptions reflect salaries which are $34,171 lower than the salary costs presented in the AccentCare Pro Forma. AccentCare presents FTEs to the nearest tenth for its employees and to the nearest thousandth for its contractors. As such, the observed differences between the AccentCare staffing assumptions and the salary costs presented in the AccentCare Pro Forma are too large to be due to simple rounding error.

AccentCare should explain these discrepancies and whether they are the result of miscalculations or an omission of FTEs within its staffing forecast.

In summary, the AccentCare financial statements are either unclear or simply incorrect, thus, unreliable. On this basis, the Department cannot evaluate conformance to the Financial Feasibility criterion.

AccentCare Rebuttal to Pennant

The assumptions used to project the payer mix in Table 25 on page 69 are explained in the Screening Response.

The payor mix shown in Table 25 on page 69 is based on the information in Exhibit 16, although it combines Medicare (at 27.3% of patient days) and Medicare Managed Care (63.7% of patient days) as shown in Exhibit 16, Workpaper 3, page 494, for a combined 91.0%. The percent of Gross Revenue shown in Table 25 is calculated from revenues shown in Exhibit 16, page 493.

The payor mix is based on the experience of the applicant in other service areas. Hospice services are overwhelmingly access by elderly patients who are Medicare beneficiaries. The 91% Medicare payor distribution reflects this fact. AccentCare has projected that Medicare recipients will, in the majority of cases, adopt a Medicare supplement program. In the proformas, these payors are assumed to negotiate reductions in net payments with providers. To this extent the assumption that Medicare Managed Care payors will make up the bulk of this results in a somewhat lower net reimbursement. Therefore, if Pennant is correct, AccentCare's performance will be even better than projected. Using lower rates that show the project is financially feasible is a conservative approach and intended to even better ensure the project's success.

.....

Not all costs in the financial statements are separately itemized. The non-salary costs in the administrative cost centers are based on Seasons Hospice and Palliative Care of Oregon and include accreditation costs, as all Seasons programs are externally accredited. These administrative costs form the basis of the forecasts for this project and thus make adequate provision for these costs.

.....

The $5,000 provision exceeds the initial fee referenced by Pennant. Licensing fees for operation [sic] *hospices cannot exceed $4,335. The provision in the Accent Care pro-formas also exceeds this amount, and provides a cushion for possible rate hikes in the future.*

AccentCare Rebuttal to MultiCare

AccentCare has demonstrated Site Control, as required by the Department, by providing a draft lease agreement signed by both entities committing to execute the agreement as submitted following CN approval. Furthermore, the Department found no such problem with the draft lease agreement within the Screening. On the contrary, MultiCare has failed to demonstrate Site Control as it has provided a draft lease agreement without the required signatures from both parties intending to execute the agreement.

....

The above statement is incorrect (regarding payer mix). *The proforma assumptions in Exhibit 16 of the application, page 515 state, "In order to reflect patient care services rendered, charges assessed to charity care patients and to bad debts are initially recorded as private pay revenue. The*

allowances for charity care and bad debts are deducted from the gross revenues projected for the private pay payor group." As these charges are only initially recorded as a proportion of private pay revenue, with the later deductions from the gross revenues for charity care and bad debts, there is no such concern that AccentCare will provide financial assistance or write off charges for Private Pay patients only. The implication that AccentCare will not provide equal access to all planning area residents, particularly the financial indigent, is categorically false.

.....

The above statement is incorrect. The proforma assumptions provided in Exhibit 16 of the application, page 515 state, "non-operating revenues are billings for physician services outside of the Medicare hospice benefit." Therefore, Medicare does not reimburse for these services. Furthermore, AccentCare has a charity care policy, provided in Exhibit 15. As stated on page 515 of the assumptions to the pro forma, allowances for charity care and bad debts are deducted from the gross revenues projected for the private pay payor group. Amounts are shown on page 493 of the pro forma. The net revenues of $4.34 per patient day for physician services are stated net of all revenue deductions resulting from contractual agreements, charity care or other policy adjustments. AccentCare does not have and will not implement service tiers based on income or reimbursement. MultiCare raises the issue of "service tiers" without justification and without any foundation.

.....

Multicare is mistaken about which positions are included in the pre-opening start-up costs. The administrative positions included in the $467,250 and other staffing positions included in the $485,000 include the following:

Applicant's Table

Admin. Positions	Salary Amount	Other Positions	Salary Amount
Business Development	$155,000	Chaplain	$65,500
Business Operations	$82,000	Hospice Aide	65,000
Executive Director	$107,000	Music Therapy	58,500
Team Assistant	$35,750	Nursing	170,000
Team Director	$87,500	Social Services	68,500
		Physician Leadership	7,500
		Medical Support	50,000
Total	**$467,250**	**Total**	**$485,000**
($467,250/12)*2=	**$77,875**	**$485,000/12=**	**$40,417**

The above amounts appear in Exhibit 16, Workpaper 10: Staffing and Salary Levels. Contracted therapy staff are not included in the pre-opening budget because they will not be employees of the hospice or require pre-opening orientation and training.

.....

Seasons' staffing projections are based on its experience in other markets and its history of establishing new hospice programs. Many positions in a start-up organization must be filled at artificially high levels simply to provide needed coverage. Even contracted positions must, in most cases, offer base levels of compensation that may and often do exceed actual hours worked. For example, the physician contract assumes that even in the first days of operations, the contracted physician team support staff will have to be paid for the equivalent of 8 hours per day even if the ADC is only 13. This pattern of staffing to provide needed coverage applies to other positions cited

in this objection. The medical staff and other positions cited in this objection are reasonable and do not impede the ability of the Program to evaluate the Application.

Department Evaluation

Utilization Assumptions

An applicant's utilization assumptions are the foundation for the financial review under this sub-criterion. The applicant does not currently operate a hospice agency in Washington State, so it based its projected utilization of the proposed service area expansion on specific factors:

- Average length of stay of 62.12 days in years 2025 and 2026 based on the department's numeric methodology, shorter lengths of stay for the first two years.
- An extensive comparison of Spokane County, Washington with three Oregon counties (Multnomah, Clackamas, and Washington). Based on this comparison, market share and referral rates were based on affiliate experience in Oregon.
- Based on the factors above, the three-year average daily census calculates to 6 in partial year 1 (2023) and full years one, two, and three were estimated at 18, 30, and 43, respectively.

After reviewing the material provided, the department concludes that applicant's utilization assumptions are reasonable.

Pro Forma Financial Statements

As stated earlier, since AccentCare has two hospice applications currently in process, they provided extensive financial statements, with varied scenarios anticipating a mixture of potential approvals. These various statements were helpful for the department to determine potential impacts of one project on existing operations as well as on other potential approvals or denials.

The department first examined the financial feasibility of the Spokane County project alone. AccentCare provided extensive assumptions used to prepare the proposed agency's pro forma Revenue and Expense Statement. As summarized in Table 10, the new agency is expected to operate at a net loss in partial year one (2023) and full years one and two (2024 and 2025)becoming profitable by the end of full year three (2026).

Given that AccentCare submitted one other application during the 2021 hospice concurrent review cycles, a review of its pro forma Revenue and Expense Statement showing AccentCare with both approvals was reviewed and summarized in Table 11. As noted in the summary, for current year 2022, the parent is expecting to end the year with more than a $20.3 million loss. The reason for the loss is not identified in the application. Further, if both Washington State projects are approved during this review cycle, the two agencies are expected to operate at a cumulative combined loss of $2.3 million for projection years 2023 and 2024. However, the operational loss in these first two years of operation is not expected to affect the overall financial health of the parent. The summary does show projected profitability for AccentCare from 2023 forward.

Focusing on the Spokane County balance sheets summarized in Table 11 shows that the new agency is operating lean, yet financially stable. The combined balance sheet summarized in Table 12 shows that AccentCare is a financially healthy company. The balance sheets provided in the review demonstrate the proposed Spokane County project is a very small part of a larger corporation with many assets, liabilities, debt, and equity. The balance sheets demonstrate that the applicant is

financially healthy company that is able to support a relatively small project and investment of capital.

Lease
Since the Spokane County hospice operations would be located within leased office space in Spokane County an executed lease was provided in the application. To ensure that the costs associated with this project could be clearly reviewed, AccentCare, Inc. provided a copy of the draft lease agreement and a table connecting the costs in the agreement with those identified in the pro forma Revenue and Expense Statement. All costs can be substantiated.

Medical Director Agreement
AccentCare, Inc. provided a copy of an executed Medical Director Agreement with Balakrishnan Natarajan, MD. The agreement identifies the roles and responsibilities of both the hospice agency and its medical director, and projected Revenue and Expense Statements identify all costs associated with this agreement as a "*Physician Leadership (Medical Director)*" line item. The applicant provided a table connecting the annual amounts to those identified in the pro forma Revenue and Expense Statement.

Revenue Items
Pennant claimed that AccentCare's projections were built using Medicare and Medicaid Advantage plans, which reimburse less than traditional Medicare, while Hospice is paid at full Medicare and Medicaid rates, rendering AccentCare's projected revenue too low and unreliable. AccentCare responded that its payer mix is based on other areas and is consistent with their current operations. AccentCare also asserted that many of its patients are managed care (Medicare/Medicaid Advantage) patients and also noted that if their revenue was understated, its projected financial performance would be more favorable. The department concludes that AccentCare, as an established provider of hospice services in many states, is aware of its payer mix and the department further concludes that it reasonably rebutted Pennant's claim in this area.

Pennant questioned AccentCare's projected licensing expenses and pre-operating expenses. AccentCare provided an explanation of the items included in its licensing fee expense item, identified where, in the application and screening materials, the pre-opening expenses were identified, and further explaining its revenue assumptions. The department finds that AccentCare's explanations and the underlying information in its application and screening materials are sufficient to address Pennant's concerns.

MultiCare offered several concerns regarding AccentCare's treatment of charity care as a revenue source, its allocation of physician services to non-operating revenue, and claimed that the lease AccentCare provided was insufficient because it wasn't properly notarized. Finally, MultiCare identified concerns about the projected staffing and wages on the projections for the start-up period.

AccentCare provided reasonable responses to these issues. First, AccentCare noted that charity care patients are often initially recorded as private pay patients for accounting purposes. AccentCare also asserted that it offers charity care to patients of all payer sources. AccentCare also noted that it had provided a draft lease, consistent with program practice. The department concludes that both of these explanations are reasonable and supported by the record and program practice and experience.

AccentCare explained that the non-operating revenue for physician services are an artifact of its accounting for contractual deductions for those services for private pay patients. AccentCare also addressed and explained the staffing concerns raised by MultiCare.

After reviewing the information provided, the department concludes that the AccentCare, Inc. project **meets this sub-criterion**.

The Pennant Group, Inc.

Through its subsidiaries Pennant currently owns and operates several in-home services agencies in Washington State. For this project, Pennant proposes to establish a new agency to provide hospice services to the residents of Spokane County. [source: February 28, 2022, screening response, pdf 3]

Pennant provided the following assumptions used to determine the projected number of patients and visits for the proposed Spokane County hospice agency. [source: Application, pp15-16]
"*To remain consistent with utilization of the DOH need methodology as the basis for this project rationale, population forecasts for 2023 though* [sic] *2026 have been estimated using the same assumptions that are used in the eight step methodology contained in WAC 246- 10-290. The calculation for the assumption of population growth within each age cohort for each projected year is: (year 2022 - year 2021) + year 2022 = year 2023*

"This same calculation is used for the unmet patient days in our pro forma financials [sic] *projections for year 2023 through 2026. Our 2023 through 2026 projections for unmet patient days, unmet patient days percent per year, patient days, annual admissions for unduplicated patients, monthly admissions for unduplicated patients, and average daily census are shown in Table 2 on page 19. This information, data and assumptions are also shown in the Assumptions and Calculations and pro forma at Exhibit 10.*"

Pennant further explained its utilization assumptions in response to the department's screening questions. [source: Pennant screening responses, p4]
"*We based our assumptions on what we have learned in the last two years with Pennant's two hospice startups in Snohomish and Thurston Counties, as well as our hospice startups in California and Texas. All these startups started or operated at an early stage during the COVID-19 pandemic. This created unique insight into the needs, trends, and opportunities that must be considered when planning for and/or operating a startup hospice agency during the ongoing global pandemic The market share numbers are conservative and consider the potential challenges surrounding staffing, COVID-19, and restrictions at skilled nursing facility, assisted living facility, hospitals, adult family homes and the like.*

The assumed market share is also conservatively based on our experience with growth trends for acquired hospice agencies across Pennant in multiple states, including Washington, Oregon, California, Arizona, Idaho, Utah, Texas, and Montana. While acquisitions and startups are different in many ways, the ability of our local teams to build relationships in their respective communities and to grow market share are similar." [source: Application, Exhibit 10]

Applicant's Table

Projection Year-SPOKANE	2023	2024	2025	2026
unmet patient days	16357	21780	27203	32626
unmet patient days % per year	40%	45%	50%	55%
Patient Days	6543	9801	13602	17944
Annual admissions - Unduplicated Patients with ALOS of 62.12	105	158	219	289
Monthly Unduplicated Patient admissions	9	13	18	24
Average Daily Census (ADC)	18	27	37	49

[source: Application, p19]

If this project is approved, the Spokane County hospice agency would be independent of other county's operations. Additionally, Pennant submitted a total of four CN applications in the 2021-2022 hospice review cycles. Pennant was required to provide a variety of combined financial statements to demonstrate financial health with varied scenarios anticipating a mixture of potential approvals. The various financial statements were helpful for the department to determine potential impacts of one project on existing operations as well as on other potential approvals or denials. Embedded in the financial statements are the assumptions used by Pennant to determine its calculations.

The information below shows the Spokane County-only statements provided by Pennant and the assumptions used to determine the amounts shown in the statements. [source: February 28, 2022, screening responses, Exhibit 10]

Assumptions and Projections

3 full years required, ADDING 4TH YEAR

Assumes 1/1/23 start date	2023	2024	2025	2026
Patient Days	6543	9801	13602	17944
Annual admissions - Unduplicated Patients with ALOS of 62.12	105	158	219	289
Monthly Unduplicated Patient admissions	9	13	18	24
Average Daily Census (ADC)	18	27	37	49

	2023	2024	2025	2026
	40%	45%	50%	55%

Projected service for 40% in 2023, 45% in 2024, 50% in 2025, 55% in 2026

National Hospice and Palliative Care Organization (NHPCO) 2017 Facts and Figures updated as of April 2018

Table 10: Level of Care by Percentage of Days of Care

Percentage of Days of Care	DOC %
Routine Home Care (RHC)	98.0%
Inpatient Respite Care (IRC)	1.5%
Continuous Home Care (CHC)	0.2%
General InPatient Care (GIP)	0.3%

CMS WA percentages of care SPOKANE County- Days of Care (DOC)

	2023	2024	2025	2026	
Routine Home Care (RHC)	6,412	9,605	13,329	17,585	Level of Care Percentage x Projected service of unmet days
Inpatient Respite Care (IRC)	98	147	204	269	Level of Care Percentage x Projected service of unmet days
Continuous Home Care (CHC)	13	20	27	36	Level of Care Percentage x Projected service of unmet days
General InPatient Care (GIP)	20	29	41	54	Level of Care Percentage x Projected service of unmet days

Total Days of Care	6,543	9,801	13,602	17,944

Referral resources based on Cornerstone averages	**# of Referrals by Source**				**Avg referral %**
Physician Referral	2.9	4.3	6.0	7.9	32.9%
Clinic Referral	3.2	4.8	6.7	8.8	36.5%
Transfer from Hospital	1.1	1.6	2.2	2.9	12.2%
Transfer from SNF	1.5	2.2	3.0	4.0	16.7%
All other	0.1	0.2	0.3	0.4	1.7%
Subtotal Referrals	8.8	13.1	18.2	24.1	

Per Diem Rates - 2022

SPOKANE County	**Days 1-60**	**Days > 60**		
Routine Home Care	$ 223.25	$ 176.43	$ 186.67	Blended rate of 30% Tier 1 and 70% Tier 2 based on
Inpatient Respite	$ 519.99		Per Day	Cornerstone averages, includes 2% sequestration
Continuous Home Care	$ 63.83		Per Hour	Per Hour, minimum 8 hours required
General InPatient	$ 1,172.54		Per Day	

REVENUE

Gross revenue by type of care

SPOKANE County	**2023**	**2024**	**2025**	**2026**	
Routine Home Care	1,196,891	1,792,921	2,488,156	3,282,595	Days of Care x Per Diem Rates
Inpatient Respite	51,033	76,446	106,089	139,962	Days of Care x Per Diem Rates
Continuous Home Care	6,682	10,009	13,890	18,325	Days of Care x Per Diem Rates: Assumes one 8 hour shift per each unmet day
General InPatient	23,015	34,476	47,845	63,121	Days of Care x Per Diem Rates
Gross revenue subtotal	1,277,620	1,913,853	2,655,980	3,504,004	

Payor Mix					
Medicare	94.6%	94.6%	94.6%	94.6%	Based on total Cornerstone averages
Medicaid	4.0%	4.0%	4.0%	4.0%	Based on total Cornerstone averages
Commercial	1.2%	1.2%	1.2%	1.2%	Based on total Cornerstone averages
self pay	0.2%	0.2%	0.2%	0.2%	Based on total Cornerstone averages
Subtotal	100%	100%	100%	100%	

Gross revenue by Payor Mix

SPOKANE County	**2023**	**2024**	**2025**	**2026**	
Medicare	1,208,629	1,810,504	2,512,558	3,314,788	Gross revenue by Type of Care x Payor Mix
Medicaid	51,105	76,554	106,239	140,160	Gross revenue by Type of Care x Payor Mix
Commercial	15,331	22,966	31,872	42,048	Gross revenue by Type of Care x Payor Mix
self pay	2,555	3,828	5,312	7,008	Gross revenue by Type of Care x Payor Mix
Gross revenue subtotal	**1,277,620**	**1,913,853**	**2,655,980**	**3,504,004**	

Adjustments to revenue	**2023**	**2024**	**2025**	**2026**	
Contractual adjustments Medicare Managed Care, Medicaid Managed Care, Private Pay, Third Party Ins	(25,552)	(38,277)	(53,120)	(70,080)	Assumed 2%
Charity Care	(63,881)	(95,693)	(132,799)	(175,200)	Assumed 5%
Provisions for Bad Debt	(12,776)	(19,139)	(26,560)	(35,040)	Assumed 1%
Total Adjustments to Revenue	(102,210)	(153,108)	(212,478)	(280,320)	
Total Net Revenue	**1,175,410**	**1,760,744**	**2,443,502**	**3,223,684**	

EXPENSES

PATIENT CARE COSTS

Clinical Staff by FTE	2023	2024	2025	2026	Annual Comp/FTE	Note
Registered Nurse	2.7	4.0	5.6	7.4	80,000	1 RN/12 ADC and .8 RN/12 ADC for weekend/night/call rotation
Certified Nursing Assistant	1.8	2.7	3.7	4.9	31,200	1 CNA/10 ADC
Licensed Clinical Social Worker	0.6	0.9	1.2	1.6	71,000	1 LCSW/30 ADC; Also covers Volunteer Coordinator until ADC of 60
Spiritual Care Coordinator	0.6	0.9	1.2	1.6	56,000	1 SCC/30 ADC; Also covers Bereavement Coordinator until ADC of 60
Director of Clinical Services	0.4	0.7	0.9	1.2	110,000	1/DPS/40 ADC includes QAPI
Total	**6.1**	**9.2**	**12.7**	**16.8**		

Clinical Staffing	2023	2024	2025	2026	Note
Compensation and Benefits					
Registered Nurse	215,106	322,225	447,173	589,950	FTE x Annual Compensation
Certified Nursing Assistant	55,927	83,778	116,265	153,387	FTE x Annual Compensation
Licensed Clinical Social Worker	42,424	63,550	88,192	116,351	FTE x Annual Compensation
Spiritual Care Coordinator	33,461	50,124	69,560	91,770	FTE x Annual Compensation
Director of Clinical Services	49,295	73,843	102,477	135,197	FTE x Annual Compensation
Payroll Taxes & Benefits	118,864	178,056	247,100	325,996	30% of Base Compensation
Total	**515,077**	**771,576**	**1,070,767**	**1,412,651**	

Contracted Patient Care	2023	2024	2025	2026	Note
Medical Director	26,619	39,875	55,338	73,006	MD rate of $165/hr. per contract. Assumption of .75hrs/ADC
Physical Therapist	684	1,024	1,421	1,875	$42.38/hr 1.5 hours/20 ADC/Month
Occupational Therapist	633	949	1,317	1,737	$39.26/hr 1.5 hours/20 ADC/Month
Speech Therapist	574	859	1,192	1,573	$35.55/hr 1.5 hours/20 ADC/Month
Dietitian	537	805	1,116	1,473	$33.29/hr 1.5 hours/20 ADC/Month
Total	**29,047**	**43,512**	**60,384**	**79,664**	

Direct Patient Care Costs	2023	2024	2025	2026	Note
DME	39,519	59,198	82,153	108,384	$6.04/PPD based on Cornerstone averages
Pharmacy	46,388	69,489	96,435	127,225	$7.09/PPD based on Cornerstone averages
General Inpatient Costs	23,015	34,476	47,845	63,121	$1180.67 per General Inpatient DOC
Medical Supplies	16,946	25,385	35,228	46,476	$2.59/PPD based on Cornerstone averages
Inpatient Respite	51,033	76,446	106,089	139,962	$520.36 per Inpatient Respite DOC
Room and Board	2,944	4,410	6,121	8,075	$.45/PPD based on Cornerstone averages
Mileage	23,554	35,284	48,965	64,599	Estimate 8 miles/DOC reimbursed at $.45/mile based on existing local agency
Subtotal	**203,399**	**304,688**	**422,836**	**557,843**	
Total Direct Patient Care Costs	**747,523**	**1,119,776**	**1,553,988**	**2,050,158**	

ADMINISTRATIVE COSTS

Administrative Staff by FTE	2023	2024	2025	2026	Annual Comp/FTE	Note
Administrator	1.0	1.0	1.0	1.0	100,000	
Business Office Manager, Medical Records, Scheduling	0.6	0.9	1.2	1.6	50,000	1 BOM/30 ADC
Intake	1.0	1.0	1.0	1.0	52,000	
Community Liaison	0.6	0.9	1.2	1.6	65,000	1 CL/30 ADC
Total	**3.2**	**3.8**	**4.5**	**5.3**		

Administrative Compensation and Benefits	2023	2024	2025	2026	Note
Administrator	100,000	100,000	100,000	100,000	FTE x Annual Compensation
Business Office Manager, Medical Records, Scheduling	29,876	44,753	62,107	81,937	FTE x Annual Compensation
Intake	52,000	52,000	52,000	52,000	FTE x Annual Compensation
Community Liaison	38,839	58,179	80,739	106,519	FTE x Annual Compensation
Payroll Taxes & Benefits	66,214	76,480	88,454	102,137	30% of Base Compensation
Total	**286,929**	**331,413**	**383,301**	**442,593**	

Administration Costs	2023	2024	2025	2026	Note
Advertising	15,754	17,607	24,435	32,237	$4,000 launch plus 1% of revenue
Allocated Costs	63,881	95,693	132,799	175,200	5% Allocation to Cornerstone Service Center for support; Legal, HR, Accounting, IT, and Clinical
B & O Taxes	19,164	28,708	39,840	52,560	1.5% of Gross Revenue
Dues & Subscriptions	4,500	4,500	4,500	4,500	$375/month, primarily Medbridge
Education and trainings	10,000	10,000	10,000	10,000	$10,000/year, Continuing education including Clinical education and compliance
Information Technology/Computer/Software Maintenance	15,000	15,000	15,000	15,000	$1250/month
Insurance	1,200	1,200	1,200	1,200	Liability and property content
Legal and professional	-	-	-	-	Included in Allocated Costs to Cornerstone Service Center
Licenses and Fees	13,883		2,383		First year Accreditation $3,100, Survey $7,500, initial State License $3,283, bi-annual state license based on FTE $2,383

Postage	6,000	6,000	6,000	6,000	$500/month
Purchased services	12,000	12,000	12,000	12,000	$1000/month; bank fees, system access: HCHB, SHP, Workday
Repairs and Maintenance	1,800	1,800	1,800	1,800	$150/month
Cleaning	2,520	2,520	2,520	2,520	$210/month
Office supplies	3,000	3,000	3,000	3,000	$250/month
Equipment lease & maintenance	6,000	6,000	6,000	6,000	$500/month, copier and postage machines
Building rent or lease	22,000	20,904	21,744	22,608	2023 lease is $20,100, lease deposit is $1,675, sign cost is $225
Lease NNN or Common Area Maintenance charges	-	-	-	-	NNN included in lease costs
Recruitment	5,000	3,000	3,000	3,000	$5,000 startup and $250/month following
Telephones	9,151	11,557	14,363	17,569	$55/FTE/month + $250/month for landlines
Travel	6,500	5,000	5,000	5,000	First year $6,500 support and launch, $5,000 thereafter
Subtotal	**217,353**	**244,488**	**305,584**	**370,194**	
Total Administrative Expense	**504,282**	**575,901**	**688,884**	**812,787**	
TOTAL COSTS	**1,251,805**	**1,695,677**	**2,242,872**	**2,862,945**	
EBITDA	(76,394)	65,067	200,630	360,739	
EBITDA Margin %	-6.5%	3.7%	8.2%	11.2%	
Depreciation	1,333	1,333	1,334	-	
Amortization	-	-	-	-	
EBIT	(77,727)	63,734	199,296	360,739	
Interest Expense	-	-	-		
Earnings before Taxes	(77,727)	63,734	199,296	360,739	

YEAR	MO LEASE	100%	LEASE PER YR	DEPOSIT COST
2023	$ 1,675.00	$ 1,675.00	20,100.00	$ 1,675.00
2024	$ 1,742.00	$ 1,742.00	20,904.00	
2025	$ 1,812.00	$ 1,812.00	21,744.00	SIGN COST
2026	$ 1,884.00	$ 1,884.00	22,608.00	$ 225.00

Pennant provided further clarification on some of the assumptions used for the Spokane County operations which are described below. [source: February 28, 2022, screening response, p9 and p11]

Consulting, Professional, and Operational Support Services Agreement-Administrative Services

"Each agency pays a flat 5% of its revenue for all the support services, both clinical and administrative, that the Pennant Service Center provides. The 5% can be thought of as a retainer fee, which allows the agency to use all services however and whenever it chooses. Nowhere in Pennant is a ledger kept for the allocation of the costs, as the variance of need and use of services is too nuanced, fluid, and broad. After meeting with Randy Huyck on 2/18/22 on this question, he understood and accepted the explanation given here."

Consulting, Professional, and Operational Support Services Agreement-Clinical Services

"As explained above, each agency pays a flat 5% of its revenue for all the support services, both clinical and administrative, that the Pennant Service Center provides. The 5% can be thought of as a retainer fee, which allows the agency to use all services however and whenever it chooses. Nowhere in Pennant is a ledger kept for the allocation of the costs, as the variance of need and use of services is too nuanced, fluid, and broad. After meeting with Randy Huyck on 2/18/22 on this question, he understood and accepted the explanation given here."

Legal and Professional line item

"These costs are included in the 5% service center allocated costs."

Licenses and Fees line item

"Licenses and Fees for 2024 and 2026-these are bi-annual fees."

Lease Triple Net or Common Area Maintenance line item

"Lease NNN or Common Area Maintenance charges, which are included in lease costs."

In both the Spokane County-only and existing operations with Spokane County operations "*Net Revenue*" represents gross revenues minus contractual adjustments, charity care, and provisions for bad debt. "*Total Expenses*" represents all clinical and administrative costs, depreciation, and

amortization. Finally, "*Net Profit / (Loss)*" represents the difference between revenues and expenses. Following is a summary of the projected Revenue and Expense Statement for Pennant's Spokane County hospice agency. [source: February 26, 2021, screening response, Exhibit 10]

Department's Table 13
Pennant's Spokane County Revenue and Expense Statement
Summary For Years 2023 through 2026

	2023 Partial Year	**CY 2024** Full Year 1	**CY 2025** Full Year 2	**CY 2026** Full Year 3
Net Revenue	$1,175,411	$1,760,744	$2,443,502	$3,223,683
Total Expenses	$1,253,138	$1,697,010	$2,244,205	$2,862,944
Net Profit / (Loss)	($77,727)	$63,734	$199,297	$360,739

Note that amounts may not match those of the applicant's exactly due to rounding.

Pennant also provided a combined statement for Cornerstone Healthcare Inc. combined statement showing operations if this Spokane County project is approved. This statement covers historical years 2020 and 2021, current year 2022, and projection years 2023 through 2026. While not summarized in this evaluation, the statement shows revenues covering expenses for all years.

As previously stated, Pennant submitted applications for King, Pierce, Skagit, and Spokane counties. Below is a combined Cornerstone Healthcare Inc. statement showing operations if all four of Pennant's projects are approved. This statement also covers historical years 2020 and 2021, current year 2022, and projection years 2023 through 2026. The summary below shows current year 2022, and projection years 2023 through 2026. [source: February 28, 2022, screening responses, Exhibit 10]

Department's Table 14
Cornerstone Healthcare Inc. Combined Operations
Assumes King, Pierce, Skagit, and Spokane Certificate of Need Approval
Revenue and Expense Statement Summary for Years 2022 through 2026

	CY 2022 Current Year	**CY 2023 Partial Year**	**CY 2024 Full Year 1**	**CY 2025 Full Year 2**	**CY 2026 Full Year 3**
Net Revenue	$311,638,626	$315,579,149	$317,679,078	$320,125,763	$322,919,207
Total Expenses*	$286,296,969	$290,238,677	$291,805,945	$293,723,463	$295,898,077
Net Profit / (Loss)	**$25,341,657**	**$25,340,472**	**$25,873,133**	**$26,402,300**	**$27,021,130**

*=Total Expenses include both direct and indirect costs.

A summary of the projected Balance Sheets for Pennant's Spokane County operations is shown below. [source: February 28, 2022, screening response, Exhibit 10]

Department's Table 15
Pennant's Spokane County Balance Sheet

ASSETS	**2023** Partial Year	**CY 2024** Full Year 1	**CY 2025** Full Year 2	**CY 2026** Full Year 3
Current Assets	($25,994)	$56,553	$287,875	$683,283
Property and Equipment	$3,667	$2,334	$1,000	$1,000
Other Assets	$15,500	$20,726	$20,936	$21,152
Total Assets	**($6,827)**	**$79,613**	**$309,811**	**$705,435**

LIABILITIES	**2023** Partial Year	**CY 2024** Full Year 1	**CY 2025** Full Year 2	**CY 2026** Full Year 3
Current Liabilities	$70,900	$93,607	$124,508	$159,393
Long-Term Debt	$0	$0	$0	**$0**
Equity	($77,727)	($13,993)	$185,303	$546,042
Total Liabilities, Long-Term Debt, and Equity	**($6,827)**	**$79,614**	**$309,811**	**$705,435**

Note that amounts may not match those of the applicant's exactly due to rounding.

Because Pennant's Spokane County project would, if approved, be a stand-alone agency and would not be impacted by any pending projects, the only combined statements provided include all operational affiliates. See the following tables. [source: February 26, 2021, screening response, Exhibit 10]

Department's Table 16
Cornerstone's Existing Operations & Spokane Combined Statements
Revenue and Expense Statement Summary

	2022 (Partial Year)	**CY 2023** (Year 1)	**CY 2024** (Year 2)
Net Revenue	$257,367,279	$258,996,961	$260,802,652
Total Expenses	$226,201,782	$227,476,900	$228,915,719
Net Profit / (Loss)	**$31,165,497**	**$31,520,061**	**$31,886,933**

Note that amounts may not match those of the applicant's exactly due to rounding.

Department's Table 17
Cornerstone's Existing Operations & Spokane Combined Statements
Balance Statement Summary

ASSETS	**2022** (Partial Year)	**CY 2023** (Year 1)	**CY 2024** (Year 2)
Current Assets	$64,456,855	$70,188,205	$72,695,201
Property and Equipment	$3,103,646	$3,094,814	$3,085978
Other Assets	$115,933,323	$115,933,525	$191,714,912
Total Assets	**$187,493,824**	**$189,216,544**	**$191,714,912**

LIABILITIES	**2022** (Partial Year)	**CY 2023** (Year 1)	**CY 2024** (Year 2)
Current Liabilities	$53,804,068	$53,961,479	$54,141,061
Long-Term Debt	$10,717,412	$10,717,412	$10,717,412
Equity	$122,972,344	$124,537,652	$126,856,440
Total Liabilities, Long-Term Debt, and Equity	**$187,493,824**	**$189,216,543**	**$191,714,913**

Note that amounts may not match those of the applicant's exactly due to rounding.

AccentCare, Inc Public Comment - Oppose

AccentCare provided the following comment on Pennant's project [source: Accentcare May 3, 2022, public comment, p2]

"Pennant states in its application that the new hospice agency will be licensed and serving patients by January 1, 2023, approximately three months after CN approval. However, the applicant further states, "May 2023 is the anticipated Medicare certification date…We may be Medicaid eligible in September of 2023." (From Screening: "The September 2023 date is the date we anticipate being Medicaid eligible. We will be serving patients (i.e., operating) from January 2023 forward.)

Therefore, the hospice agency will not be fully operational until September 2023. This belies the assertion that the Spokane County Hospice agency will be operational by January 2023. Furthermore, the financial projections show the same payor mix for all years – 2023 through 2026. However, if the hospice will not be Medicare certified until May and will not be Medicaid certified until September, then the financial projections, showing the first year as calendar year 2023, are overstated and it is unlikely that the applicant will meet its forecast.

MultiCare/PNW Hospice Public Comment – Oppose

"Financial Feasibility Concern 1: Clauses within the Orchard Prairie lease documents may violate site control

The Orchard Prairie lease contains a First Addendum to Lease Agreement which terminates the lease if its Certificate of Need application is denied. Inclusion of a CON Contingency clause in lease documents is common practice, however two clauses in this First Addendum could cause this lease to terminate even if the Orchard Prairie application is successful. The first of these is Paragraph 3 which states:

"In the event Tenant does not receive notification of a WSDH determination on or before December 31, 2022, then Tenant shall not take possession of the Leased Premises and the Lease shall terminate effective December 31, 2022."

This clause is problematic because it may cause the Orchard Prairie lease to terminate prior to a final decision by the Department. While the Department expects to finish the evaluation in August, the request for a public hearing and the potential for reconsideration requests from denied applicants may delay a final decision until 2023.

The second problematic clause within the First Addendum to Lease Agreement is Paragraph 4, which states:

"In the event the space 117B in the Lilac Flag is not available then the Landlord shall substitute an available space in its place with Tenants approval. If no suites are available that meet the Tenants needs, the lease will be null and void."

The Orchard Prairie lease is thus conditional on the continued availability of Suite 117B, regardless of whether its CON application is approved. We are uncertain how the assignment of a site (site control) is consistent with this clause, as it apparently allows the landlord to seat other tenants in the proposed location. Furthermore, this clause serves to potentially eliminate all potential suites at the proposed location, if none are available "that meet the Tenant's needs." These problematic clauses require explanation. They do not appear to be consistent with the site control requirement.

Financial Feasibility Concern 2: There exist discrepancies and/or questionable assumptions within the Orchard Prairie Pro Forma financial statements.

We have identified the following instances where the amounts specified within the Orchard Prairie Pro Forma do not appear consistent with its stated assumptions. These instances relate to its calculation of:

Routine Care: *The Orchard Prairie assumptions related to Routine Care per diem rates are not consistent with its stated assumptions. It states that it assumes 30% of routine patient days to be reimbursed at a rate of $223.25 and 70% of routine patient days to be reimbursed at a rate of $176.43.53 This calculates to an average daily rate of $190.48, not $186.67 as stated and applied by Orchard Prairie.*

B&O Taxes: *Orchard Prairie calculates B&O taxes as a percent of Gross Revenue. The Orchard Prairie proposed agency will only "receive" net revenue, however, so taxes should have been calculated based off this amount.*

Depreciation: *Listed depreciation is equal to $1,333 per year in the Orchard Prairie Pro Forma. However, how this is calculated and how it relates to the stated $5,000 in capital expenditures is unknown.*

Similar to the Providence and AccentCare financial analyses, the Orchard Prairie financial statements are either unclear or simply incorrect, thus, unreliable. On this basis, the Department cannot evaluate conformance to the Financial Feasibility criterion.

Pennant Rebuttal to AccentCare

Medicare and Medicaid reimburse for all hospice care from the accreditation survey pass date forward. We projected the ACHC accreditation survey pass date as February 2023. Historically with startups, including our hospice startups in Snohomish and Thurston Counties, we have admitted Medicare and Medicaid patients from day one. These patients have been on service when we pass the ACHC accreditation survey, and we have been reimbursed for all days of care from the ACHC accreditation survey pass date forward. Our payer mix applies to 2023, and Accentcare's comment on this issue should not be given consideration.

As stated above, Medicare and Medicaid reimburse for all hospice care from the accreditation survey pass date forward. We projected the ACHC accreditation survey pass date as February 2023. Historically with startups, including our hospice startups in Snohomish and Thurston Counties, we have admitted Medicare and Medicaid patients from day one, which in this case we anticipate as January 1, 2023. The patients in Snohomish and Thurston Counties were on service when we passed the ACHC accreditation survey, and we have been reimbursed for all days of care from the ACHC accreditation survey pass date forward. Our financial projections for 2023 are in line with this. Accentcare's comment on this issue should not be given consideration.

Pennant's Rebuttal to MultiCare

PNW's comments on our lease clauses. Given the timeframes set out in the WAC in conjunction with the Department's traditional determination times, PNW's concerns are moot. Under the Project Description section in the application the Department informs all applicants that their evaluation can take 6-9 months, thereby indicating to each applicant what they should plan for. We cannot be expected to execute leases that have indeterminable start dates. Our lease start date is reasonable based on the Department's CN evaluation timeline. Regarding the lease space being available, and our option to accept a new space that is suitable if Suite 117 is not available, Pennant will accept the new space. We have reviewed the other spaces in the building, and they are suitable. Given the unique operational challenges associated with the concurrent CN review process, we have more than met the site control criterion. Accordingly, PNW's comment on this issue should not be given consideration.

PNW's comments on our pro forma routine rates. PNW incorrectly calculated the routine rates. They failed to include the 2% sequestration fee. We included the 2% sequestration fee, which we also noted in our pro forma note section. Our routine rate is correct. PNW's comment on this issue should not be given consideration.

PNW's comments on our pro forma B&O taxes. PNW incorrectly states we should have calculated B&O taxes on net revenue, when in fact B&O taxes are calculated from gross revenue. PNW's comment on this issue should not be given consideration.

PNW's comments on our pro forma depreciation. We use straight line depreciation.

Department Evaluation

Utilization Assumptions

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

- Admissions were based on unduplicated patient market share of 45% for 2024, 50% in 2025, and 55% in 206.
- Average annual length of stay at 62.12 days, in line with Statewide average used in the department's methodology.
- ADC calculated as a product of patient days divided by days in a year.

As a new provider in this county, the department concludes that applicant's utilization assumptions are reasonable.

Pro Forma Financial Statements

As stated earlier, since Pennant has four hospice applications currently in process, they provided extensive financial statements, with varied scenarios anticipating a mixture of potential approvals. These various statements were helpful for the department to determine potential impacts of one project on existing operations as well as on other potential approvals or denials.

The department first examined the financial feasibility of the Spokane County project alone. Pennant provided extensive assumptions used to prepare the proposed agency's pro forma Revenue and Expense Statement. As summarized in Table 13, the new agency is expected to operate at a net loss in partial year one (2023) and become profitable in full year one (2024) and subsequent years, with its net profit increasing from $63,734 in 2024 to $360,739 in 2026

Given that Pennant submitted three other applications during the 2021 hospice concurrent review cycles, a review of its pro forma Revenue and Expense Statement showing Pennant with all four approvals was reviewed and summarized in Table 7. As noted in the summary, for current year 2021, the parent is expecting to end the year with more than a $2.8 million loss. The reason for the loss is not identified in the application. Further, if all four Washington State projects are approved during this 2021 review cycle, Pennant's Cornerstone operations are projected to be profitable each year from 2022 through 2026.

The Spokane County balance sheets summarized in Table 15 show that the new agency is projected to be financially stable. The combined balance sheet summarized in Table 17 shows that Pennant is a financially healthy company. The balance sheets provided in the review demonstrate the proposed Spokane County project is a small part of a larger corporation with many assets, liabilities, debt, and equity. The balance sheets demonstrate that the applicant is financially healthy company that is able to support a relatively small project and investment of capital.

Lease

Since the Spokane County hospice operations would be located within leased office space in Spokane County and a draft lease was provided in the application. To ensure that the costs associated with this project could be clearly reviewed, Pennant provided a copy of the lease agreement and identified costs in the agreement consistent with those identified in the pro forma Revenue and Expense Statement. All costs can be substantiated.

MultiCare identified a substitution clause in the lease that allows the landlord to substitute a different space. The full text of that clause reads *"In the event the space 117B in the Lilac Flag is not available then the Landlord shall substitute an available space in its place with Tenants approval.* ***No Further***

Modification. *All other terms conditions, rights, and obligations in the Lease shall remain unchanged by this First Addendum"*(emphasis in original). The department concludes that if an alternate suite in the same location is provided to Pennant at the same costs and with all the same terms, the department would consider the executed lease to be consistent with the draft.

Medical Director Agreement

Pennant provided a copy of an executed Medical Director Agreement with Elizabeth Black, MD. The agreement identifies the roles and responsibilities of both the hospice agency and its medical director, and projected Revenue and Expense Statements identify all costs associated with this agreement as the Medical Director line item. The contract reimbursements are amounts consistent with those identified in the pro forma Revenue and Expense Statement.

Revenue Items

AccentCare claimed that Pennant's projections were built using Medicare and Medicaid reimbursement in its first partial year – prior to certification, rendering Pennant's projected revenue too high and unreliable. Pennant responded that its payer mix and revenue projections are built on Medicare and Medical reimbursement from its projected certification date forward. The department concludes that Pennant has adequately supported its revenue projections for the first full year.

After reviewing the information provided, the department concludes that the Pennant project meets this sub-criterion.

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

Chapter 246-310 WAC 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 projects of this type and size. Therefore, using its experience and expertise the department compared the proposed projects' costs with those previously considered by the department.

MultiCare/PNW Hospice

The estimated capital expenditure for this project is $66,254, which includes office furniture and equipment, and associated sales tax. In response to this sub-criterion, MultiCare provided the following statements. [source: Application, pp21-22]

"The equipment costs, start-up costs and working capital expenditures, outlined above reflect the capital required for PNW Hospice to become Medicare Certified and Medicaid Eligible. These amounts will be fully funded from existing MultiCare reserves, against which these project costs represent a relatively small proportion. Furthermore, PNW Hospice expects over 90% of its patients to be funded through Medicare or Medicaid programs, which operate based on set fee schedules. Thus, the proposed project will not impact costs or charges for health services in Spokane County."

MultiCare also identified its expected start-up costs to expand its Medicare and Medicaid hospice services to residents of Spokane County. [source: Application, Exhibit 11]

Applicant's Table

PNW Hospice LLC Startup Expenses

Pre-Operating Expenses (Q2 2023)	Amount
Epic Charges	
Epic hospice labor cost	118,800.00
License/Op fees (<12 users)	21,250.00
Cell Phones	14.65
Cell Phone Service	219.72
Copier Service Fee	150.00
Fax line	50.00
Recruitment and Training	3,000.00
Office supplies	200.00
Office Lease	12,600.00
Printing and Publications	375.00
Total Pre-Operating Expenses	**156,659.37**
Equipment Costs	**66,254.31**
Subtotal, Pre-Operating Expenses and Equipment	**222,913.68**
CON Application Fee	21,968.00
Total Startup Expenses	**244,881.68**

MultiCare also provided a letter of financial commitment to demonstrate the organization's commitment to the project. The letter is dated December 17, 2021, and signed by Steve Schram, Interim Chief Financial Officer of MultiCare Health System, committing to all the costs of the project. [source: Application, Exhibit 10]

The applicant also included a copy of MultiCare Health audited financial statements for 2019 through 2020 to demonstrate existing capital is available for this project. [source: Application, Exhibit 12]

There was no public comment or rebuttal provided under this sub-criterion.

Department Evaluation

The estimated capital expenditure for this project it $66,254 with no construction costs. All the estimated capital costs are for software (and associated labor), movable equipment, and associated sales tax. The applicant identified start-up costs to be $156,659. All start-up costs are associated with electronic medical records systems, recruitment and training, and office expenses.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For this project, MultiCare projected that 88.2% of its patients would be eligible for Medicare; Medicaid patients are projected to be 3.6%, for a combined Medicare and

Medicaid total patients at 91.8%. Gross revenue from Medicare and Medicaid is projected to 91.8% of total revenues. Thus, standard reimbursement amounts and related discounts are not likely to increase with the approval of this project.

Because MultiCare was unable to satisfactorily demonstrate compliance with WAC 246-310-220(1), the department also cannot conclude that the costs of this project would not have an unreasonable impact on the costs and charges of healthcare services in the planning area. **This sub-criterion is not met.**

Providence Health & Services-Washington dba Providence Hospice Spokane

Providence provided the following tables to illustrate its projected capital and startup costs for this project. [source: Application, p31 and p33]

Applicant's Table

Item	Cost
a. Land Purchase	$
b. Utilities to Lot Line	$
c. Land Improvements	$
d. Building Purchase	$
e. Residual Value of Replaced Facility	$
f. Building Construction	$
g. Fixed Equipment (not already included in the construction contract)	$
h. Movable Equipment	$ 29,950
i. Architect and Engineering Fees	$
j. Consulting Fees	$
k. Site Preparation	$
l. Supervision and Inspection of Site	$
m. Any Costs Associated with Securing the Sources of Financing (include interim interest during construction)	
1. Land	$
2. Building	$
3. Equipment	$
4. Other	$
n. Washington Sales Tax (Local Spokane Tax Rate @ 9.0%)	$ 2,696
Total Estimated Capital Expenditure	**$ 32,646**

Applicant's Table

Item	Cost	Expense Line Item	Assumption/Basis
License - DOH & CLIA	3,483	Licenses	DOH & CLIA initial license fees
Office Supplies	213	Office Supplies	Expenses to cover paper, pens, post-its, and flip-charts in the first 2 months of 2023
Med Supplies	3,407	Medical Supplies	Expenses to cover medical supplies in the first 2 months of 2023
Cell Phones	200	Telephone and Wireless	$50 per phone monthly charge for 2 months for 2 phones based on current rates paid by Providence
IT Labor Costs (Epic / Technology Set-Up)	81,353	Other Purchased Services	Labor costs quoted from IT for time to implement Epic and set-up technology based on past experience of similar internal projects
Labor Costs (Hospice Director & Initial RN)	57,889	Salaries & Benefits	0.2 FTE each for Hospice Director and RN representing 2 months salary and benefits (rounded to 1 decimal place for FTE count) during set-up period
Moving Costs	1,000	Other Misc. Expenses	Costs to move and arrange furniture based on past experience
Print & Publication (Admission Packets)	200	Print & Publication	30 Admission packets @ $5 each + 40 brochures @ $1.25
Travel	1,000	Travel - Administrative	To cover air, hotel, and incidentals for 2 visits during set-up
Total Equipment Cost	**148,745**		

Source: Providence Hospice Spokane

Providence also provided the following statements related to this sub-criterion. [source: Application, pp33-34]

"Providence has a long history of providing quality hospice services, serving several counties in Washington in a cost-efficient manner. Coupled with the significant support infrastructure, economies of scale, established care protocols, and seasoned care teams, a new hospice agency in Spokane County, led by Providence, will not adversely impact costs or charges for healthcare services in Spokane County.

In fact, when delivered appropriately and in a timely manner, hospice care has been shown to be cost-effective and is documented to reduce end-of-life costs without sacrificing quality of care. Research literature supports the cost-effectiveness of hospice care. In one study, researchers analyzed the association of hospice use with survival and health care costs among patients diagnosed with metastatic melanoma. They found that patients with four or more days of hospice care had longer survival rates and incurred lower end-of-life costs. The patients with four or more days of hospice incurred on average costs of $14,594, compared to the groups who received one to three days of care, and no hospice care at all ($22,647 and $28,923, respectively)."

"In a more recent study, researchers simulated the impact of increased hospice use among Medicare beneficiaries with poor-prognosis cancer on overall Medicare spending. The study identified 18,165 fee-for-service Medicare beneficiaries who died in 2011 with a poor-prognosis cancer diagnosis, and matched them to similar patients who did not receive hospice services. Using a regression model to estimate the difference in weekly costs, the study estimated an annual national cost savings between $316 million and $2.43 billion with increased hospice use. Under realistic scenarios of expanded hospice use for Medicare beneficiaries with poor-prognosis cancer, the program could

save $1.79 billion annually. While the study was limited to poor-prognosis cancer patients, they are the largest single group who receives hospice care. Based on current research and experience, Providence Hospice expects the project will contribute to overall lower end-of-life costs resulting in overall lower charges for health services."

Regarding start-up costs, Providence provided the following statements. [source: Application, p34]
"The proposed project will require $32,646 in capital expenditures for movable equipment, but will not require any construction costs, as Providence Hospice Spokane will be occupying existing space leased by Providence. As noted above, start-up costs are estimated to be $148,745. The capital expenditures and start-up costs will not be significant enough to result in an unreasonable impact on the costs and charges for health services in the planning area.

Please see Exhibit 17, which provides a letter of financial commitment from the Chief Financial Officer for Providence Home & Community Care, committing to pay the estimated capital costs and start-up costs for the project from cash reserves."

There was no public comment or rebuttal comments provided under this sub-criterion for this applicant.

Department Evaluation
Providence identified a capital expenditure of $32,646 for this project, which is made up of moveable equipment and related sales tax.

Providence Hospice noted that it expected start-up costs of $148,745 related to IT and other labor costs, cell phones, office supplies, and other miscellaneous costs, including licenses. Providence provided a letter of financial commitment from MaLisa Westlund, CFO of Providence Home and Community Care specific for those costs.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For Spokane County operations, the applicant projected that approximately 90.2% of its patients would be eligible for Medicare. Gross revenue from Medicare is projected to equal a similar percentage of total revenues. Thus, standard reimbursement amounts and related discounts are not likely to increase with the approval of this project.

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

AccentCare, Inc.
The applicant identifies a total capital expenditure of $96,842 for this project. All costs are associated with office furniture and equipment for the office. [source: Application, p65, Exhibit 16]

Focusing on start-up costs, AccentCare, Inc. identified $231,319 would be necessary for this project and provided the following explanations. [source: Application, Exhibit 15]

Department's Table 18
AccentCare, Inc. Capital Expenditure Breakdown

Item	Cost
2022 Rental	$36,00
First Six Months of 2023 Rent	$48,175
Advertising Costs	$2,000
Pre-Opening Hiring Costs with Benefits	$146,224
Total	**$232,399**

There was no public comment or rebuttal provided under this sub-criterion.

Department Evaluation

The estimated capital expenditure for this project is $96,842 with no construction. All the estimated capital costs are for movable equipment and associated sales tax. Start-up costs estimated at $232,399 are associated with rent, advertising, and salaries/wages.

AccentCare, Inc. provided a letter dated December 17, 2021, from its Chief Financial Officer, Ryan Solomon, demonstrating its financial commitment to this project, including the projected capital expenditure and any start-up costs.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For this project, the applicant projected that 91.0% of its patients would be eligible for Medicare; Medicaid is projected to be 1.0%, for a combined Medicare and Medicaid total at 92.0%. Gross revenue from Medicare and Medicaid is also projected to 92.0% of total revenues. Thus, standard reimbursement amounts and related discounts are not likely to increase with the approval of this project.

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

The Pennant Group, Inc.

The estimated capital expenditure for this project is $5,000, which includes a phone system, computer, IT equipment, and associated sales tax. In response to this sub-criterion, Pennant provided the following statements. [source: Application, pp23-24]

"*This project will not have any negative impact on the costs and charges of health services in the planning area. Hospice care has been shown to be cost-effective and is documented to reduce end-of-life costs. This project proposes to address the hospice agency shortage in the county and will improve acess* [sic] *to care. Over time, this will reduce the cost of end of life care and benefit patients and their families.*

The capital and start-up costs of this project are minimal, estimated at $20,500. They will not have an unreasonable impact on the costs and charges of health services in the planning area. Hospice care has been shown to be cost-effective and is documented to reduce end-of-life costs. This project

proposes to address the hospice agency shortage in the county and will improve acess [sic] *to care. Over time, this will reduce the cost of end of life care and benefit patients and their families."*

Pennant also identified its expected start-up costs to expand its Medicare and Medicaid hospice services to residents of Spokane County. [source: Application, pp26-27]
"We expect the following start-up costs, totaling $15,500.

Recruitment - $5,000 *estimated based on Cornerstone's past experience with starting new hospice operations. Includes external postings on job boards that include; [sic]LinkedIn, Indeed, Career Builder, and Glassdoor. We will also identify and attend any applicable and timely job fairs. We will also contact the local colleges and local healthcare professional associations.*

Marketing/Advertising - $4,000 *estimated based on Cornerstone's past experience with starting new hospice operations. Advertisements in local media including print, notifying of our grand opening, including holding a meet and greet for local healthcare administrators and other community partners. We will also develop marketing brochures and patient packets.*

Travel - $6,500 *estimated based on Cornerstone's past experience with starting new hospice operations. This accounts for essential Resources traveling to and from the Pennant Service Center to provide necessary support including HR, IT, and Clinical Resources. This will continue for a period of 60-90 days."*

Pennant also provided a letter of financial commitment to demonstrate the organization's commitment for all the costs of the project. It is dated December 9, 2021, and signed by Morgan Boatman, Corporate Controller of The Pennant Group, Inc. [source: Application, Exhibit 12]

The applicant also included a copy of The Pennant Group, Inc.'s Securities and Exchange Commission 10-Q for the period ending September 30, 2021, to demonstrate existing capital is available for this project. [source: Application, Exhibit 9]

Providence Public Comment - Oppose
"B. Pennant appears to have significantly underestimated the start-up costs and capital expenditure for its proposed hospice agency. This raises concerns regarding (1) the overall reliability of Pennant's pro forma financial statements, and (2) whether the CN application satisfies the financial feasibility review criterion.
In its hospice application form, the Department requires an applicant to: "Identify the amount of start-up costs expected to be needed for this project." Pennant has estimated that its start-up costs will be only $15,500. Pennant has identified only three categories of start-up costs: "Recruitment" ($5,000); Marketing/Advertising ($4,000); Travel ($6,500). This estimate does not appear to be reasonable either with respect to (1) the total estimated costs and (2) the categories of costs.

In comparison, Providence Hospice Spokane's estimated start-up costs for its proposed Spokane County hospice agency are $148,745. Further, in comparison with Pennant's three categories of start-up costs, Providence Hospice Spokane has identified nine categories of start-up costs. We understand that there may be differences between applicants with respect to the manner in which

they estimate start-up costs. However, Pennant's estimated start-up costs are nearly 90% lower than those of Providence Hospice Spokane.

In addition, Pennant's estimated start-up costs are significantly lower than those of MultiCare ($156,659) and AccentCare ($232,399). Thus, the average estimated startup costs for Providence Hospice Spokane, MultiCare, and AccentCare are $179,267. Pennant's estimated start-up costs are therefore approximately 91% lower than the average start-up costs for the other three applicants. The Department also requires an applicant to provide "the estimated capital expenditure associated with [the] project." Pennant has estimated that its total capital expenditure will be only $5,000.99 This estimate does not appear to be reasonable. In comparison, Providence Hospice Spokane's estimated capital expenditure for its proposed Spokane County hospice agency is $32,646.100 Thus, Pennant's estimated capital expenditure is nearly 85% lower than that of Providence Hospice Spokane.

In addition, Pennant's estimated capital expenditure is substantially lower than that of MultiCare ($66,254) and AccentCare ($96,842). Accordingly, the average estimated capital expenditure for Providence Hospice Spokane, MultiCare, and AccentCare is $65,247. Pennant's estimated capital expenditure is therefore approximately 92% lower than the average capital expenditure for the other three applicants.

Accordingly, there are significant questions regarding the reliability of Pennant's estimated start-up costs and estimated capital expenditure, particularly given the fact that the estimates are substantially lower than those of the other three applicants. Pennant may argue in response that its estimates do not have an impact on the long-term financial feasibility of its proposed hospice agency. However, the apparent significant understatement of Pennant's start-up costs and capital expenditure raises concerns with respect to the overall reliability of Pennant's financial assumptions and supporting information, and, ultimately, about the reliability of its pro forma financial statement. This in turn raises significant concerns regarding whether Pennant's application satisfies the first financial feasibility sub-criterion: "The immediate and long-range capital and operating costs of the project can be met."

Pennant's Rebuttal to Providence

"Curiously, Providence points out how high their startup and capital costs are, and they also point out how high the other applicants' startup and capital costs are, to convince the Department that our costs are too low. Our startup and capital costs for Spokane are basically the same as every CN application we have submitted to the Department. They have always been accepted by the Department as reasonable. Our startup and capital costs are contained because our startups benefit from basic economies of scale: we share resources across Pennant, and we do not waste money on unnecessary expenses. Providence's comment on this issue should not be given consideration, except to show that Providence's, Accentcare's, and PNW's startup costs and capital expenditures are excessive, and that they show considerable lack of cost containment."

Department Evaluation

The estimated capital expenditure for this project is $5,000, with no construction costs. All costs are for movable equipment and associated sales tax. The applicant identified start-up costs to be $20,500

to establish the new Spokane County hospice agency. All start-up costs are associated with recruitment, marketing, and travel expenses.

Pennant provided a letter dated December 9, 2021, from the Corporate Controller of The Pennant Group, Inc., Morgan Boatman, demonstrating its financial commitment to this project, including the projected capital expenditure and any start-up costs.

Providence provided comment that Pennant's startup and capital costs are too low for this project. Pennant rebutted this contention with a brief discussion of how its proposed costs are consistent with program requirements and similar cost structures have been deemed acceptable to the department in the past. The department concludes that Pennant's rebuttal is appropriate, particularly acknowledging that Providence has not provided information on what might be appropriate start up costs beyond asserting that Pennant's are too low. After reviewing the documents, the department does not conclude that the identified costs are unreasonably low.

The department does not have an adopted standard on what constitutes an unreasonable impact on charges for health services. Medicare patients typically make up the largest percentage of patients served in hospice care. For the combined operations of the Snohomish and Skagit County hospice agency, Pennant projected that 95.2% of its patients would be eligible for Medicare; 3.7% of its patients would be eligible for Medicaid, for a combined Medicare and Medicaid total patients at 98.9%. Gross revenue from Medicare and Medicaid is projected to 98.6% of total revenues. Thus, standard reimbursement amounts and related discounts are not likely to increase with the approval of this project.
Based on the information reviewed, the department concludes that approval of this project is not expected to have an unreasonable impact on the costs and charges of healthcare services in the planning area. Based on the information, the department concludes that this project **meets this sub-criterion**.

(3) *The project can be appropriately financed.*
Chapter 246-310 WAC 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 projects of this type and size should be financed. Therefore, using its experience and expertise the department compared the proposed projects' source of financing to those previously considered by the department.

MultiCare/PNW Hospice
MultiCare provided the following statement regarding the financing of the $66,254 capital expenditure and additional $178,627 start-up costs for this project. [source: Application, p22]
"*MultiCare will finance all costs presented in Table 9, as well as start-up and working capital expenses for the proposed project from its corporate reserves. Please see Exhibit 10 for a letter affirming this commitment.*"

MultiCare also provided a letter of financial commitment to demonstrate the organization's commitment to the project. It is dated December 17, 2021, and signed by Steve Schram, Interim Chief Financial Officer of MultiCare Health System, committing to all the costs of the project. [source: Application, Exhibit 10]

The applicant also included a copy of MultiCare Health audited financial statements for 2019 through 2020, to demonstrate existing capital is available for this project. [source: Application, Exhibit 12]

No public comment or rebuttal comment was submitted on this sub-criterion.

Department Evaluation

The estimated capital cost for this project is $66,254 plus another $178,627 for start-up costs, resulting in a total of $244,881. MultiCare intends to finance this project using available reserves; and provided a letter from its corporate controller demonstrating financial commitment to this project, including its capital expenditure and start-up costs. This approach is appropriate because documentation was provided to demonstrate assets are sufficient to cover these costs and those of other projects under review by the same applicant.

If this project were to be approved, the department would attach a condition requiring the applicant to finance the project consistent with the financing description in the application. With the financing condition, the department concludes **this sub-criterion is met.**

Providence Health & Services-Washington dba Providence Hospice Spokane

In response to this criterion, Providence provided the following statement and table [source Application, pp31-32

"Capital expenditures associated with this project consist of equipment needed to establish a new agency in an existing location leased by Providence. Please see Table 13 for details. The unit cost assumptions are based on recent Providence experience sourcing similar equipment."

Focusing on its startup costs, Providence provided the following information and assumptions used to determine the $148,745 estimated for start-up costs. [source: Application, p33]

Applicant's Table

Item	Cost	Expense Line Item	Assumption/Basis
License - DOH & CLIA	3,483	Licenses	DOH & CLIA initial license fees
Office Supplies	213	Office Supplies	Expenses to cover paper, pens, post-its, and flip-charts in the first 2 months of 2023
Med Supplies	3,407	Medical Supplies	Expenses to cover medical supplies in the first 2 months of 2023
Cell Phones	200	Telephone and Wireless	$50 per phone monthly charge for 2 months for 2 phones based on current rates paid by Providence
IT Labor Costs (Epic / Technology Set-Up)	81,353	Other Purchased Services	Labor costs quoted from IT for time to implement Epic and set-up technology based on past experience of similar internal projects
Labor Costs (Hospice Director & Initial RN)	57,889	Salaries & Benefits	0.2 FTE each for Hospice Director and RN representing 2 months salary and benefits (rounded to 1 decimal place for FTE count) during set-up period
Moving Costs	1,000	Other Misc. Expenses	Costs to move and arrange furniture based on past experience
Print & Publication (Admission Packets)	200	Print & Publication	30 Admission packets @ $5 each + 40 brochures @ $1.25
Travel	1,000	Travel - Administrative	To cover air, hotel, and incidentals for 2 visits during set-up
Total Equipment Cost	**148,745**		

Source: Providence Hospice Spokane

There was no public comment or rebuttal comments provided under this sub-criterion for this applicant.

Department Evaluation

Providence identified a capital cost of $32,646 and another $148,745 for start up costs. The applicant demonstrated that the funds are available for both capital and start-up costs and provided a letter of commitment to demonstrate the availability of funding. [source: Application, Exhibit 19]

If this project is approved, the department would include a condition requiring the applicant to fund the project as described in the application.

Based on the information reviewed and the applicant's agreement to the condition described above, the department concludes that this project **meets this sub-criterion**.

AccentCare, Inc.

AccentCare identified a capital cost of $96,842 and another $232,400 for start up costs. The applicant states all costs will be funded by the applicant, AccentCare, Inc. and provided the following statements regarding the funding. [source: Application, p66]

"The applicant entity has $2 million in assets provided by the owners of AccentCare Hospice & Palliative Care of Spokane County, LLC. A letter from the Chief Financial Officer for AccentCare, Inc. (the parent organization of AccentCare Hospice & Palliative Care of Spokane County, LLC) and Horizon Acquisition Co., Inc. (found in Exhibit 18) commits to available funding for the hospice's capital costs, pre-opening expenses, and operating deficits in the initial year of operation. Included as an exhibit in this application are the audited financial statements for Horizon Acquisition Co., Inc. The hospice has the option of using Seasons Healthcare Management, LLC, for purchasing

equipment and furnishing the office in Spokane County. The items above reflect the types of expenditures made in connection with start-up hospice programs. The item costs reflect corporate pricing agreements with the Seasons Healthcare Management, LLC's vendors and are inclusive of applicable state and local sales taxes."

The applicant also provided a letter from AccentCare, Inc.'s Chief Financial Officer, Ryan Solomon, demonstrating a financial commitment to the project and the intent to fund it. [source: Application, Exhibit 18]

Providence Public Comment – Oppose

A. AccentCare has failed to provide adequate information regarding (1) its historical financial performance and (2) its two parent organizations.

The Department requires hospice CN applicants to "provide the most recent audited financial statements" for the applicant and for "any parent entity responsible for financing the project." AccentCare Spokane "is wholly owned by" AccentCare. Thus, under WAC 246-310-010(6)(b), AccentCare is the applicant, as the Department states in its screening questions relating to AccentCare's application. AccentCare has acknowledged that it is the applicant. Accordingly, AccentCare is required to submit its most recent audited financial statements. It has failed to do so.

….

1. AccentCare has failed to submit its audited historical financial statements.

The Department's hospice application form requires an applicant to submit "the most recent audited financial statements" for "the applicant." As discussed above, AccentCare is the applicant for this project under WAC 246-310-010(6). Thus, the Department states in its first screening question relating to AccentCare's application: "The Department concludes that the applicant for this project is AccentCare, Inc." However, AccentCare has failed to submit its most recent audited financial statements.

Instead, AccentCare states that it has submitted "audited financial statements for Horizon Acquisition Co., Inc. and Subsidiaries for the years ending on December 31, 2020 and 2019."44 As noted above, Horizon is one of AccentCare's two parent organizations: AccentCare is "100% owned" by Pluto; Pluto is in turn "100% owned" by Horizon. AccentCare provides no explanation as to why it has failed to submit its own audited financial statements. Perhaps it believes that the submission of Horizon's statements will satisfy the Department's requirements. This is not correct. AccentCare is the applicant, not Horizon.

Moreover, the "Horizon Acquisition Co., Inc. and Subsidiaries Consolidated Financial Statements" submitted by AccentCare do not contain any identifiable historical financial performance information related specifically to AccentCare. In fact, as best we can determine, "AccentCare, Inc." is mentioned only a single time in the Consolidated Financial Statements (in a Note referring to a professional liability insurance "retention limit"). Instead, the Statements relate to Horizon's historical financial performance. Therefore, the Statements cannot be utilized by the Department as a surrogate for AccentCare's audited financial statements, if that is AccentCare's intention in submitting the Statements to the Department. In sum, AccentCare has simply not complied with the requirements of the Department's hospice application form: AccentCare is the applicant, and it has failed to submit its most recent audited financial statements.

AccentCare Rebuttal to Providence

"AccentCare has failed to submit its audited historical financial statements."
Response: As explained in a letter within Exhibit 18 of the application from the Chief Financial Officer for AccentCare, Inc. (the parent organization of AccentCare Hospice & Palliative Care of Spokane County, LLC) and Horizon Acquisition Co., Inc., AccentCare Hospice & Palliative Care of Spokane County, LLC is a new entity without operations or audited financial statements. Therefore, audited financial statements for Horizon Acquisition, Co., Inc. and Subsidiaries for the years ending on December 31, 2020 and 2019 are provided within Exhibit 18 of the application.

Department Evaluation

The combined total of capital expenditure and start-up costs for this project is $329,241. The applicant states all costs will be funded by the applicant, AccentCare, Inc. and provided a letter from its CFO demonstrating financial commitment to this project. This approach is appropriate because documentation was provided to demonstrate assets are sufficient to cover these costs and those of other projects under review by the same applicant.

Providence expressed concern that AccentCare had not provided sufficient historical financial documents and had not sufficiently explained its ownership structure. AccentCare noted that it had provided financial statements for its ultimate parent, Horizon Acquisition Co., in its initial acquisition. The department concludes that the financial statements provided by AccentCare are consistent with program requirements and the issue of ownership is discussed in the Applicant Description portion earlier in this evaluation.

If this project is approved, the department would include a condition requiring the applicant to fund the project as described in the application.

Based on the information reviewed and the applicant's agreement to the condition described above, the department concludes that this project **meets this sub-criterion**.

The Pennant Group, Inc.

Pennant provided the following statement regarding the financing of the $5,000 capital expenditure and additional $15,500 start-up costs for this project. [source: Application, p26]
"The Pennant Group Inc. is the source of financing. The commitment of funds letter is shown at Exhibit 12."

Pennant also provided a letter of financial commitment to demonstrate the organization's commitment for all the costs of the project. It is dated December 9, 2021, and signed by Morgan Boatman, Corporate Controller of The Pennant Group, Inc. [source: Application, Exhibit 12]

The applicant also included a copy of The Pennant Group, Inc.'s Securities and Exchange Commission 10-Q for the period ending September 30, 2021, to demonstrate existing capital is available for this project. [source: Application, Exhibit 9]

AccentCare Public Comment - Oppose

"Pennant provides The Pennant Group, Inc.'s unaudited 10-Q statement for the quarterly period ending September 30, 2021, to meet the audit requirement. However, this financial statement is

unaudited, and as stated in Note 2, Basis of Presentation and Summary of Significant Accounting Policies, should be read in conjunction with the audited Consolidated and Combined Financial Statements for the fiscal year ended December 31, 2020. (See excerpts, below.)."

PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

THE PENNANT GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands, except par value)

	September 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash	$ 3,707	$ 43
Accounts receivable—less allowance for doubtful accounts of $933 and $643, respectively	53,402	47,221
Prepaid expenses and other current assets	17,850	12,335
Total current assets	74,959	59,599

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying unaudited condensed consolidated financial statements of the Company (the "Interim Financial Statements") reflect the Company's financial position, results of operations and cash flows of the business. The Interim Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and pursuant to the regulations of the Securities and Exchange Commission ("SEC"). Management believes that the Interim Financial Statements reflect, in all material respects, all adjustments which are of a normal and recurring nature necessary to present fairly the Company's financial position, results of operations, and cash flows for the periods presented in conformity with GAAP. The results reported in these Interim Financial Statements are not necessarily indicative of results that may be expected for the entire year.

The Condensed Consolidated Balance Sheet as of December 31, 2020 is derived from the Company's annual audited Consolidated Financial Statements for the fiscal year ended December 31, 2020 which should be read in conjunction with these Interim Financial Statements. Certain information in the accompanying footnote disclosures normally included in annual financial statements was condensed or omitted for the interim periods presented in accordance with GAAP.

Pennant Rebuttal To AccentCare

The Pennant Group, Inc. is a publicly traded company, and the Audited Financial Statements are publicly available on the SEC.gov website. Due to the timing of the submission of the initial application, we provided the most recent financial statements available to the public, which was a quarterly 10Q financial statement. This quarterly document is not audited, but it is reviewed by an independent audit firm, and, as is stated within the 10-Q, it should be read in conjunction with the most recent audited annual statement. Again, all annual audited financial statements are available on the SEC.gov website under our ticker symbol: PNTG. Accentcare's comment on this issue should not be given consideration.

Department Evaluation

The estimated capital cost for this project is $5,000, plus another $15,500 for start-up costs, resulting in a total of $20,500. Pennant intends to finance this project using available reserves; and provided a letter from its corporate controller demonstrating financial commitment to this project, including its capital expenditure and start-up costs.

In public comment, AccentCare/Seasons asserts that Pennant's unaudited 10-Q statement for the quarterly period ending September 30, 2021, does not meet the question #15 of the application form, which states: *'Provide the most recent audited financial statements for:*

- *The applicant; and*
- *Any parent entity responsible for financing the project.'*

In rebuttal, Pennant agrees that the quarterly document is not audited, but *'it is reviewed by an independent audit firm, and, as is stated within the 10-Q, it should be read in conjunction with the most recent audited annual statement. Again, all annual audited financial statements are available on the SEC.gov website under our ticker symbol: PNTG.'*

AccentCare/Seasons does not seem to suggest that the unaudited September 30, 2021, 10Q does not demonstrate that Pennant has the financial health to fund the project, or that approval of this project would cause a negative financial impact to Pennant. The concern seems to focus on the requirement of an audited statement. It is true that question #15 of the application form requests the most recent audited statement. However, there are many reasons why an applicant may not have an audited statement and instead provide other documentation to demonstrate financial health of the applicant.[15] This approach is appropriate because documentation was provided to demonstrate assets are sufficient to cover these costs and those of other projects under review by the same applicant. AccentCare/Seasons comments are not grounds for denial of the Pennant project.

If this project is approved, the department would include a condition requiring the applicant to fund the project as described in the application.

Based on the information reviewed and the applicant's agreement to the condition described above, the department concludes that this project **meets this sub-criterion**.

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

Based on the source information reviewed, the department determines the following applicants **met the applicable structure and process of care criteria in WAC 246-310-230:**

- Providence Health & Services – Washington d/b/a Providence Hospice Spokane
- AccentCare, Inc., dba AccentCare Hospice and Palliative Care of Spokane County, LLC
- Pennant, Inc., dba Manito Hospice

Based on the source information reviewed, the department determines the following applicants **did not meet the applicable structure and process of care criteria in WAC 246-310-230:**

- MultiCare Health System dba PNW Hospice LLC

The review of these applications proposing Spokane County hospice services included community interest specifically related to death with dignity services. Community members provided comments, rebuttal, and participated in a public hearing. Some of the comments reasoned that access to such services is reviewable under several sub-criteria in this section and assert that requiring such services is a portion of how the department should determine and ensure patient dignity and informed consent, qualified staff, appropriate relationships to ancillary and support services, conformance with subpart C – conditions of participation: patient rights, and continuity of care. . The comments and rebuttal related to death with dignity are addressed under the sub-criterion to which they are applicable.

[15] In fact, in the 2021/22 Pierce County Hospice reviews, AccentCare/Seasons did not provide the most recent audited financial statement for AccentCare, instead it provided another document to demonstrate financial health and provided the following explanation of this approach: "*no historical audited financial statement for the parent (AccentCare, Inc.) were available that reflect the merger with Seasons Hospice & Palliative Care providers that occurred on December 22, 2020 as noted on page 5 of the application.*

The department considers community involvement, comments, and rebuttal helpful in making its determinations, however, only to the extent to which the department has authority to do so.

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

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

MultiCare/PNW Hospice

To demonstrate compliance with this sub-criterion, MultiCare provided the following assumptions it used in projecting full-time equivalents (FTEs) for this expansion project. [source: Application, p27; screening responses, p4]

"*The projected FTE numbers for the clinical occupational categories of Registered Nurse, Medical Social Worker, Hospice Aide, and Chaplain are based on the Staff-to-Patient ratios presented in Table 14 below. These FTE counts are linked directly to the projected increases in utilization presented in Table 7, then inflated by 10 percent for nonproductive time.*

"The administrative occupational categories, including Administrator, Clinical Supervisor, Intake/Scheduling, and Volunteer Coordinator, all reflect expected administrative requirements. Based off the experience of MultiCare Hospice, we expect PNW Hospice to require one FTE Administrator and one, increasing to two FTEs for Intake/Scheduling. In addition, we expect the one FTE for Clinical Supervisor to increase to 1.5 FTEs in 2026, and for the Volunteer Coordinator to equal one FTE per year."

Applicant's Table

Table 2: Revised Table 14: Staff to Admit Ratio and Distribution by Occupational Category

Type of Staff	PNW Hospice Staff / Admit Ratio	Proportion of Visits by Occupation
RN	1:15.48	51.01%
Physical Therapist	Contracted	0.06%
Occupational Therapist	Contracted	0.01%
Medical Social Worker	1:30	15.67%
Speech Therapist	Contracted	0.02%
Hospice Aide	1:17	25.08%
Chaplain	1:40	8.16%

Source: Applicant

MultiCare also provided the following projected full-time equivalents (FTEs) needed for this expansion project. [source: Application, p24]

Department's Table 19
MultiCare's Spokane County Hospice Agency FTE Projections

FTE Type	Partial Year 2023	Full Year 1 - 2024	Full Year 2 - 2025 Increase	Full Year 3 - 2026 Increase	Total
Administrator	0.50	0.50	0.00	0.00	**1.00**
Clinical Supervisor	0.50	0.50	0.50	0.00	**1.50**
Intake/Scheduling	0.50	0.50	0.00	1.00	**2.00**
Volunteer Coordinator	0.50	0.50	0.00	0.00	**1.00**
Registered Nurse	1.44	3.00	1.91	2.96	**9.31**
Medical Social Worker	0.23	0.47	0.31	0.47	**1.48**
Chaplain	0.09	0.18	0.12	0.19	**0.58**
Hospice Aide	0.64	1.35	0.85	1.33	**4.17**
Total FTEs	**4.40**	**7.00**	**3.69**	**5.95**	**21.04**

MultiCare clarified that the positions of medical director, physical, occupational, and speech therapists are under contract and not included in this FTE table above.

MultiCare also provided the following statements regarding the recruitment and retention of necessary staff. [source: Application, p29]
"*As a new hospice provider in the Spokane County market, PNW Hospice will recruit and hire core leadership and clinical staff prior to admission of Hospice patients. MultiCare is a known entity in the Spokane market through the presence of its two hospitals and broad outpatient network in the Spokane area.*

"PNW Hospice, as a wholly-owned subsidiary of MultiCare, will, like MultiCare, offer competitive wages, excellent benefit packages, and many advantages to potential candidates to work for a large well-established health system. PNW Hospice will utilize MultiCare's talent acquisition team, who are experienced in recruiting Home Health & Hospice staff for its hospice locations. PNW Hospice will also use outside recruiter organizations as needed for hard to fill leadership positions. We will offer incentives such as relocation assistance and sign-on bonus to qualified candidates."

Hospice of Spokane Public Comment - Oppose
Existing hospice providers, and in fact all providers in Spokane County are suffering from severe staffing shortages. Hospice of Spokane currently has open RN positions, and we understand that both Kindred and Horizon Hospice have similar openings. Two of the applicants, MultiCare and Providence both operate hospitals in Spokane. Despite good benefits and significant signing bonuses, as of today, Providence Spokane has 731 job openings posted and MultiCare has 280 (see attached).

AccentCare Public Comment – Oppose
"PNW Hospice offers two short paragraphs on page 29 of the application, stating, "…PNW Hospice will utilize MultiCare's talent acquisition team, who are experienced in recruiting Home Health & Hospice staff for its hospice locations. PNW Hospice will also use outside recruiter organizations as needed for hard to fill leadership positions. We will offer incentives such as relocation assistance

and sign-on bonuses to qualified candidates." However, no mention is made of any barriers to staff recruitment.

The Department also requests in Screening Question 5, "The department is aware of staffing shortages and the competitive demand for skilled labor across Washington State. In the event that this facility faces any barriers to recruiting staff, please outline the plan the applicant would use to ensure timely patient care."

The response is, "Timely patient care would be adhered to with close management of available staff and patients that are accepted for care. We would not accept more patients than we could safely and adequately care for utilizing available staff with the goal of providing the highest level of care possible." However, this is not a plan for overcoming barriers in staff recruitment, but rather a statement that services will be limited to the available staffing levels."

MultiCare Health System/PNW Hospice Inc-Rebuttal to Hospice of Spokane

As discussed in our application, screening responses, and public comments, MultiCare is aware that healthcare staffing shortages exist, especially with regards to nursing, across Washington, including Spokane County. Furthermore, staffing is especially challenging in hospice programs because the caregivers are in the field (i.e., in the patient's home or other place of residence) and thus must be more independent and self-reliant. Accordingly, greater training and experience are necessary for hospice staff. This can make hospice recruitment more difficult than, for instance, recruiting staff for a skilled nursing facility, hospital, or other inpatient facility, where there is on-site supervision and support.

With regards to nursing, MultiCare anticipates hiring approximately 1.5 RNs in 2023, 4.5 in 2024, 6.5 in 2025, and 9.5 in 2026. Currently, about 6,590 registered nurses work in the Spokane-Spokane Valley Metropolitan Statistical Area ("MSA").12 The number of nurses which MultiCare expects to add as part of the proposed project thus reflects only a marginal proportion of this market, from about 0.03% in 2023 to about 0.14% in 2026.

Furthermore, PNW Hospice is capable of recruiting and retaining highly qualified staff. MultiCare INW Region facilities are clinical training sites for all local area nursing programs including Spokane Community College, Gonzaga University, North Idaho College, Lewis and Clark State College and Washington State University. Newly graduated nurses hired to MultiCare enter a robust residency program comprised of both didactic and hands on training specific to their area of clinical practice. Thereafter and on an ongoing basis MultiCare offers or supports nursing certifications, advanced degrees, clinical competency training, and general professional development coursework. Finally, all of our nurses complete routine skills training and competency based reviews on an annual basis. Further, the parent of PNW Hospice, MultiCare Health System, is renowned as a quality employer within Washington State and in 2021 was recognized by Forbes as one of the best employers in the state. In addition, PNW Hospice plans to offer compensation above that of the other applicants and as such, has the best strategy for staff recruitment and importantly, retention. We also acknowledge that any new hospice agency may experience barriers to hiring sufficient staff. Were that to happen, MultiCare commits to balance available staff with patient load to maintain safety and a high quality of care.

Nevertheless, while we acknowledge healthcare staffing shortages in Spokane County, we disagree the solution is to condition the approved project on a delayed opening or prioritize an applicant with the longest project schedule. Spokane hospice residents have need for additional hospice services now, and the existing planning area agencies, including Hospice of Spokane, have not demonstrated an ability or willingness to respond.

MultiCare Health System/PNW Hospice Inc-Rebuttal to AccentCare

AccentCare Concern 4: MultiCare does not provide a plan to overcome barriers in staff recruitment

AccentCare expresses concern that MultiCare did not provide an adequate plan to overcome barriers to staff recruitment. However, while AccentCare is comparatively loquacious in describing its plan to overcome barriers, the approaches are essentially the same and include competitive wages and benefits, utilizing internal recruitment teams, use of outside recruiter organizations, and incentives including relocation assistance and signing bonuses.

With regards to the Department's screening question, the Department asked, "In the event that this facility faces any barriers to recruiting staff, please outline the plan the applicant would use to ensure timely patient care (emphasis added)." AccentCare, both in its public comments and screening response, apparently misunderstood this question, which is not about overcoming barriers, but rather about what the agency would do in the event that barriers exist. As discussed in our public comments, MultiCare is in the best position to respond proactively to the staffing shortages in the area and to recruit and retain sufficient qualified caregivers. MultiCare has created a healthy organizational environment consistent with its mission and valued by its employees, which resulted in MultiCare being included within Forbes "America's Best Employers by State." Furthermore, while workers have different preferences when it comes to qualitative factors, higher compensation, as offered by MultiCare, is universally preferred to lower compensation. That said, we also acknowledge that any new hospice agency may experience barriers to hiring sufficient staff. If that happens, MultiCare commits to balance available staff with patient load to maintain safety and a high quality of care. AccentCare has made no such commitment, and in fact has an organizational history which shows the opposite.

Department Evaluation

MultiCare would be a new provider of Medicare and Medicaid hospice services for the residents of Spokane County. However, MultiCare has one operational hospice agency that provides Medicare and Medicaid-certified services to residents of King, Pierce, and Kitsap counties and was recently approved to provide hospice services in Thurston County. Thus, it based staffing ratios and projections on its affiliates' experience along with NHPCO ratios.

As shown in the FTE table, 7.0 FTEs are needed in the first full year of operation (2024), which increases to 21.04 FTEs by the end of full year three (2026). MultiCare also clarified that its Medical Director and therapy staff would be contracted and are not included in the FTE table. This approach is reasonable.

For recruitment and retention of staff, MultiCare noted its existing presence in Spokane County and Washington State as a whole. MultiCare emphasized its competitive wages, benefit package, and

the advantages of working for a large, well-established health system. MultiCare also discussed its talent acquisition team and recruitment strategies.

In response to Hospice of Spokane's and AccentCare's statements regarding MultiCare's discussion of staff recruitment, MultiCare provided sufficient material in its application and rebuttal to demonstrate that its recruitment and retention policies and practices, along with its presence as an existing healthcare provider in the planning area and region, are reasonable and consistent with this criterion.

Based on the information reviewed, the department determined that MultiCare likely has the ability and expertise to recruit and retain a sufficient supply of qualified staff for its proposed Thurston County hospice agency. **This sub-criterion is met.**

Providence Health & Services-Washington dba Providence Hospice Spokane

As stated in the project description section of this evaluation, Providence proposes to establish a new hospice agency to serve Spokane County. For this project, Providence provided a table showing the proposed FTEs, by category/discipline, needed to serve Spokane County patients. [source: Application, p37]

The table below provides a breakdown of the FTEs for this Spokane County project.

Department's Table 20
Providence Incremental Spokane County FTE's Projections

FTE Type	Year 1-2023	Year 2-2024 Incremental	Year 3-2025 Incremental	Year 3-2025 Total
RN	1.0	1.00	1.00	3.00
LPN	2.00	2.00	2.00	6.00
Hospice Aid	0.80	0.80	0.90	2.50
Medical Social Worker	1.00	0.00	0.50	1.50
Chaplain/Clergy	0.25	0.25	0.25	0.75
Occupational Therapist	0.50	0.00	0.00	0.50
Medical Director/Physician	0.50	0.00	0.50	1.00
Management/Supervisor	1.00	0.00	0.00	1.00
Administrative/Clerical	1.00	0.00	0.00	1.00
Other	0.50	0.50	0.00	1.00
Total FTEs	**8.55**	**4.55**	**5.15**	**18.25**

Providence also provided a description of each of the FTE categories/disciplines identified in the tables above. [source: Application, pp37-38]

- *RN / LPN: A Registered Nurse (RN) or Licensed Practical Nurse (LPN) providing nursing care.*
- *Hospice Aide: A care provider who assists patients performing activities required for daily life.*
- *Medical Social Worker (MSW): A care provider assisting with psychosocial functioning of patients and family.*
- *Chaplain/Clergy: A care provider focusing on patient spiritual care.*

- *Occupational Therapist: An occupational therapist (OT) who aids with everyday life activities, including physical, cognitive, and other aspects of engagement.*
- *Medical Director/Physicians: Medical Director who provides guidance and leadership to clinical staff. Physicians who provide direct care or support other clinical staff.*
- *Management/Supervisor: Leadership staff responsible for management and supervision of other staff, programs, and processes.*
- *Administrative/Clerical: Staff providing administrative and clerical support.*
- *Other: Includes volunteer coordinators and bereavement counselors.*

Providence also provided the following statements regarding its proposed staffing and why it should be considered adequate for the number of patients and visits projected in this application. [source: Application, p38]

"*With extensive years of experience, Providence has a long history of providing hospice services and staffing for hospice services in various counties in Washington State and other states. This experience enables Providence to accurately forecast and staff the appropriate mix of FTEs based on expected hospice patient days and patients served.*

The staffing of the proposed Spokane County hospice agency is modeled on other Providence hospice agencies. We do not expect the staffing ratios to differ from our established experience."

Regarding retention and recruitment of staff, Providence provided extensive information about their ability to recruit and retain qualified staff, a portion of which is excerpted below. [source: Application, pp39-40]

"Providence recognizes that the healthcare industry is facing unprecedented times. The impact of the pandemic has been devastating to front line healthcare workers as they face increasingly long hours and a constant crisis mode resulting in stress, burnout, and physical and mental challenges. Among other pressures, this has manifested itself in the form of workforce shortages in many health care settings. However, Providence also recognizes and embraces a unique opportunity during these times to attract diverse healthcare workers from non-traditional schools and community organizations, with lived experiences similar to the families we serve. Providence Home and Community Care in particular exemplifies our core values of excellence, integrity, compassion, justice and dignity when planning how to navigate recruitment and retention.

As with other challenges and crises Providence has faced in its long history, Providence took immediate steps to mitigate the worst impacts, and innovate and plan for the future. Based on current efforts and work that is still in process, Providence is well positioned to navigate the road ahead and can address any barriers related to recruiting staff and will ensure timely, high-quality patient care for residents in Spokane County seeking hospice services.

Leveraging Scale to Address Workforce Shortages

Providence is using our scale to offer an array of workforce programs and services to support our 120,000 dedicated caregivers, including tuition reimbursement and other training benefits, referral and retention bonuses, free behavioral health care, caregiver assistance, and online resources.

Seeing the value of our internal workforce as a source of recruitment, Providence launched the Caregiver Referral Program in 2021 allowing staff to obtain referral bonuses for referred hires who

remain employed by Providence for 90 days. This process was made easy and streamlined through the Caregiver Referral website, which includes simple to follow how-to sheets. With nearly every open role being eligible for a referral bonus, Providence saw an increase of 35% in referral applications one month after launching the program.

In 2021 Providence's commitment to retain existing employees and secure internal referrals culminated in an investment of $220 million toward hiring and retaining healthcare workers. This includes offering bonuses to existing staff and referral bonuses ranging from $1,000 to $7,500, depending on positions, with some more highly competitive positions such as nurses ranging higher. Please see Exhibit 20 for a news article detailing Providence's efforts."

Hospice of Spokane Public Comment - Oppose

Existing hospice providers, and in fact all providers in Spokane County are suffering from severe staffing shortages. Hospice of Spokane currently has open RN positions, and we understand that both Kindred and Horizon Hospice have similar openings. Two of the applicants, MultiCare and Providence both operate hospitals in Spokane. Despite good benefits and significant signing bonuses, as of today, Providence Spokane has 731 job openings posted and MultiCare has 280 (see attached).

Providence Rebuttal to Hospice of Spokane

In its public comments, HOS raises concerns about health care professional staffing shortages in Spokane County, and the potential impact that the entry of a new hospice agency may have upon this ongoing problem. Providence Hospice Spokane is, of course, aware of the issue of health care professional staffing shortages, and we acknowledge HOS's concerns. We discuss the issue of staffing at length in our CN application. It is an issue that all health care providers face on a daily basis, and for which there is no quick and simple solution.

However, there is no dispute that there is a need for an additional hospice agency in Spokane County in 2023 under the Department's 2021-2022 Hospice Numeric Need Methodology. The issue of staffing shortages must be balanced with the importance of addressing that need. We believe that the appropriate course of action is to permit the establishment of a new hospice agency in the County, while doing so in a manner that will have minimal, or no, impact on HOS and the other existing hospice agencies.

As we discussed earlier in this document, Providence Hospice Spokane's intention from the outset has been to adopt a measured, minimal impact approach to addressing the need for an additional hospice agency in Spokane County. To reiterate: in developing our patient utilization projections, we purposefully sought to have a minimal impact on the existing agencies in the County. We articulated this approach in our response to one of the Department's screening questions:
When developing our [patient utilization] forecast, we recognized from the outset that existing Spokane County hospice agencies are also able to grow, and to assist in meeting the future need for hospice services. By developing a conservative utilization forecast, Providence aimed to position itself to address current and future need, but not have an adverse impact on existing Spokane County agencies or create a duplication of services in the County.

Again, we recognize HOS's concerns with respect to health care professional staffing challenges. However, as we stated above, our intention is to work with HOS and the other existing hospice

agencies in a complementary and mutually supportive fashion. This includes establishing our agency in a way which will have minimal, or no, impact on the existing hospice providers.

Department Evaluation

Providence would be a new provider of Medicare and Medicaid hospice services for the residents of Spokane County. However, Providence also provides hospice services in several other counties in Washington. Thus, it based staffing ratios and projections on its affiliates' experience.

As shown in the FTE table, 8.55 FTEs are needed in the first full year of operation (2023), which increases to 18.25 FTEs by the end of full year three (2025). This approach is reasonable.

For recruitment and retention of staff, Providence noted its existing workforce and internal recruitment initiatives, and history of ability to recruit staff. Providence reiterated some of this information in its rebuttal to Hospice of Spokane's concerns on staffing and explained how its projected implementation was designed to minimize adverse effects on existing agencies with regard to staffing as well as patient volumes

Providence Hospice identified its existing medical director and provided a job description. The pro forma statement also identifies all costs associated with the services.

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

AccentCare, Inc.

To demonstrate compliance with this sub-criterion, AccentCare, Inc. provided its projected full time equivalents (FTEs) for the Spokane County agency. The FTE table follows: [source: Application, p73]

Department's Table 21
AccentCare, Inc.
FTE Projections for Spokane County - Years 2023 - 2026

FTE Type Not Contracted	Partial Year 1 Year 2023	Year 1-2024 Increase	Year 2-2025 Increase	Year 3-2026 Increase	Total FTEs
Admission Department	0.00	0.00	0.00	1.00	1.00
Business Development Dept	2.00	0.00	1.00	0.00	3.00
Business Operations-Leader	1.00	0.00	0.00	0.00	1.00
Chaplain	1.00	0.00	0.00	0.00	1.00
Executive Director	1.00	0.00	0.00	0.00	1.00
Hospice Aide	1.00	1.00	1.00	1.00	4.00
Music Therapy	1.00	0.00	0.00	0.00	1.00
Nursing	2.00	0.00	2.00	1.00	5.00
Social Work	1.00	0.00	0.00	0.00	1.00
Clinical Nutritionist	0.10	0.00	0.00	0.00	0.10
Team Assistant	1.00	0.00	0.00	0.00	1.00
Team Director	1.00	0.00	0.00	0.00	1.00
Volunteer-Dept	0.00	0.00	1.00	0.00	1.00
Total FTEs	**12.10**	**1.00**	**5.00**	**3.00**	**21.10**

In addition to the FTE table, the applicant provided a table showing the number of contracted FTEs needed for the new Spokane County agency. Contracted staff include the Medical Director, Physician-Team Support, and physical, occupational, and speech therapy positions. All combined, these contracted staff add to 0.28 FTE for all projection years. [source: Application, p73]

For clarification, AccentCare, Inc. provided the following explanation for the contracted staff identified as 'Physician-Team Support.' [source: Screening response, p4]
"The term "physician support team" refers to the individual physicians who lead hospice teams in providing direct patient care, e.g., making visits to patients. These services are separate and distinct from the medical administrative duties/services provided by the Medical Director. Physicians who provide direct patient care services will contract with AccentCare Spokane pursuant to a Physician Independent Contractor Agreement, a sample of which is found in Exhibit 17 of the application for CN #22-24. Exhibit A of that Agreement describes Physician Services. The individual physician contracted as the Medical Director could also choose to provide patient care services and if so, he or she would enter into a Physician Independent Contract Agreement and be paid for these services over and above the Medical Director fee."

Focusing on staffing ratios, the applicant provided the table on the following page. [source: Application, Exhibit 16]

Applicant's Table

Type of Staff	Stub Year	Year 1	Year 2	Year 3
Skilled Nursing (RN & LPN)	0.1747	0.1085	0.1342	0.1153
Physical Therapist	0.0013	0.0008	0.0005	0.0003
Occupational Therapist	0.0010	0.0006	0.0004	0.0003
Medical Social Worker	0.0873	0.0542	0.0335	0.0231
Speech Therapist	0.0022	0.0014	0.0008	0.0006
Clinical Nutritionist	0.0087	0.0054	0.0034	0.0023
Home Health/Hospice Aide	0.0873	0.1085	0.1006	0.0922
Other (List)				
Chaplain	0.0873	0.0542	0.0335	0.0231
Medical Director	0.0201	0.0125	0.0077	0.0053
Administration	0.2620	0.1627	0.1342	0.0922
Business Office \ Admissions	0.2620	0.1627	0.1342	0.1153
Music Therapy	0.0873	0.0542	0.0335	0.0231
Total	1.0812	0.7257	0.6166	0.4930

The applicant provided the following rationale for why the staffing identified above is adequate for the number of patients and visits projected. [source: Application, p73]
"AccentCare Spokane uses a staffing model based on census to ensure coverage of support and care functions at appropriate levels for program needs. A copy of the staffing ratios is provided in Exhibit 16. AccentCare Spokane's staffing ratios reflect similar ratios found among other hospices across the county, including other AccentCare Hospice programs and are consistent with the NHPCO Staffing Guidelines for Hospice Home Care Teams. That document also acknowledges the following:

No one "best standard" in the literature regarding hospice staffing caseloads currently exists. Around the nation, hospices have evolved in various directions, creating diverse models of care to serve hospice patients and families. The Staffing Guidelines for Hospice Home Care Teams is based on the recognition of the current diverse nature of hospice care and allows for individualization of staffing caseloads according to the organizational and environmental characteristics specific to each hospice, in much the same way hospices individualize patient care.

"AccentCare adds staff as admissions increase, as shown in Table 27 above, which lists the type of number and category of staff for the first 3 full years of operation. Ratios vary based upon the numbers of patients in the program, the diseases represented, length of stay, and patients' needs. The ratios above compare favorably with an overall ratio in the third year of operations of 0.42 staff to each patient. In addition, volunteers who provide augmented services increase the patient and hospice interactions and add to the actual FTE spent with patients. The training program for volunteers assures that they are active members of the care team and render services that patients experience at the end of life is compassionate and caring with support for the family."

AccentCare, Inc. provided the following statements regarding the recruitment and retention of staff. [source: Application, p77]
"Spokane County was designated as a Medically Underserved Area for Primary Care in 1994 with a Medical Underservice Index Score of 51.84, which falls below the threshold of 62.0. It has three designated geographic primary care Health Professional Shortage Areas (HPSAs): North Spokane, Southeast Spokane, and Southwest Spokane. HPSAs are also recognized in two correctional facilities, two Federally Qualified Health Centers, and two Indian Health Service/Tribal Health/Urban Indian Health Organizations. (Reports generated from the Health Resources & Services Administration at www.data.hrsa.gov documenting the Spokane County MUA and HPSA are provided in Exhibit 21.) AccentCare Spokane will provide outreach and education to the community based organizations throughout the entire county, including rural communities that have limited access to healthcare."

AccentCare, Inc. provided extensive information, statistics, and documents related to its recruitment and retention process, barriers to staffing, education programs, internship programs, and employee benefits packages. [source: Application, pp77-85, and Exhibits 15, 21, 22, & 23] The information is not repeated here, but is considered in this review.

Hospice of Spokane Public Comment - Oppose
Existing hospice providers, and in fact all providers in Spokane County are suffering from severe staffing shortages. Hospice of Spokane currently has open RN positions, and we understand that both Kindred and Horizon Hospice have similar openings. Two of the applicants, MultiCare and Providence both operate hospitals in Spokane. Despite good benefits and significant signing bonuses, as of today, Providence Spokane has 731 job openings posted and MultiCare has 280 (see attached).

Pennant Public Comment – Oppose
(1) "Accentcare appears to rely on a home health operational model instead of hospice operations, seemingly lacking knowledge of hospice operations in their application. An example is their use

of Medicare Advantage rates, which are used in home health, not in hospice. This alone is illustrative of why Accentcare's data cannot be relied upon for this criterion.

(2) "Accentcare shows their MD will only work one hour per week at $7,500 annually. The nature of an MD's work fluctuates with census size, and it is virtually impossible that the MD can perform the required work in this compensation and staffing model."

MultiCare Public Comments – Oppose

"Over AccentCare's forecast period, it expects continual increases in utilization, from an ADC of 6 in 2023 to 18 in 2024 to 30 in 2025, to 43 in 2026.50 However, the number of FTEs associated with the provision of Physical, Occupational, and Speech therapies remains constant, at 0.015, 0.011, and 0.025, respectively. This indicates AccentCare plans to offer less and less of these therapies per admission over time, from about 0.6 hours of PT, 0.43 hours of OT, and 0.98 hours of Speech Therapy, to about 0.12 hours of PT, 0.09 hours of OT, and 0.2 hours of Speech Therapy. The reasons for this decline in the provision of therapy over time are not explained. However, given the expected impact on patients' access to these necessary therapies, and the impact on quality-of-care delivery, this must be explained."

AccentCare Rebuttal to Hospice of Spokane

As stated in its application on pages 77 – 85 and in response to screening question #11, AccentCare Hospice & Palliative Care of Spokane, LLC (AccentCare) is able to recruit from outside of Spokane and the state, leveraging an existing, national employee network base, as well as recruiting nationally through professional organizations and universities. AccentCare also utilizes O'Grady Payton International and MedPro International to recruit foreign-trained, high quality workforce members.

In addition to recruiting national and international professionals, AccentCare offers internship programs and a Compassionate Allies Program to attract young professionals to the hospice industry. Therefore, AccentCare will be able to enhance the available workforce for Spokane..

AccentCare Rebuttal to Pennant

The statement that AccentCare lacks knowledge of hospice operations is categorically false. As stated on page 5 of the application, "AccentCare, Inc. merged with Seasons Hospice & Palliative Care, combining a national leader of post-acute health care with a national network of community-based hospice providers." The use of Medicare Advantage rates is explained in the Screening Response. See response to comment 1, above.

.....

As stated on page 537 of the application, "Physician shall provide approximately 1 hour of Medical Director Services per week, which may vary week to week." AccentCare is very well aware of the nature of an MD's work and therefore understands that fluctuations may occur with changes in census size. That is why an approximation, not an exact figure, of 1 hour per week is assigned.

AccentCare Rebuttal to MultiCare

"Seasons' staffing projections are based on its experience in other markets and its history of establishing new hospice programs. Many positions in a start-up organization must be filled at artificially high levels simply to provide needed coverage. Even contracted positions must, in most

cases, offer base levels of compensation that may and often do exceed actual hours worked. For example, the physician contract assumes that even in the first days of operations, the contracted physician team support staff will have to be paid for the equivalent of 8 hours per day even if the ADC is only 13. This pattern of staffing to provide needed coverage applies to other positions cited in this objection. The medical staff and other positions cited in this objection are reasonable and do not impede the ability of the Program to evaluate the Application.

Department Evaluation

If approved, AccentCare, Inc. would be a new provider of Medicare and Medicaid hospice services for Spokane County. To ensure its staffing ratios are reasonable, the applicant based them on ratios used in its other hospice agencies and NHPCO standards.

If approved, AccentCare, Inc. proposes that its Spokane County agency would be operational in July 2023. As shown in the staff table above, 12.10 FTEs are needed in partial year one (2023) to serve an estimated average daily census of 6 patients. Beginning in full year 1 (2024), the number of FTEs increases to 13.10 to serve an estimated average daily census of 18 patients. By the end of full year three, the FTEs increase to 21.10 to serve an estimated average daily census of 43 patients.

The applicant also clarified that its medical director and therapy staff would be under contract and are not included in the table above. This approach is reasonable.

For recruitment and retention of staff, AccentCare, Inc. intends to use the strategies its parent has successfully used in the past for recruitment and retention of staff for its out-of-state hospice agencies. The strategies identified by AccentCare, Inc. in its application and in rebuttal to Hospice of Spokane are consistent with those of other applicants reviewed and approved by the department.

Pennant offered criticism of AccentCare's staffing model and the number of hours its medical director would work. AccentCare noted that, as an existing operator of hospice services, it is aware of the staffing requirements for a new agency and that the medical director services are approximated and will likely fluctuate. The department concludes these are reasonable assertions.

The department concludes that AccentCare's explanation of FTE allocation in response to MultiCare's comment equally reasonable, as is AccentCare's description of its intended recruiting strategies in response to Hospice of Spokane.

Based on the information provided in the application, the department concludes that AccentCare, Inc. has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

The Pennant Group, Inc.

To demonstrate compliance with this sub-criterion, Pennant provided the following assumptions it used in projecting full-time equivalents (FTE's) for this project. [source: Application, p28]

"*The assumptions used to project the number and types of FTE's identified for this project are based upon the average numbers and types used across all Cornerstone-affiliated hospice agencies, which include two Washington state hospice agencies. The Washington state hospice numbers are consistent with these averages.*

"Manito Hospice is confident that our proposed staff to patient ratio is appropriate for several reasons. First, Cornerstone-affiliated hospice agencies have found that operating at these ratios is optimal to produce quality outcomes. Additionally, these ratios were in two separate Conerstone- [sic] *affiliates 2018 hospice CN applications for Thurston and Snohomish Counties, respectively, which the CN Department found to be appropriate. Table 5 below shows these ratios.*"

Applicant's Table
Table 5

Type of Staff	Staff to Patient Ratio
Registered Nurses	1:12 (day) and .8:12 (evenings and weekends)
Certified Nursing Assistant	1:10
Social Work	1:30
Spiritual Care Coordinator	1:30

[source: Application, p28]

In response to questions regarding the reliability of the ratios when only two Washington State agencies are factored into the ratios, Pennant provided the following information. [source: February 28, 2022, screening response, p6]
"Patient-to-staff ratios are well established in the hospice industry, and Pennant-owned hospice agencies have utilized ratios in line with industry standards. This in and of itself creates reliability. Even more, our Washington State agencies use those same ratios, and the ratios have proven to be the best for providing the highest level of care for our hospice patients. Lastly, we've found the Department to be comfortable with these ratios as indicated by its prior approval of earlier Pennant-affiliated CN applications being approved, both of which included this staffing methodology."

Pennant also provided its projected full-time equivalents (FTEs) for the Spokane County agency. Following is the FTE table. [source: Application, p27]

Department's Table 22
Year 2022 – 2026 Manito Hospice Spokane County FTE Projections

FTE Type	Partial Year 2023	Year 1-2024 Increase	Year 2-2025 Increase	Year 3-2026 Increase	Total
Administrator	1.00	0.00	0.00	0.00	**1.00**
Business Office Manager, Medical Records, Scheduling	0.60	0.30	0.30	0.40	**1.60**
Intake	1.00	0.00	0.00	0.00	**1.00**
Community Liaison	0.60	0.30	0.30	0.40	**1.60**
Registered Nurses	2.70	1.30	1.60	1.80	**7.40**
Certified Nursing Assistant	1.80	0.90	1.00	1.20	**4.90**
Licensed Clinical Social Worker	0.60	0.30	0.30	0.40	**1.60**
Spiritual Care Coordinator	0.60	0.30	0.30	0.40	**1.60**
Director of Clinical Services	0.40	0.30	0.20	0.30	**1.20**
Total FTEs	**9.30**	**3.70**	**4.00**	**4.90**	**21.90**

*Totals do not match totals in applicant's table due to rounding errors

In addition to the preceding table, Pennant clarified that the positions of medical director, dietician, physical, occupational, and speech therapists are under contract and not included in this FTE count. [source: Application, Exhibit 10]

Pennant also provided the following statements regarding the recruitment and retention of necessary staff. [source: Application, pp29-31]

"Orchard Prairie's ultimate parent company, Pennant, owns 134 healthcare organizations across 14 states, including a senior living home in Redmond, Washigton, [sic] *and home health agencies that operate in King, Pierce, Snohomish, Skagit, San Juan, Aston,* [sic] *Garfield, Benton, and Franklin counties. Additionally, Cornerstone owns Washington-based hospice agencies that service Snohomish, Aston,* [sic] *Garfield, Thurston, Grays Harbor, and Mason counties. In the experience of Pennant-affiliated health care agencies, health care employees are drawn to the Pacific Northwest Region for its outdoor experiences, culture and vitality, maSpokane* [sic] *recruiting generally easier than other parts of the country. Additionally, if Pennant-affiliated health care agencies have qualified and experienced staff in good standing that want to move to Spokane County, or to transition from long-term carm* [sic] *or home health to hospice, we are able and willing to support that relocation or transition.*

Both Orchard Prairie and its affiliates also have strong and proven histories of recruiting and retaining quality staff. We offer a competitive wage scale, a generous benefit package, and a professionally rewarding work setting, as well as the potential for financial assistance in furthering training and education.

Cornerstone has access to utilize a variety of recruitment resources, including the use of social media and internet recruitment platforms such as LinkedIn, Indeed, Monster and Glassdoor, among others, and due to our employees' high job satisfaction we have found great success in recruiting through our staff's network of other skilled healthcare professionals.

The following provides additional details as to Manito Hospice's approach to recruiting and retention.

Recruiting

Manito Hospice leaders will continually perform the following recruiting activities.

- *Identify any opportunity to recruit at local job fairs and State and National associations websites and conferences.*
- *Maintain a liaison with career/placement staff at regional colleges, universities, and clinical certification organizations to actively recruit its students, including offering clinical shadowing and volunteer opportunities.*
- *Join applicable healthcare professional associations.*
- *Utilize national talent search companies.*
- *Meet community market wages, recruiting and sign on bonuses.*
- *Provide leadership and advancement opportunities for staff to elevate within Cornerstone.*
- *Post positions within Cornerstone's multistate organizations.*

Manito Hospice's Administrator and DCS will continually identify open positions. They will create open positions based on staffing needs driven by hospice IDT caseloads and ADC growth. This will be continuously assessed to ensure staff to patient ratios remain appropriate to maintain consistent delivery of quality patient care and ensure the IDT team/staff are not overburdened.

Once an open position has been identified the agency's leaders will do the following.

- *Email HR/Payroll Group with the standard subject line: Recruiting Need Discipline. The content of this email will set out the following information as to the open position:*
- *FTE*
- *Discipline*
- *Territory*
- *Rate Sets*
- *Urgency of fill: Immediate, moderate, low*
- *Potential Hire date*
- *Bonus – Sign on – automatic for urgent need, hard to fill.*
- *Post open position in Workday via human resource information system provided by Pennant Services.*
- *Post open position on job boards on LinkedIn, Indeed, Career Builder, Glassdoor.*
- *Share the job posting on agency social media.*

Once a candidate has been identified the agency will follow its standard screening process:

Step 1. Conduct phone interview of candidate, screening for relevant experience, positive attitude, and discuss compensation.

Step 2. DCS in-person or video conference interview with clinical candidate; Administrator or DCS in-person or video conference interview with administrative candidate.

Step 3. Ride-along with clinical staff (only clinical candidates with little or no hospice experience)

Step 4. Candidate interviewed by 2-4 agency staff.

Once agency leadership decide to extend the candidate an offer the agency will follow its standard process:

- *Agency administrator or HR designee will:*

- *Provide candidate with offer letter setting out the duties of the position, rate of compensation, start date, and directions on how to accept the offer.*
- *Perform a background check compliant with state law, which will include primary source verification of licensure, if applicable.*
- *Instruct candidate as to how to perform drug screen.*
- *Perform reference checks for references identified by candidate.*
- *Notify candidate on necessary items to bring on start date for onboarding (e.g., identification documentation for I-9).*
- *Inform agency leaders and appropriate staff regarding the candidate's acceptance/rejection of offer, candidate's start date, and any additional pertinent information.*

Retention

- *With retention even more important than recruitment, all Pennant-affiliates are provided resources and support from the Pennant Services Center to provide rigorous department orientation, clinical and safety training, initial and ongoing competencies assessments, and performance evaluations.*
- *Staff will be trained on our core values: Celebration, Accountability, Passion for Learning, Love One Another, Customer Second, Ownership. These core values will guide all of our decisions and will form the basis for expectations of the staff.*
- *Agency will have weekly rounding/one-on-one sessions during first 90 days with director or designee. Quarterly thereafter.*
- *Staff will have 90-day and annual reviews, allowing open dialogue about the employee's performance, concerns, and feedback.*
- *We offer programs for CEU and tuition reimbursement.*
- *We offer competitive benefits, including health care, dental, vision, paid time off, and more.*
- *We perform an anonymous employee satisfaction survey annually to gauge employee satisfaction.*
- *We provide ongoing professional training based on needs identified in our QAPI program, annual compliance and profession-specific training, and regular in-service training."*

Given that the CN Program is aware of staffing shortages and the competitive demand for skilled labor across Washington State, CN staff requested additional information from the applicant regarding staff recruitment and requested an outline of the plan Pennant would use to ensure timely patient care if this project is approved. In response to the question, Pennant provided the following information. [source: February 28, 2022, screening response, p6]

"As stated earlier, we continue to recognize the strains on staffing in healthcare. As part of our recruiting efforts, we are continuously seeking staff for today or for the future, and we expect to recruit the required staff to serve patients in Spokane County January 2023. In the event we are unable to hire staff for any given position, we will utilize staff from our other agencies in Washington State temporarily until we hire. We have practiced this in the past, and our staff are ready and willing to do so in the future to meet our patients needs in a timely manner.

Additionally, we stay up to date on innovative strategies to mitigate staffing shortages through recruiting and retention, including:

- *Adjusting staff schedules to avoid burnout (thereby increasing retention).*

- *Utilizing Pennant's Emergency Fund, which is designed to provide a one-time supplement to an employee's wages when external factors and personal circumstances would otherwise prove to be too great a toll on the employee.*
- *Contract with or jointly-employ staff currently employed by providers in the community that we've identified as having the capacity to do so.*
- *Educate and promote our Employee Assistance Program to our staff, enabling them to better understand the support available to avoid burnout (e.g., mental health counseling).*
- *Utilize our internal chaplain to provide any needed bereavement support to our staff as needed to help staff process the deaths of family, friends, or patients.*
- *Strictly adhere to proven infection control protocols to mitigate the spread of illness such as COVID-19 across staff.*
- *Provide necessary training to maximize the competency of staff, enabling us to assign and reassign clinicians across all patient acuity types."*

Hospice of Spokane Public Comment - Oppose

Existing hospice providers, and in fact all providers in Spokane County are suffering from severe staffing shortages. Hospice of Spokane currently has open RN positions, and we understand that both Kindred and Horizon Hospice have similar openings. Two of the applicants, MultiCare and Providence both operate hospitals in Spokane. Despite good benefits and significant signing bonuses, as of today, Providence Spokane has 731 job openings posted and MultiCare has 280 (see attached).

While Pennant suggests that it will not have problems recruiting staff; its 10K form for FY2021 that advises investors on the state of the business notes for home health and hospice that "During the third quarter, the labor challenges experienced throughout the year were exacerbated as COVID-19 cases rose sharply, leading to further wage pressure, increased overtime and greater use of agency and registry staffing."

Department Evaluation

Pennant would be a new provider of Medicare and Medicaid hospice services for the residents of Spokane County; however, does operate Medicare and Medicaid hospice agencies that serve other parts of the state. Pennant based its staffing ratios on those used across all Cornerstone-affiliated hospice agencies with optimal quality outcomes, which include two Washington state hospice agencies. This approach is reasonable.

As shown in the FTE table, 9.3 FTEs are needed in the first partial year of operation (2023), which increases to 13 FTEs by the first full year (2024) and culminating in 21.9 FTEs for full year three (2026). Pennant clarified that its medical director, dietician, and therapy staff would be contracted and are not included in the FTE table.

For recruitment and retention of staff, Pennant intends to use the strategies it has successfully used in the past for its agencies. As noted above, Pennant identified numerous recruitment and retention strategies. The department concludes these stated strategies are sufficient to rebut Hospice of Spokane's concerns about staffing.

Based on the information reviewed, the department concludes that AccentCare, Inc. 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.

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

MultiCare/PNW Hospice

In response to this sub-criterion, MultiCare provided the following statement and list of ancillary and support service vendors already in place. [source: Application, pp32-33

"*PNW Hospice, as a wholly-owned subsidiary of MultiCare, will draw upon the deep roots of MultiCare Home Health, Hospice and Palliative Care, which has been providing Hospice services for more than three decades.*

• Massage Therapy: PNW Hospice will contract with various massage therapists to provide services to its hospice patients.

• Music and Aroma Therapy: PNW Hospice will contract with various therapists to provide music and aroma services to its hospice patients.

• Reiki Therapy: PNW Hospice will contract with various therapists to provide Reiki Therapy services to its hospice patients.

• Bereavement Services: Bereavement services will be provided by PNW Hospice for 12-15 months after the death of a loved one. Services will include a wide variety of educational bereavement support groups, individual counseling, and memorial events.

• Medical Equipment: MultiCare Hospice has a relationship with Bellevue Healthcare, and it is anticipated that PNW Hospice will utilize this firm, and others, as required, to provide Hospice medical equipment for Spokane.

• Pharmacy: PNW Hospice, as a subsidiary of MultiCare Health System, will be able to use the MultiCare pharmacy network. In addition, PNW Hospice will develop relationships with local pharmacies as needed.

• Respite Care: MultiCare Hospice has agreements with several skilled nursing home facilities and health & rehab centers for providing respite care to hospice patients in Spokane. Room, board, and dietary services are also included. We anticipate that PNW Hospice, as a subsidiary of MultiCare, will also utilize these facilities, and additional ones, as needed. Please see below for a list of these nursing homes and rehab centers in Spokane.

- *o Prestige Care and Rehab Center*
- *o Sunshine Health*
- *o Cheney Care Center*
- *o EmpRes Healthcare*
- *o Touchmark Health*
- *o ManorCare of Spokane*

• Ambulance and Medical Transportation Services: PNW Hospice will establish contracts with local medical transport companies and utilize local EMS providers, as necessary.

o American Medical Response

"The current relationships will be utilized, and new ones created as needed, to allow PNW Hospice to comprehensively meet the service demands for the project. Once the project is approved, PNW Hospice will work to make any necessary adjustments to existing MultiCare agreements that might be used and/or create new relationships/agreements with additional organizations and individuals to provide the full spectrum of hospice services in Spokane County. In cases where the expansion of ancillary services into Spokane County is not possible with an existing provider, PNW Hospice will develop new relationships to meet the needs of hospice patients in Spokane County.

"In addition, support services, including finance, billing (revenue cycle), human resources, and compliance and risk, are provided by internal enterprise shared services staff located in MultiCare's Spokane offices. The existing support staff is sufficient to support hospice services in Spokane County."

MultiCare provided the following statements related to healthcare facilities with which the applicant already has working relationships. [source: Application, p34]
"As a subsidiary of MultiCare, PNW Hospice will have working relationships with both MultiCare Deaconess and Valley hospitals as well as MultiCare Rockwood Clinic in Spokane."

MultiCare provided a copy of the executed Medical Director Agreement between PNW Hospice and MultiCare. The agreement was executed on February 21, 2022, and outlines roles and responsibilities for each entity and identifies compensation for the services. Additionally, there is an expense line item to account for this cost in MultiCare's projected Revenue and Expense Statements. The agreement is effective until December 31, 2026. It is noted that the agreement extends through the third year of operation for this proposed project but does not include language regarding extensions or an 'evergreen clause.' [Source: screening responses, Revised Exhibit 8]

There was no public comment on this sub-criterion

Department Evaluation
As previously stated, MultiCare currently operates two hospitals in Spokane County, the Rockwood Clinic medical practice, and a separate home health and hospice agency that serves several counties in western Washington. In 2021, PNW Hospice was approved to provide hospice services in Thurston County, though it is not yet operational in that county. MultiCare also operates a number of other hospitals and healthcare facilities in Washington.

MultiCare provided a listing of ancillary and support agreement it intends to pursue for this project, including some that are already in place. MultiCare also provided a copy of its executed Medical Director Service Agreement.

Information provided in the application demonstrates that the proposed project's hospice agency would have the access to all necessary hospice ancillary and support services needed by the agency. Based on the information reviewed, the department concludes that MultiCare has the experience and

expertise to maintain and expand existing ancillary and support relationships for the proposed project. Thus, the department concludes **this sub criterion is met.**

Providence Health & Services-Washington dba Providence Hospice Spokane

Providence provided the following information in response to this sub-criterion. [source: Application, p44]

While Providence Hospice Spokane will be a new agency, it will leverage many of the same relationships that Providence has with existing ancillary and support services. In Spokane County, Providence provides a wide spectrum of health care services and has numerous owned and operated facilities and programs, with many of them related to hospice care, such as Providence VNA Home Health, Providence St. Joseph Care Center, Providence Infusion and Pharmacy Services, and Providence Emilie Court Assisted Living.

In addition, Providence Hospice Spokane will be able to utilize existing external relationships already in place and internal capabilities, where those services exist. For example, infusion services through Providence Infusion and Pharmacy Services and physical therapy through Providence VNA Home Health. Below we provide a list of planned ancillary and support services, which include, but are not limited to, the following:

- *Physical Therapy and Speech Therapy: Providence Hospice Spokane intends to contract for these services with Providence VNA Home Health and other community providers.*
- *Pharmacy: Providence has relationships with various pharmacies and pharmacy benefit managers to provide appropriate pharmaceutical care, along with operating Providence Infusion and Pharmacy Services in Spokane.*
- *Home Medical Equipment: Providence Hospice Spokane will have agreements with local providers of home medical equipment.*
- *Respite Care: Providence Hospice Spokane will establish relationships with local health care facilities, including skilled nursing facilities, for respite care.*
- *Dietary Services: Providence Hospice Spokane will contract externally for these services.*
- *Massage and Music Therapy: Providence Hospice Spokane will contract with various massage and music therapists to provide services to Spokane County patients.*
- *Bereavement Services: Providence Hospice Spokane intends to develop this capability internally based on the experience and expertise in other Providence hospice agencies in Washington. In Section 10 of the Project Description section above, we discuss in detail Providence's long-established and highly-respected grief and bereavement programs.*

In addition, support services, including finance, billing (revenue cycle), human resources, and compliance and risk, are provided by internal shared services staff located in the Tukwila and Spokane office. The existing support staff is sufficient to support additional services in Spokane County."

Providence provided the following statements regarding its current and expected working relationships for hospice services. [source: Application, pp45-48]

"As discussed in Section 14 above, Providence Hospice Spokane will leverage Providence's existing relationships, both inside and outside of Spokane County, and will build additional relationships as needed to ensure a full spectrum of care. As an established provider in the community, Providence works closely with local hospitals, physicians, and other providers to ensure continuity of care while

avoiding fragmentation of care. In cases where Providence has an existing relationship in Spokane County or in surrounding counties, Providence Hospice Spokane will extend or amend those contracts or agreements to include Spokane County where applicable.

...

Current and expected relationships include, but are not limited to, the following:

- *Hospitals: Providence Hospice Spokane will establish strong working relationships with local hospitals, especially with respect to the provision of General Inpatient (GIP) care. Given the strong footprint of Providence in Spokane County, Providence Hospice Spokane will have relationships with Providence Sacred Heart Medical Center, Sacred Heart Children's Center, and Providence Holy Family Hospital. Outside of Spokane County we expect to develop relationships with Providence Mt. Carmel Hospital and Providence St. Joseph Hospital, who serve the more rural areas outside of Spokane County and are based in Stevens County. Finally, Providence Hospice Spokane intends to contract with other health care facilities who are open to working with the new Providence hospice agency.*

- *Physicians and Clinics: Providence Hospice Spokane will establish relationships with the Providence Medical Group, representing 600+ physicians and advanced practitioners, with more than 60 clinic locations in Spokane County and Stevens County. The relationships will also include one with Providence Medical Park in Spokane Valley, which is a 127,000 foot multi-use ambulatory facility. Other existing Providence relationships that Providence Hospice Spokane may utilize include the following:*
    - *Spokane Spine Center*
    - *Spokane Urology*
    - *Cancer Care Northwest*
    - *Dermatology Specialists of Spokane*
    - *Pearson and Weary Pain Relief Clinic*
    - *Columbia Surgical Specialists, PS*
    - *Downtown Spokane Renal Center*
    - *Pioneer Human Services (Mental Health)*
    - *Spokane Regional Health District*
    - *Evergreen Prosthetics and Orthotics LLC*
    - *Family Foot Center*
    - *Inland Imaging*

- *Skilled Nursing, Assisted Living, and Rehabilitation: Providence Hospice Spokane intends to develop agreements with the following Skilled Nursing Facilities and rehabilitation centers:*
    - *St. Luke's Rehabilitation Institute (owned by Providence)*
    - *Providence St. Joseph Care Center*
    - *Regency at Northpointe*
    - *Royal Park Health & Rehabilitation*
    - *Maplewood Gardens Assisted Living LLC*
    - *Moran Vista Senior Living*
    - *Providence Emilie Court Assisted Living*

Providence Hospice Spokane intends to contract with other skilled nursing, assisted living, and rehabilitation facilities who are open to working with the new Providence hospice agency.

- *Home Health Agencies, Hospice Agencies, & Adult Family Homes: Providence has strong relationships with local home health agencies, hospice agencies, and adult family homes. Providence Hospice Spokane intends to utilize these relationships and, where appropriate, develop agreements with the following agencies:*
    - *Horizon Hospice & Palliative Care*
    - *Hospice of Spokane*
    - *Providence VNA Home Health*
    - *A Nurse's Touch AFH 3 LLC*
    - *A Rosy Place Adult Family Home*
    - *Able Adult Family Home*
    - *Aegis Adult Family Living LLC*
    - *Allan's Place Extended Comfort Care LLC*
    - *Amazing Grace1 AFH LLC*
    - *Ambassador Adult Family Home LLC*
    - *Arcadia46, LLC*
    - *Blessed Hands AFH LLC*
    - *Country Cottage Adult Family Home, LLC*
    - *Dinah Family Care, LLC*
    - *Emerald Green Adult Family Home*
    - *Emmanuel's Haven Adult Family Home LLC*
    - *Janeluv AFH LLC*
    - *Jomani Adult Family Home LLC*
    - *Kings and Queens Adult Family Home LLC*
    - *Marger Care Adult Family Home LLC*
    - *Passionate Care AFH, LLC*
    - *Peris Extended Care LLC*
    - *Phoebe Throne House LLC*
    - *Splendid Adult Family Home, LLC*

- *In-Home Care Agencies: Providence has relationships with the following vendors in Spokane. Providence Hospice Spokane intends to develop relationships with the following entities as appropriate:*
    - *Addus HomeCare*
    - *Agape in Home Care LLC*
    - *All Ways Caring HomeCare*
    - *Alternative Nursing Services*
    - *Family Resource Home Care*
    - *Generations Home Care*
    - *Guardian Angel Home Care LLC*
    - *Interim HealthCare of Spokane, Inc.*
    - *Love In Home Senior Care*
    - *Greater Spokane County Meals on Wheels (Meal Services)*
    - *Special Mobility Services, Inc. (Transportation)*
    - *Spokane Transit Authority (Transportation)*

- *Supportive & Temporary Housing: Given Providence Hospice Spokane's intent to provide hospice services to those experiencing homelessness and housing insecurity, Providence Hospice Spokane will develop relationships with the following entities:*
    - *Catholic Charities of Eastern Washington*
    - *House of Charity & Providence Community Clinic (formerly House of Charity Clinic)*
    - *Spokane Homeless Coalition*
    - *Community Health Association of Spokane*

- *Pediatric Care: Providence Hospice Spokane will develop a strong relationship with Sacred Heart Children's Center. While outside of Spokane County, Providence has strong existing relationships with Seattle Children's Hospital and Mary Bridge Children's Hospital in Tacoma, including the palliative care teams at both facilities.*
- *Oncology and Cancer Centers: Providence Hospice Spokane will develop relationships with Providence Cancer Institute, Providence Oncology and Hematology, Cancer Care Northwest, and other oncology providers in the Spokane area.*
- *Pharmacy and Infusion Services: Providence Hospice Spokane will make use of existing Providence relationships, such as those with Providence Infusion and Pharmacy Services and Credena Health Pharmacy Sacred Heart.*
- *Home Medical Equipment: Providence Hospice Spokane will extend Providence's existing agreement with Bellevue Healthcare to provide Home Medical Equipment for Spokane County residents. It will also explore extending existing agreements with Providence's PACE programs, such as the agreement with Northwest Home Medical, Inc. (Rotech).*
- *Veterans Administration: As discussed in detail above in Section 10 of the Project Description section, Providence has a robust and well-established relationship with the Veterans Administration in Spokane. Providence Hospice Spokane intends to extend that relationship to provide much needed hospice services to this specific population.*

The relationships discussed above and in Section 14 demonstrate that Providence Hospice Spokane will have the capability to meet the service demands for the project. Once the project is approved, Providence Hospice Spokane will work to make any necessary adjustments or amendments to existing agreements in order to provide the full spectrum of hospice services in Spokane County. In cases where any gaps in ancillary and support services exist, Providence Hospice Spokane will develop new relationships to meet the needs of hospice patients in Spokane County."

Providence provided the following clarification regarding other agreements currently in place for the proposed hospice services. [source: Application, p29]
"As part of a large integrated health system that manages the key elements of the provision of care, management of operations, and management of administration services, Providence Hospice Spokane will not have any management agreements and will not have any operating agreements.

"The Medical Director will be employed directly by Providence Hospice Spokane and, consequently, there is no Medical Director agreement. Please see Exhibit 15 for a copy of the Medical Director job description.

"Providence Hospice Spokane is wholly owned by Providence Health & Services – Washington and is not party to any joint ventures with respect to the proposed project."

As stated above, Providence provided a copy of the medical director's job description within the application. The job description provides roles and responsibilities for both Providence and the physician. It includes the essential functions of the medical director, which includes regulatory compliance, quality improvement, and coordination with the interdisciplinary team. While the job description does not identify a specific physician, Providence stated that the medical director for the current Seattle hospice agency is Thomas Schaaf, MD. Dr. Schaaf is also the Chief Medical Officer for Providence Home and Community Care. [source: Application, p39 and Exhibit 19]

There was no public comment provided for this sub-criterion

Department Evaluation

As previously stated, Providence currently operates two hospitals in Spokane County, as well as the various other healthcare facilities, including home health, assisted living, and skilled nursing facilities. Providence also operates a number of other hospice agencies, hospitals, and healthcare facilities in Washington.

Providence provided an extensive list of healthcare facilities and ancillary services providers with whom it already has or plans to establish relationships. Providence also provided a copy of its executed Medical Director Service Agreement.

Information provided in the application materials demonstrates that the proposed project's hospice agency would have the access to all necessary hospice ancillary and support services needed by the agency. Based on the information reviewed, the department concludes that MultiCare has the experience and expertise to maintain and expand existing ancillary and support relationships for the proposed project. Thus, the department concludes **this sub criterion is met.**

AccentCare, Inc.

In response to this sub-criterion, the applicant provided the following information. [source: Application, pp85-86, screening responses pp-7]

"A sample nursing home contract for inpatient care is provided in Exhibit 6 (Page 185 of the application). Exhibit 15 (page 405 of the application) included policies that describe how ancillary and support services function with the care team. Specifically, these policies included #202 Contracted Services; #206 Standards of Practice; and #606 Financial Management. These policies have now been updated with the policies identified below and found in Attachment 5 to this screening response. A reference page is also provided in the attachment, identifying the previous and current policy number and name. Exhibit 17 (page 523) includes the Medical Director Agreement and a sample Physician Independent Contractor Agreement.

- *HOS 3-007 Contracted Services Providers*
- *C 1.4.1 Clinical Policies and Procedures*
- *C 3.3.5 Financial Management*

"AccentCare Spokane uses employees to deliver services, and contract personnel to supplement the skills that may not be routinely available among the employees when the plan of care requires such

services. Most often, these contract services include physical, respiratory, speech, and occupational therapists. A patient may also require acupuncture, massage, or other palliative treatments for which a licensed professional is required.

"Because ancillary personnel serve under contracts, they augment the plan of care by adding some additional services specified in the plan of care. At all times, Seasons employees are in control of the delivery of care, and retain control, thus assuring that the contracted personnel can meet the service demand. Contract employees are also discussed in previously mentioned policies, appearing in Exhibit 15.

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

"Active in the community, AccentCare Spokane's educational, promotional, and outreach efforts intersect with facilities, advocacy groups, religious institutions, service providers, physicians, social workers, funeral directors, and insurers (including HMOs). Working relationships often occur from the following groups:

- *Nursing homes*
- *Hospitals*
- *Assisted Living Facilities*
- *Health Maintenance Organizations*
- *Physicians*
- *Dialysis Centers*
- *Social Workers*
- *Home Health Organizations*
- *Churches*
- *Funeral Directors*
- *Social Services Organizations*
- *Families and Individuals*

"In order to assure access and availability of general inpatient care close to the patients' homes, AccentCare proposes contractual agreements with nursing homes and hospitals throughout Spokane County. Letters of support will be provided during the public comment period identifying individuals and facilities with which the applicant will establish working relationships."

The applicant also provided a copy of the Medical Director Agreement to be used for the new Spokane County agency executed on December 1, 2021. The agreement is between AccentCare Hospice & Palliative Care of Spokane County, LLC and Balakrishnan Natarajan, MD. The agreement outlines roles and responsibilities for both the agency and the physician and identifies compensation for the medical director before and after the agency is licensed. The agreement is effective for one year, with automatic annual renewals in perpetuity (evergreen clause).

AccentCare also provided an example 'Physician Independent Contractor Agreement' that will be used for this Spokane County project. The role of the physician independent contractor, also referenced in the application as 'physician team support,' is explained below: [source: screening response, p4 and Attachment 5]

"The term "physician support team" refers to the individual physicians who lead hospice teams in providing direct patient care, e.g., making visits to patients. These services are separate and distinct from the medical administrative duties/services provided by the Medical Director. Physicians who provide direct patient care services will contract with AccentCare Spokane pursuant to a Physician Independent Contractor Agreement, a sample of which is found in Exhibit 17 of the application for CN #22-24. Exhibit A of that Agreement describes Physician Services. The individual physician

contracted as the Medical Director could also choose to provide patient care services and if so, he or she would enter into a Physician Independent Contract Agreement and be paid for these services over and above the Medical Director fee."

There was no public comment provided on this sub-criterion

Department Evaluation

AccentCare, Inc. is not currently a Medicare and Medicaid hospice provider in Washington State; however, the parent organization does operate hospice agencies in a number of other states.

AccentCare, Inc. provided a listing of the types of ancillary and support agreements it would use for the new hospice agency. Given that the facility is not yet operational, the listing does not identify every entity and no agreements have been finalized.

AccentCare, Inc. provided a copy of its executed Medical Director Agreement with Balakrishnan Natarajan, MD. The agreement includes a job description and outlines roles and responsibilities for both the physician and the agency. The applicant also provided a copy of the draft Physician Independent Contractor Agreement. This agreement was previously reviewed and discussed in this evaluation.

AccentCare, Inc. provided a copy of the Services Agreement between Seasons Healthcare Management and AccentCare Hospice & Palliative Care of Spokane County, LLC. The agreement was executed on December 1, 2021, and outlines roles and responsibilities for both entities. The agreement is used to ensure the new agency would have consulting services available, including billing and collection.

Information provided in the application demonstrates that the proposed hospice agency would have the experience and likely access to all hospice ancillary and support services used by the facility.

Based on the information reviewed in the application, the department concludes that AccentCare, Inc. has the experience and expertise to establish appropriate ancillary and support relationships for the new hospice services in Spokane County. If this project is approved, the department would include conditions related to the listing of ancillary and support services. With agreement to the specific conditions, the department concludes **this sub criterion is met.**

The Pennant Group, Inc.

In response to this sub-criterion, Pennant provided the following list of ancillary and support service vendors that would be used for the proposed Spokane County operations. [source: Application, pp33-34]

- "*Strategic Healthcare Programs (SHP)*
- *Home Care Home Base (HCHB)*
- *DME Vendor*
- *Pharmacy Vendor*
- *Supply Vendor*
- *eSolutions – accounting interface*
- *Workday – HR interface*

- *Lippincott – Electronic educational/procedural tool for clinicians*
- *Focura – Leading document management and HIPPA compliant communication for clinicians*
- *Providor Link – for Community Physicians*
- *Relias Learning – clinician focused learning tool*
- *TigerConnect-HIPAA compliance communication for clinicians*

None of these contracts are expected to change as a result of this project."

Pennant provided a copy of the executed Medical Director Service Agreement between Elizabeth Black, MD and Orchard Prairie Healthcare, LLC. The agreement was executed on December 20, 2021, and outlines roles and responsibilities for each of the parties, as well as compensation. Additionally, there is an expense line item to account for this cost in Pennant's pro forma operating statement. The agreement is effective for one year, with automatic annual renewals in perpetuity. [source: Application, Exhibit 3]

Further, Pennant provided a copy of the executed Operational Support Services Agreement between Pennant Services, Inc. (a Nevada corporation) and Orchard Prairie Healthcare, LLC. The agreement was executed on November 22, 2021, and focuses on administrative services to be provided to the hospice agency. The agreement also outlines roles and responsibilities for each entity, as well as compensation. Additionally, there is an expense line item to account for this cost on Pennant's projected Revenue and Expense Statements. The agreement is effective for one year, with automatic annual renewals in perpetuity. [source: Application, Exhibit 8]

Pennant also provided a copy of the executed Operational Support Services Agreement between Cornerstone Service Center, Inc. (a Nevada corporation) and Orchard Prairie Healthcare, LLC.. The agreement was executed on November 22, 2021, and focuses on clinical services to be provided to the hospice agency. The agreement also outlines roles and responsibilities for each entity, as well as compensation. Additionally, there is an expense line item to account for this cost on Pennant's projected Revenue and Expense Statements. The agreement is effective for one year, with automatic annual renewals in perpetuity. [source: Application, Exhibit 8]

There were no public comment or rebuttal comments provided under this sub-criterion for this applicant.

Department Evaluation

The Pennant Group, Inc. offers several lines of service, which includes in-home care, via its subsidiary Cornerstone Healthcare, Inc.; and senior living communities, via its subsidiary Pinnacle Senior Living LLC. Cornerstone Healthcare, Inc. through its subsidiaries, owns and operates 10 home care agencies, 41 hospice agencies, 33 home health agencies, four physician groups, and two therapy groups throughout 14 states nationally. This count includes Washington State Certificate of Need-approved hospice services to Asotin, Garfield, King, and Thurston County residents as well as licensed only hospice services to the Whitman County residents. This project proposes to serve King County hospice patients from the same office as its home health agency in Pierce County.

Pennant provided a list of ancillary and support vendors it would use for the proposed project. Pennant also provided a copy of its executed Medical Director Service Agreement and Operational

Support Services Agreement. There are expense line items to account for each agreement's cost in the pro forma operating statement.

Information provided demonstrates that the applicant would have the experience and likely access to all hospice ancillary and support services used by the proposed hospice agency. Based on the information reviewed and lack of public comment, the department concludes that Pennant has the experience and expertise to establish appropriate ancillary and support relationships for the proposed project in Spokane County Based on the information, the department concludes **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.

Chapter 246-310 WAC 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 each applicant's history in meeting these standards at other facilities owned or operated by each applicant.

As a 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.[16] For in-home services agencies, the department reviews two different areas when evaluating this sub-criterion. One is a review of the Centers for Medicare and Medicaid Services (CMS) *Terminated Provider Counts Report* covering years 2019 through current. The department uses this report to identify facilities that were involuntarily terminated from participation in Medicare reimbursement.

The department also reviews an applicant's conformance with Medicare and Medicaid standards, with a focus on Washington State facilities. The department uses the CMS *Survey Activity Repor*t to identify Washington State facilities with a history of condition level findings. For CMS surveys, there are two levels of deficiencies: standard and condition.[17]

- Standard Level
  A deficiency is at the Standard level when there is noncompliance with any single requirement (or several requirements) within a particular standard that is not of such character as to substantially limit a facility's capacity to furnish adequate care, or which would not jeopardize or adversely affect the health or safety of patients if the deficient practice recurred.

- Condition Level
  Deficiency at the Condition level may be due to noncompliance with requirements in a single standard that, collectively, represent a severe or critical health or safety breach, or it may be the result of noncompliance with several standards within the condition. Even a seemingly small breach in critical actions, or at critical times, can kill or severely injure a patient, and such breaches would represent a serious or severe health or safety threat.

[16] WAC 246-310-230(5).
[17] Definitions of standard and condition level surveys: https://www.compass-clinical.com/deciphering-tjc-condition-level-findings/

Although some of the applicants in this review own and/or operate acute and/or post-acute facilities,[18] none are without in-home services[19] operations. Since the proposed project is for hospice services, the focus of this review will be historical hospice and home health operations as they are either the same or functionally the most similar to the services proposed in these projects.

MultiCare/PNW Hospice

The applicant provided the following information to demonstrate compliance with this sub-criterion and the sub-criterion under WAC 246-310-230(5). [source: Application, p 35]

"PNW Hospice is a wholly-owned subsidiary of MultiCare, which owns an additional hospice agency in Washington State. Between June 11, 2018 and June 18, 2018, Surveyors from the Washington State Department of Health (DOH) conducted a Medicare recertification survey at MultiCare Home Health, Hospice and Palliative Care in Tacoma, WA. During the survey, DOH surveyors determined that MultiCare Home Health, Hospice and Palliative Care in Tacoma did not meet the Condition of Participation (COP) for Medicare Hospice related to the initial and comprehensive assessment of the patient (42 CFR §418.54 CoP). We have attached the applicable plan of correction, and the results from the DOH surveyor's onsite post-survey revisit, in Exhibit 13. This exhibit also includes the Final Accreditation Report by The Joint Commission and the three-year renewal for MultiCare home care.

"As explained above, in June 2018 DOH surveyors determined that MultiCare Home Health, Hospice and Palliative Care in Tacoma did not meet the Condition of Participation (COP) for Medicare Hospice related to the initial and comprehensive assessment of the patient (42 CFR §418.54 CoP). We have attached the applicable plan of correction, and the results from the DOH surveyor's onsite post-survey revisit, in Exhibit 13.

The onsite post-survey revisit from the DOH surveyor "confirmed that the health deficiencies cited during the recent recertification survey have been corrected, and that the Condition(s) of Participation listed above has been met.

"There have been no other instances of condition-level findings, and the issue related to the initial and comprehensive assessment of the patient was rectified quickly and to the satisfaction of the DOH. We are confident that the proposed agency will operate in a manner that ensures safe and adequate care and conforms to applicable federal and state requirements."

The applicant provided the following discussion regarding its proposed assessment for customer satisfaction and quality improvement. [source: Application, pp29-30]

"This is not an existing agency, however as a wholly-owned subsidiary of MultiCare, PNW Hospice will utilize MultiCare's method for assessing customer satisfaction and quality improvement.

"The MultiCare Hospice Quality Assurance and Performance Improvement Plan (QAPI) includes the following PI activities which are consistent with accreditation requirements established by Centers for Medicare and Medicaid (CMS), the Joint Commission (TJC) and the Washington State DOH. For each of these monitoring and identification areas, MultiCare Home Health, Hospice and

[18] Hospitals, nursing homes, and assisted living facilities.
[19] Home health or hospice agencies.

Palliative Care identifies opportunities for improvement and implements Performance Improvement guidelines.

- *• Monitor procedures with the potential to place patients at risk of disability or death, identify discrepancies and determine causation; identify adverse events and determine causation.*
- *• Monitor medication usage, significant medication errors and significant adverse drug reactions;*
- *• Monitor infection rates;*
- *• Assess patient perception of the safety and quality of care, treatment or services;*
- *• Assess the staff's perception of the culture of patient safety;*
- *• Monitor falls, fall reduction activities, to include assessment, interventions and education;*
- *• Monitor injuries, negative health outcomes and any incidents injurious to patients;*
- *• Review patient grievances, needs, expectations and satisfaction.*

"The MultiCare Hospice QAPI also includes PI activities deemed necessary by Hospice leadership and applicable regulations to optimize clinical and operational processes."

Pennant Public Comment – Oppose

"PNW's lease does not start until June 2023, which means they cannot serve patients until June 2023. PNW shows that they will be Medicare certified and Medicaid eligible in July 2023. It is not possible to admit the required 5 patients, pass accreditation, receive the Medicare CCN#, and receive Medicaid eligibility in one month. Please refer the timeline section above (3.)."

Department Evaluation

As stated in the Applicant Description section of this evaluation, PNW Hospice, LLC, is a Washington State limited liability company owned by MultiCare Health System. MultiCare is a non-profit corporation based in Tacoma that provides a variety of healthcare services through its eight hospitals; two psychiatric hospitals; numerous clinics and medical practices; and a home health and hospice agency, MultiCare Home Health, Hospice, and Palliative Care, that is a separate entity from PNW Hospice. Based on the ownership structure, MultiCare is the applicant for this project.

As noted above, in addition to PNW Hospice, MultiCare operates a wide range of healthcare facilities, including hospitals, clinics, behavioral health agencies, and other assorted providers of health services. The focus of this review will be hospice and home health operations. In addition to PNW Hospice, MultiCare also operates one in-home services entity – MultiCare Home Health, Hospice & Palliative Care[20]

Terminated Provider Counts Report for MultiCare.

Focusing on years 2019 through 2021 and partial year 2022, none of MultiCare's hospice or home health agencies were involuntarily terminated from participation in Medicare reimbursement. [Source: CMS Quality, Certification, and Oversight Reports as of August 17, 2022]

[20] Home Health license #IHS.FS.60081744; Hospice license #IHS.FS.60639376

Conformance with Medicare and Medicaid Standards for MultiCare

The department reviewed the survey history for the applicant using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports (QCOR) website. The review included full years 2019 through 2021 and partial year 2022.

MultiCare subsidiaries operate eight separate agencies in Washington State which provide home health or hospice services. Following is a summary of MultiCare's Washington State subsidiaries' home health and hospice agencies' survey activity reports as of August 17, 2022.

Department's Table 23
Summary of MultiCare's Washington State Home Health & Hospice Surveys

Service Type	# of Agencies	Standard Surveys	Complaint Surveys	Specific Types of Deficiencies Cited		
				No Deficiencies	Standard Only	Condition & Standard
Home Health	0	0	0	0	0	0
Hospice	1	1	0	7	7	0
Totals	**1**	**1**	**0**	**7**	**7**	**0**

Washington State Healthcare Agencies

MultiCare's existing home health and hospice agency is currently Medicare and Medicaid-certified. For full years 2019 through 2021 and partial year 2022, there is a total of one standard survey and no complaint surveys. The survey resulted in standard level findings only and required no follow-up surveys.

MultiCare provided the name and professional license number for the proposed agency's medical director, Isam Dorna, M.D. Using data from the Medical Quality Assurance Commission, the department found that Isam Dorna, M.D. is compliant with state licensure and has no enforcement actions on his license.

With this project, MultiCare is proposing a new county for an agency that was recently approved to serve Thurston County, but is not yet operational, thus, only the Medical Director has been identified. If this project is approved, the department would attach a condition requiring MultiCare to provide the name and professional license number of its hospice agency staff serving the residents of Spokane County prior to providing services.

In review of this sub-criterion, the department considered the total compliance history of the MultiCare organization, by reviewing agencies owned and operated by its subsidiaries which are similar in function to in-home hospice services. Based on the information reviewed, the department concludes that MultiCare has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's establishment of the proposed new hospice agency in Washington State would not cause a negative effect on the compliance history of MultiCare. The department concludes that this project **meets this sub-criterion.**

Providence Health & Services-Washington dba Providence Hospice Spokane

The applicant provided the following information to demonstrate compliance with this sub-criterion and the sub-criterion under WAC 246-310-230(5). [source: Application, p48 and p40]

"Providence has neither facilities nor practitioners associated with the application with a history of any of the actions listed above.

"…Providence does not own or operate any facilities or agencies that 'reflect a pattern of condition-level findings.'"

The applicant provided the following discussion regarding its proposed assessment for customer satisfaction and quality improvement. [source: Application, pdf 47-48]

"Providence Hospice Spokane will be a new agency and will establish a Quality Assessment and Performance Improvement ("QAPI") program. Providence has an established QAPI program for its hospice agencies that employs a number of methods and processes in assessing customer satisfaction and quality improvement. For each hospice agency, Providence has a Clinical Quality Manager responsible for facilitating the QAPI program. The Clinical Quality Manager, along with the Hospice Director, Medical Director, Hospice Operation Managers, supervisors, and primary interdisciplinary team, are responsible for assuring that each Providence hospice agency monitors and evaluates the quality of service it provides and develops performance improvement projects. The Home Services Leadership Council, as delegated by the Governing Body, is responsible for the oversight of the QAPI program. Finally, Providence instills in its staff that every staff member of each agency has a responsibility in ensuring that we have a robust and effective QAPI program. Providence Hospice Spokane will leverage and operationalize the same QAPI used in other Providence hospice agencies. Please see Exhibit 23 for a copy of the QAPI program."

Pennant Public Comment – Oppose

"Providence projected being Medicare certified and Medicaid eligible by January 1, 2023. For all the reasons stated previously in the timeline section above (3.), Providence's structure and process proposal flies in the face of operational feasibility and therefore cannot be relied upon. They are projecting an unrealistic Medicare certification and Medicaid eligibility timeline, which, again, isn't plausible."

Department Evaluation

Providence Health & Services owns or operates a total of 175 healthcare facilities in six states, including in-home services, hospitals, nursing homes, assisted living facilities, and other healthcare services. The following table shows the number of the 47 Providence in-home services (home health or hospice) for each state.

Department's Table 24
Providence Hospice or Home Health Agencies

State	# of Agencies	State	# of Agencies
Alaska	2	Oregon	15
California	20	Texas	1
Montana[21]	0	Washington	9

[21] Texas is included in this list because Providence operates healthcare facilities in that state, but none are hospice or home health agencies.

Providence subsidiaries operate nine separate agencies in Washington State which provide home health or hospice services. Following is a summary of Providence's Washington State subsidiaries' home health and hospice agencies' survey activity reports as of August 2, 2022.

Department's Table 23
Summary of Providence's Washington State Home Health & Hospice Surveys

Service Type	# of Agencies	Standard Surveys	Complaint Surveys	Specific Types of Deficiencies Cited		
				No Deficiencies	Standard Only	Condition & Standard
Home Health	5	4	0	1	3	0
Hospice	4	4	1	1	4	0
Totals	**9**	**8**	**1**	**2**	**4**	**0**

Below is a summary of the two areas reviewed for Providence Health & Services and its healthcare facilities.

Terminated Provider Counts Report
Focusing on years 2019 through 2022, none of Providence Health & Services healthcare facilities were involuntarily terminated from participation in Medicare reimbursement.

Conformance with Medicare and Medicaid Standards

In Home Service Agencies
Of the 47 in home service agencies, 21 are hospice and 26 are home health. Focusing on years 2019 through 2022, a total 25 agencies were not surveyed during the timeframe—8 hospice agencies and 4 home health agencies. All of the Washington State home health and three of the four hospice agencies were surveyed.

The 22 agencies surveyed resulted in a total of 27 surveys. Some surveys resulted in minor deficiencies and three agencies required one follow up visit. All agencies are in conformance with CMS standards at this time.

Providence provided the name and professional license number for the proposed agency's medical director, Thomas Schaaf, M.D. Using data from the Medical Quality Assurance Commission, the department found that Thomas Schaaf, M.D. is compliant with state licensure and has no enforcement actions on his license.

With this project, Providence is proposing a new agency to serve Spokane County, thus only the Medical Director has been identified. If this project is approved, the department would attach a condition requiring Providence to provide the name and professional license number of its hospice agency staff serving the residents of Spokane County prior to providing services.

In review of this sub-criterion, the department considered the total compliance history of the Providence organization, by reviewing agencies owned and operated by its subsidiaries which are similar in function to in-home hospice services. Based on the information reviewed, the department

concludes that Providence has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's establishment of the proposed new hospice agency in Washington State would not cause a negative effect on the compliance history of Providence. The department concludes that this project **meets this sub-criterion.**

AccentCare, Inc.

The applicant provided the following information to demonstrate compliance with this sub-criterion and the sub-criterion under WAC 246-310-230(5). [source: Application, p88]

"AccentCare Hospice & Palliative Care of Spokane County, LLC has no history. The entity is a newly created limited liability company formed for the purpose of obtaining a certificate of need for a hospice entity that will operate in the state, serving residents of Spokane County. No healthcare agency nor any principle or officer affiliated with the applicant have had any denials or revocations of licenses nor criminal convictions."

The applicant provided the following discussion regarding its proposed assessment for customer satisfaction and quality improvement. [source: Application, pp85-86]

"Although this criterion is not applicable, as the applicant is not an existing agency, the proposed AccentCare Spokane County agency will have a method for assessing customer satisfaction and quality improvement.

"The Centers for Medicare and Medicaid Services (CMS) mandates that all hospices measure quality through the use of the Hospice Item Set (HIS) quality measures and Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey results, with both methods linked to specific National Quality Forum endorsed measures of quality. Both components of the Hospice Quality Reporting Program allow individual hospices to compare their results to the national benchmark for the measure. AccentCare Spokane also plans to use the CHECKSTER Pulse survey for employee satisfaction. A copy of the CHECKSTER survey appears in Exhibit 24. Exhibit 15 contains applicable policies that AccentCare Spokane will implement to assure quality assessment and program improvement::

- *Quality Assessment & Performance Improvement, policy #501*
- *Sentinel Events, policy #502*
- *Program Evaluation, policy #612*

"AccentCare Spokane will review all policies on an annual basis and conforms the policies to location-specific requirements. Please note that draft policies are provided from Seasons Hospice & Palliative Care who is in the process of rebranding to AccentCare.

"In addition to the local sites performing their own Performance Improvement Projects, AccentCare, Inc. provides a National Workgroup of quality experts to help the organization find root causes to problems impacting quality, find creative solutions, and make changes nationally that directly improve the quality of care for patients and families. By performing National Performance Improvement Projects, the sites are able to double their quality focus - one at the local level and the other at the national level impacting the local program. This attention to quality led by quality experts has resulted in reducing survey deficiencies, improved quality outcomes, and greater patient and staff satisfaction."

Providence Public Comment – Oppose

B. The pattern of condition-level survey findings at five of AccentCare's hospice agencies over the period from 2019 through 2021 establishes that AccentCare's application does not satisfy the structure and process of care review criterion. Therefore, the Department must deny the application.

In order to satisfy the structure and process of care CN review criterion, AccentCare must demonstrate that (1) its Spokane County hospice program "will be in conformance with" the Medicare and Medicaid conditions of participation and (2) "[t]here 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." To assess whether a hospice CN application satisfies these criteria, the Department requires applicants to disclose whether any of the hospice agencies which they own or operate "reflect a pattern of condition-level findings" with respect to Medicare or Medicaid surveys. In addition, if the information submitted by an applicant "shows a history of condition-level findings," the Department requires the applicant to "provide clear, cogent and convincing evidence that the applicant can and will operate the proposed project in a manner that ensures safe and adequate care, and conforms to applicable federal and state requirements."

In response to the Department's information requests, AccentCare has disclosed that five hospice agencies owned or operated by AccentCare "received condition-level findings" during the period from 2019 through 2021. However, AccentCare asserts that the survey findings "do not rise to the level of a pattern of condition-level findings." AccentCare further asserts that a "quality review" apparently performed by AccentCare "did not disclose any pattern of conditional [sic]-level findings that would jeopardize the delivery of safe and adequate care." Finally, AccentCare asserts: "A root cause analysis reveals documentation inconsistencies as a primary basis for citations in routine surveys." AccentCare then asserts that it has addressed the problems with "documentation inconsistencies" by "changing the electronic medical record (EMR) platform," which will purportedly "prevent these documentation inconsistencies" in the future. In an exhibit to its application, AccentCare provides survey documents for the five AccentCare hospice agencies which received condition-level findings.

<u>1. At an organizational level, there is "a pattern of condition-level findings" among AccentCare hospice agencies.</u>

As noted above, the Department's hospice application form requires an applicant to disclose whether any hospice agencies owned or operated by the applicant "reflect a pattern of condition-level findings." Thus, an agency-specific disclosure is required. The application form does not address a situation in which the applicant's organization itself "reflect[s] a pattern of condition-level findings" among the hospice agencies which the organization owns and/or operates. However, it stands to reason that the presence of organization-wide condition-level findings would be of equal, or perhaps greater, concern to the Department in its evaluation of whether a hospice CN application satisfies the criteria set forth in WAC 246-310-230(3) and (5).

In this case, AccentCare has disclosed that five hospice agencies located in five different states received condition-level findings during the period from 2019 through 2021. This would appear to be enough to establish "a pattern of condition-level findings" among AccentCare's hospice agencies. AccentCare owns or operates 49 hospice agencies. Thus, during the period from 2019

through 2021, 10% of AccentCare's hospice agencies received condition-level findings. Accordingly, there appears to be a pattern of organization-wide condition-level issues over a relatively short period of time.

In order to determine whether AccentCare's application satisfies the structure and process of care criteria, the Department must conduct a fully-informed evaluation of whether AccentCare has provided "clear, cogent and convincing evidence" that AccentCare's proposed Spokane County hospice agency, as well as AccentCare as an organization, can be operated "in a manner that ensures safe and adequate care, and conforms to applicable federal and state requirements." However, as discussed below, there are significant issues as to whether the explanations and information submitted by AccentCare are sufficient to enable the Department to conduct its required evaluation.

2. The explanations and information provided by AccentCare with respect to the condition-level findings are not sufficient to enable the Department to determine whether AccentCare's application satisfies the structure and process of care criteria.

As noted above, in its application AccentCare offers explanations for, and provides survey documents relating to, the admitted condition-level findings at five of AccentCare's hospice agencies during the period from 2019 through 2021. However, as discussed below, the explanations and information do not provide "clear, cogent and convincing evidence" that either AccentCare's proposed Spokane County hospice agency or AccentCare as an organization can operate in a manner that satisfies the requirements of the structure and process of care criteria.

a. AccentCare has not identified which of the survey findings for the five hospice agencies (1) are condition-level findings and/or (2) are findings relating to "documentation inconsistencies."

AccentCare has provided 140 pages of documents relating to the surveys conducted at the five AccentCare hospice agencies that received condition-level findings. However, AccentCare does not identify for the Department which of the survey findings (1) are condition-level findings and/or (2) are findings relating to "documentation inconsistencies," which AccentCare claims are "a primary basis for citations in routine surveys." Nor does AccentCare identify for the Department which of the five surveys were in fact "routine surveys." Simply placing 140 pages of survey documents in the Department's hands does not constitute "clear, cogent and convincing evidence" that AccentCare "can and will operate the proposed project in a manner that ensures safe and adequate care and conforms to applicable federal and state requirements."

Perhaps AccentCare anticipates that the Department will forward the survey documents to the unit within the Department which is responsible for conducting hospice agency surveys in order to obtain a detailed evaluation of the nature of the survey findings. Of course, we defer to the Department as to its future course of action. However, a review of the survey documents suggests that "documentation inconsistencies" do not appear to be the basis for several of the survey findings. Based upon the review, we have prepared a matrix which, with respect to the five agencies, identifies, to the extent possible, several findings which do not appear to be based solely upon "documentation inconsistencies." The matrix is attached hereto as Exhibit 2.

Again, we defer to the Department as to how it wishes to address the survey documents. However, we respectfully suggest that AccentCare's submission of the documents without any explanation or

summary of the survey findings does not provide sufficient information to enable the Department to conduct a fully-informed evaluation of whether AccentCare's application satisfies the structure and process of care criteria.

b. AccentCare has not provided either (1) the "quality review" that purportedly demonstrates that there is not a pattern of condition-level findings at the five AccentCare hospice agencies or (2) the "root cause analysis" which purportedly demonstrates that "documentation inconsistencies" are "a primary basis for citations in routine surveys."

In its application, AccentCare states that a "quality review" that it apparently conducted "did not disclose any pattern of conditional [sic]-level findings that would jeopardize the delivery of safe and adequate care." AccentCare also states in the application: "A root cause analysis reveals documentation inconsistencies as a primary basis for citations in routine surveys." However, to our knowledge AccentCare has not provided either of these documents to the Department. In the absence of these documents, which AccentCare relies upon as evidence that its application satisfies the structure and process of care review criteria, the Department cannot perform an evaluation of whether the application does in fact satisfy the criteria.

3. Conclusion.

AccentCare acknowledges that five of its hospice agencies "received condition-level findings" during the period from 2019 through 2021. In order to determine whether AccentCare's application satisfies the structure and process of care review criteria, the Department must conduct a fully-informed evaluation of whether AccentCare has provided "clear, cogent and convincing evidence" that AccentCare's proposed Spokane County hospice agency, as well as AccentCare as an organization, can be operated "in a manner that ensures safe and adequate care, and conforms to applicable federal and state requirements." However, as discussed above, AccentCare has not provided such evidence. Accordingly, AccentCare's application does not satisfy the structure and process of care criteria set forth in WAC 246-310-230(3) and (5).

C. There are significant questions regarding the sufficiency of the services to be provided by AccentCare's medical director given that (1) he will only be providing one hour of services per week and (2) he will apparently be based in Illinois.

There are significant questions regarding the sufficiency of the services to be provided by AccentCare's medical director for the proposed Spokane County hospice agency. First, the medical director is only required to provide one hour of services per week to the agency. Second, the medical director is also serving as the Chief Medical Officer of AccentCare's Seasons Hospice unit, and, in that position, will be based in Illinois. This raises concerns with respect to both (1) the reliability of AccentCare's financial projections under the financial feasibility criterion and (2) the reliability of AccentCare's FTE projections under the structure and process of care criterion.

Dr. Balakrishnan Natarajan has been identified as the proposed medical director for AccentCare's proposed Spokane County hospice agency. Dr. Natarajan also serves as "the Chief Medical Officer of Seasons Hospice," which is a hospice unit owned and operated by AccentCare. It appears that he will be based in Illinois, not Washington: the Medical Director Agreement submitted by AccentCare identifies his address as being in Illinois.

Dr. Natarajan will only be providing one hour of medical director services per week to the Spokane County hospice agency. The Medical Director Agreement states: "Physician shall provide approximately 1 hour of Medical Director Services per week, which may vary from week to week." AccentCare confirmed the one hour per week figure in its response to a screening question asked by the Department: "The proposed Medical Director contract for AccentCare Spokane provides for the minimum required time for this position, estimated at one hour per week, and to perform the minimum necessary administrative services."

The fact that Dr. Natarajan will only be providing one hour of services per week to AccentCare's Spokane County hospice agency raises significant questions regarding the sufficiency of the medical director services that will be provided to the agency. One hour of services per week is equal to only 0.025 FTE per year. AccentCare's FTE projection for the medical director position in each of the first three full years of operation is 0.030 FTE per year, suggesting that AccentCare has rounded up from 0.025 per year.

Of additional concern is the fact that the "Medical Director Services" to be provided by Dr. Natarajan include the following requirement: "Prior to a Patient's third and subsequent recertifications, Physician shall ensure a face-to-face encounter with the Patient to gather clinical findings that support continued hospice care and also attest that such a visit took place, all in the manner required under Applicable Laws." Given that Dr. Natarajan will only be providing one hour of services per week, there are questions as to his ability to engage in the required "face-to-face encounters" in view of (1) the volume of patients and (2) his other duties.

Accordingly, there are legitimate concerns regarding the sufficiency of the medical director services to be provided by Dr. Natarajan to AccentCare's proposed Spokane County hospice agency. These concerns in turn raise issues with respect to the reliability of AccentCare's FTE projections for the medical director position and of its concomitant financial projections.

AccentCare Rebuttal to Providence

Providence overreacts to a few survey deficiencies among a large group of Joint Commission certified hospice agencies. While five Seasons hospice agencies received condition-level findings during the 2019-2021 timeframe, that is only __% [sic]*of the total hospice agencies operated by AccentCare and does not rise to the level of a pattern of condition-level findings." See page 90 of the application in response to question 21 regarding condition-level findings. The Joint Commission (TJC) accreditation is the highest standard any hospice can be held to. TJC has considerably more standards/evidence of performance than other accrediting agencies for Hospice such as CHAP (Community Health Accreditation Partner.) For example, TJC crosswalk to CMS Conditions of Participation (COP) is a 214-page document, compared to the CHAP crosswalk with 84 pages. In support of their "state of the art" standards [this is how TJC describes their standards on their website], they use a "see one-cite one" approach. This means if they review 20 patient records and if a single incident in a single record is noted, they will give a standard citation on that documentation area. If more than one patient record is noted or more than one incident in a single patient record is noted, they will upgrade the standard to a condition level. That means that documentation from a single hospice employee on a single patient can lead to a condition level deficiency. This is not related to patient care but to documentation of that care. Joint Commission surveyors consistently tell Seasons Hospice staff that patient care witnessed at the bedside during*

survey visits is "excellent", "inspiring", "wonderful", and that patients and families interviewed by TJC express extreme satisfaction with the care we provide.

The statement that there is "a pattern of condition-level findings" is erroneous. Citations may indicate that there was insufficient documentation to accurately reflect the care provided, but that is the only conclusion that can be drawn. TJC allows 60 days to work a plan of correction for any standard citation and 45 days for any condition level deficiency to be resolved. Seasons Hospice programs have successfully cleared every standard and condition level deficiency within the time frames provided by TJC, demonstrating ongoing commitment to providing the highest quality care to each and every patient/family served and compliance with the conditions of participation in the Medicare and Medicaid programs.

.....

"The explanations and information provided by AccentCare with respect to the condition-level findings are not sufficient to enable to Department to determine whether AccentCare's application satisfies the structure and process of care criteria."

Response: The above statement is false. As addressed in the Screening Response and page 90 of the application, AccentCare provides adequate explanation and information with respect to the condition-level findings. AccentCare confirms that a quality review did not disclose a pattern of condition-level findings that would jeopardize the delivery of safe and adequate care and provides plans of correction where applicable.

.....

"AccentCare has not identified which of the survey findings for the five hospice agencies (1) are condition level-findings and/or (2) are findings relating to "documentation inconsistencies."

Response: As stated in the Screening Response, five Seasons hospice agencies received condition-level findings during the timeframe of 2019-2021. To exhibit adherence to quality standards and timely interpretation of corrective action plans, a quality review was conducted which did not disclose any pattern of condition-level findings. A root-cause analysis revealed documentation inconsistencies as a primary basis for citations in routine surveys. As a corrective measure, SHCM invested in changing the EMR platform to a system that prevents such documentation inconsistencies to better reflect the high quality of care clinicians routinely provide.

.....

"AccentCare has not provided either (1) the 'quality review' that purportedly demonstrates that there is not a pattern of condition-level findings at the five AccentCare hospice agencies or (2) the 'root cause analysis' which purportedly demonstrates that 'documentation inconsistencies' are 'a primary basis for citations in routine surveys."

Response: As stated in the Screening Response, for transparency, the surveys used to conduct the quality review and root-cause analysis are provided in Exhibit 25 of the application.

.....

"There are significant questions regarding the sufficiency of the services to be provided by AccentCare's medical director given that (1) he will only be providing one hour of services per week and (2) he will apparently be based in Illinois."

Response: These concerns are addressed in the Screening Response.

Although the proposed Medical Director resides in Illinois, he is licensed in the State of Washington and will direct the program by providing in person site visits and interacting remotely in between site visits.

The proposed Medical Director contract for AccentCare Spokane provides for the minimum required time for this position, estimated at one hour per week, and to perform the minimum necessary medical administrative services.

The proposed Medical Director, Dr. Natarajan, serves a medical administrative role as specified in Exhibit A of the Medical Director Agreement (found in Exhibit 17 of the application). Responsibilities include participating in monthly leadership and quality meetings, providing quality oversight and medical expertise, supervising team physicians, establishing relations with the medical community, assist in developing education and research programs, and performing other administrative duties as necessary.

The applicant believes that 1 hour per week is the minimum commitment required to provide these administrative services. This is consistent with the experience of other Seasons hospice agencies in operation and meets the conditions of participation for Medicare and Medicaid services.

In addition to the administrative role, the Medical Director may also become a contract provider for patient care. (See the Physician Independent Contractor Agreement, provided in Exhibit 17 of the application). Furthermore, Exhibit 17 includes Dr. Balakrishnan Natarajan's credential verification (MD61027396) for the State of Washington confirming eligibility for these roles.

Department Evaluation

AccentCare, Inc. owns and operates a total of 111 in home services agencies in 27 states. The table below shows the breakdown of type by state.

Department's Table 26
AccentCare, Inc. Hospice or Home Health Agencies

State	# of Agencies	State	# of Agencies
Arizona	1	Missouri	1
California	17	Nebraska	1
Colorado	3	Nevada	1
Connecticut	1	New Jersey	1
Delaware	1	New Mexico	1
Florida	9	Ohio	1
Georgia	4	Oklahoma	1
Illinois	2	Oregon	2
Indiana	2	Pennsylvania	5
Maryland	1	Tennessee	7
Massachusetts	3	Texas	41
Michigan	2	Virginia	1
Minnesota	3	Wisconsin	1
Mississippi	4	Missouri	1

If this project is approved for Spokane County, it would be the applicant's third approved hospice agency in Washington State. Below is a summary of the two areas reviewed for AccentCare, Inc. and its healthcare facilities.

Terminated Provider Counts Report
Focusing on years 2019 through 2022, none of AccentCare, Inc.' healthcare facilities were involuntarily terminated from participation in Medicare reimbursement.

Conformance with Medicare and Medicaid Standards

In Home Service Agencies
Focusing on years 2019 through 2022, of the 111 in home service agencies, a total of 21 were not surveyed during the timeframe—10 hospice agencies and 11 home health agencies. The 90 agencies surveyed resulted in a total of 181 surveys. Of these, 22 surveys resulted in minor deficiencies that required follow up visits, 19 surveys resulted in minor deficiencies that required no follow up visits, and two resulted in condition-level deficiencies that were resolved on follow-up. All agencies are in conformance with CMS standards at this time.

AccentCare provided a thorough rebuttal to Providence's discussion of AccentCare's quality of care history. The department reviewed AccentCare's response, as well as the survey information provided in the AccentCare application in combination with the quality of care review above and does not conclude that a pattern of care sufficient to warrant denial of this project has been demonstrated

AccentCare, Inc. identified the physician that would provide medical director services: Balakrishnan Natarajan, MD. Using data from the Medical Quality Assurance Commission, the department confirmed that the physician holds an active medical license with no enforcement actions.

Given that AccentCare, Inc. would be establishing a new agency, no other staff have been identified. If this project is approved, the department would attach a condition requiring the applicant to provide the name and professional license number to the CN program prior to providing Medicare and Medicaid hospice services in Thurston County.

In review of this sub-criterion, the department considered the total compliance history of AccentCare, Inc. organization. The department also considered the compliance history of the proposed Medical Director who would be associated with the agency. Based on the information reviewed, the department concludes that AccentCare, Inc. has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's establishment of a hospice agency in Washington State would not cause a negative effect on the compliance history of AccentCare, Inc.. The department concludes that this project **meets this sub-criterion.**

The Pennant Group, Inc.
Pennant's response to this sub-criterion is also used to evaluate the sub-criterion under WAC 246-310-230(5). When asked to identify whether any facility or practitioner associated with this application has a history of actions which relate to non-compliance with federal and/or state laws,

and if so, to provide evidence that ensures safe and adequate care to the public will be provided; Pennant provided the following statements.
"*Neither Orchard Prairie, Cornerstone, nor Pennant have any history of criminal convictions, denial or revocation of license to operate a health care facility, revocation of license to practice a health profession, or decertification as a provider of services in the Medicare or Medicaid program. Further, they have never been adjudged insolvent or bankrupt in any state or federal court. And, none have been involved in a court proceeding to make judgment of insolvency or bankruptcy with respect to the applicants.*" [source: Application, p35]

Pennant provided the following statements and discussion regarding its proposed assessment for training quality staff, customer satisfaction, and quality improvement. [source: Application, pp32-33]
"While this is not an existing agency, all Cornerstone hospice agencies (and home health agencies) have a method for assessing customer satisfaction and quality improvement. Each of these agencies has a robust process to ensure Federal, State and local guidelines for customer satisfaction and quality improvement are met.

Customer Satisfaction is a critical element for our quality program and reflects the patient and family experience. We partner with Strategic Healthcare Programs (SHP) for this process. SHP mails the Consumer Assessment of Healthcare Providers and System (CAHPS) survey to the appropriate designee identified by our electronic medical record (EMR) system vendor, Home Care Home Base (HCHB), and collects the data from the responses. Those responses are then summarized into useable data for use in interdisciplinary meetings (IDG) and quality assurance/performance improvement (QAPI) programs to address customer perceptions and improve community relationships.

To help drive our quality improvement, we have partnered with SHP. Through SHP we are able to view our quality metrics in real time. We also utilize partnership with HCHB to provide data and reporting based on direct patient contact and the patient record. These partners combined with our processes related to IDG meetings and QAPI programs drive patient satisfaction and quality improvement and help build a reputation within our communities of being a hospice provider of choice.

Accurate documentation is a critical necessity that is supported by our internal compliance department and agency leadership with regular review intervals. HCHB helps ensure we have all required documentation at the initiation of service and subsequent visits in areas such as Hospice Item Set (HIS) information, Symptom Management, and Service Intensity. HCHB is integrated with SHP to help us develop trends related to Hospice Quality Reporting Program (HQRP) elements. HCHB also provides an avenue to document opportunities for improving on avoidable events in areas like infection control, patient complaints, falls, and medication errors. We can then use this information to help focus the discussion in our IDG meetings and to drive areas of improvement in our QAPI programs.

Quality improvement is largely driven by our IDG. The main purpose of our IDG meeting is to bring together key hospice professionals to review and discuss the hospice needs for each individual patient and their family. We mentioned above, individualized care plans help drive the best patient

outcomes. The IDG also establishes policies governing the day-to-day provision of services, which include agency programs to ensure our clinicians are skilled in providing hospice care.

Lastly, our QAPI program is designed to drive great patient outcomes. Our QAPI program will be regularly reviewed by our leadership team and our governing body. More frequency reviews of performance improvement projects (PIP) developed through our QAPI program occur in the IDG meeting. One of the main purposes of our QAPI program is to measure, analyze and track quality indicators to drive the best quality outcomes and patient satisfaction possible."

There were no public comments or rebuttal comments provided under this sub-criterion for this applicant.

Department Evaluation

Below is a summary of the two areas reviewed for Pennant.

As stated in the Applicant Description section of this evaluation, Pennant owns Cornerstone Healthcare, Inc., which in turn, owns Orchard Prairie Healthcare, LLC., a Washington State foreign limited liability company. Orchard Prairie Healthcare, LLC. operates Manito Hospice. Based on the ownership structure, Pennant is the applicant for this project.

Pennant offers several post-acute lines of service, which includes in-home care through its subsidiary Cornerstone Healthcare, Inc., and senior living communities through its subsidiary Pinnacle Senior Living LLC.

Pennant operates through its subsidiaries 10 home care agencies, 44 hospice agencies, 37 home health agencies, 4 physician groups, and 2 therapy groups nationally. Since the proposed project is for hospice services, the focus of this review will be hospice and home health operations as they are either the same or functionally the most similar to the services proposed in this project. The table below shows the total of 81[22] Pennant-owned home health or hospice agencies broken down by 14 states.

Department's Table 27
Pennant's Cornerstone Home Health or Hospice Agencies

State	# of Agencies	State	# of Agencies
Arizona	16	Oklahoma	2
California	13	Oregon	3
Colorado	3	Texas	13
Idaho	6	Utah	8
Iowa	2	Washington	8
Montana	1	Wisconsin	2
Nevada	2	Wyoming	2

[22] This count includes six recent acquisitions by Pennant.

Terminated Provider Counts Report for Cornerstone Healthcare, Inc.
Focusing on full years 2019 through 2021 and partial year 2022, none of Pennant's hospice or home health agencies were involuntarily terminated from participation in Medicare reimbursement. [source: CMS Quality, Certification, and Oversight Reports as of August 3, 2022]

Conformance with Medicare and Medicaid Standards for Cornerstone Healthcare, Inc.
Using the Center for Medicare and Medicaid Services (CMS) Quality, Certification & Oversight Reports (QCOR) website, the department's review included full years 2019 through 2021 and partial year 2022 for all 14 states.

Of the 81 agencies, 19 were not surveyed during the timeframe identified above. Of the remaining 62 agencies, 35 had one or more surveys with no deficiencies and 17 had minor deficiencies that required no follow up survey. For the remaining 10 agencies, all required one or two follow up visits and reported in compliance.

Washington State Healthcare Agencies
Focusing on its Washington State facilities, Pennant subsidiaries operate a total of eight separate agencies in the counties of Asotin (2), Benton (1), Pierce (3) Snohomish (2). All eight agencies were surveyed, and four agencies had no deficiencies and the other four agencies had minor deficiencies with no required follow up survey.

In summary, since year 2019, none of Pennant's home health or hospice agency surveys resulted in termination from participation; and all deficiencies were resolved through plans of correction and/or follow-up survey.

Pennant provided a copy of the executed Medical Director Service Agreement between Elizabeth Black, MD, and Orchard Prairie Healthcare LLC. Using data from the Medical Quality Assurance Commission, the department found that Dr. Black is compliant with state licensure and has no enforcement actions on her license.

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

In review of this sub-criterion, the department considered the total compliance history of the Pennant organization, and the facilities it owns and operates. The department also considered the compliance history of the proposed medical director that would be associated with the agency. The department concludes that Pennant has been operating in compliance with applicable state and federal licensing and certification requirements. The department also concludes there is reasonable assurance that the applicant's establishment of a new hospice agency in Washington State would not cause a negative effect on the compliance history of Pennant. If this project is approved, the department would attach a condition requiring the applicant to submit a list of its credentialed staff including full name and license number, prior to providing newly approved services. With the applicant's agreement to this condition, the department concludes **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.

Chapter 246-310 WAC 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 projects of this type and size. Therefore, using its experience and expertise the department assessed the materials in each application.

In addition to documents provided in the application and screening responses, the public's interest in a community's access to a specific service may be raised during the review. If the topic raised is related to the program's review criteria, the information may inform the department's decision. In this review, there was extensive public comment requesting each applicant provide clarification related to Washington State's Death with Dignity Act.[23] Under this sub-criterion, the department can assess whether applicants are able to maintain continuity of health services when services such as death with dignity are requested by a community.

The department does not, under this sub-criterion, have the authority to approve or deny an applicant on the basis that it does or does not directly provide death with dignity services. However, the department finds it important in order to promote continuity in the provision of requested services and to ensure that each applicant has a plan on how requested services would be provided directly, in-directly, or referred.

The department's evaluation of the death with dignity comments and rebuttal can be found for each applicant at this end of this sub-criterion.

MultiCare/PNW Hospice

In response to this sub-criterion, the applicant provided the following statements. [source: Application, pp34-35]

"PNW Hospice, as a subsidiary of the MultiCare, will promote continuity of care and help prevent fragmentation of services within Spokane County. Both Deaconess and Valley hospitals within Spokane County are part of MultiCare, and PNW Hospice will complement their provision of services across the care continuum. Without additional Hospice agencies, Spokane County residents in need of Hospice services will likely go without needed care. This would contribute to a fragmentation of healthcare services, where Spokane County families would be forced to either out-migrate or manage and plan the care for their members without assistance or coordination.

"PNW Hospice, as a subsidiary of MultiCare, will cooperate with all other MultiCare-affiliated hospitals. This includes the two local inpatient providers, MultiCare Deaconess and Valley hospitals.

In this regard, it should be noted that Valley Hospital received an "A" rating from The Leapfrog Group in late December 2020.8 Further, MultiCare has been received warmly in the community and we continue to improve access to care generally, quality of care, and community engagement

[23] Except for section 24 of the act. Which was effective on July 1, 2009. [see Revised Code of Washington 70.245]

"PNW Hospice will work to build on these relationships and establish new connections with planning area healthcare providers, as necessary."

AccentCare Public Comment – Oppose

"On page 34 of the application, PNW Hospice only identifies its affiliates within the MultiCare network as facilities with which it would establish working relationships. This ignores the importance of reaching out within the community to reach those in need that have not had the opportunities to access hospice care. Instead, it seeks to take market share from existing hospice providers that already serve patients of MultiCare facilities.

"On page 34, PNW Hospice states that "Both Deaconess and Valley hospitals within Spokane County are part of Multicare, and PNW Hospice will complement their provision of services across the care continuum." However, no mention is made of how continuity will occur between PNW Hospice and other non-affiliated providers. Furthermore, existing hospices that currently receive referrals from Multicare facilities will be impacted if PNW Hospice diverts patients away from them. Therefore, fragmentation will occur.

On page 34, PNW Hospice confirms again that it "will cooperate with all other MultiCare-affiliated hospitals." While it states to build on those relationships to establish new connections, as necessary, no information is provided anywhere within the application that documents a plan to connect with other providers outside the MultiCare Health System. This does not benefit the health care system as a whole, but rather creates barriers and limits choice among the patient population being served by MultiCare."

MultiCare Rebuttal to AccentCare

"AccentCare, in its public comments, argues that PNW Hospice will not provide improved access to Spokane County residents. This criticism is echoed multiple times within its public comments; however, AccentCare offers no evidence for this claim other than recasting and misrepresenting statements made by PNW Hospice in its application and screening responses and declaring the information provided insufficient. The statements by AccentCare include:

1. *"On page 34 of the application, PNW Hospice only identifies its affiliates within the MultiCare network as facilities with which it would establish working relationships. This ignores the importance of reaching out within the community to reach those in need that have not had the opportunities to access hospice care. Instead, it seeks to take market share from existing hospice providers that already serve patients of MultiCare facilities."*
2. *"However, no mention is made of how continuity will occur between PNW Hospice and other non-affiliated providers. Furthermore, existing hospices that currently receive referrals from MultiCare facilities will be impacted if PNW Hospice diverts patients away from them. Therefore, fragmentation will occur."*
3. *"…no information is provided anywhere within the application that documents a plan to connect with other providers outside the MultiCare Health System. This does not benefit the health care system as a whole, but rather creates barriers and limits choice among the patient population being served by MultiCare."*

….

AccentCare's arguments quoted in statements 1-3 claim MultiCare's proposed project will take market share from existing providers and funnel patients from MultiCare's hospitals to PNW Hospice. However, this argument reflects a misunderstanding of the statements presented in our application. As stated in the MultiCare screening responses, "Both Deaconess and Valley hospitals within Spokane County are part of MultiCare, and PNW Hospice will complement their provision of services across the care continuum." This in no way suggests MultiCare plans to funnel patients who would have otherwise received hospice services away from existing providers and towards PNW Hospice. The question of capturing market share from existing providers has arisen in prior Department hospice agency decisions. From its evaluation of CN20-33:

> *"Envision Hospice of Washington criticized the utilization assumptions and asserted that Bristol Hospice should have taken into account the market shares of the existing agencies in Thurston County. While this approach could be considered reasonable, it is not a requirement for a hospice project because the numeric methodology already factors in the existing providers prior to determining need for another agency."*

Thus, the argument from AccentCare that PNW Hospice plans to funnel hospice patients away from existing providers relies on a misreading of MultiCare's statements and is not consistent with prior Department decisions. Put simply, the existence of numeric need is justification enough that PNW Hospice will not adversely affect the market shares of existing providers. Furthermore, documented connections to existing planning area providers does not "ignore the importance of reaching out within the community," and the absence of those connections is not an advantage as AccentCare suggests. We note the public comments submitted by planning area providers which emphasize the importance of MultiCare's multidisciplinary and integrated health delivery system and how continuity of care can help minimize delays in receiving hospice services at the end of life..

Department Evaluation

For this proposed service area expansion project, MultiCare identified potential referral sources, detailed its existing area relationships and network, discussed its broader state-wide success in improving the care continuum, and provided a recent example of its affiliate using similar relationships to help community members access services. Certificate of Need evaluations also consider any public comments submitted during a review.

AccentCare commented that MultiCare's listing of proposed ancillary and support services providers is limited to MultiCare's existing network of affiliates and does not indicate that it will benefit patients and providers outside that network. The department notes that in rebuttal, MultiCare has interpreted AccentCare's comment as only a concern about market share. On the contrary, it appears that AccentCare contends that MultiCare has not explained how the proposed hospice agency "*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"* in accordance with WAC 246-453-230(1).

In its rebuttal, as well as earlier submissions, MultiCare detailed its existing area relationships and network and provided letters of support from some area healthcare providers not directly affiliated with MultiCare that expressed a desire to have MultiCare as an option for patient referral.

Given that MultiCare does not currently provide hospice services in Spokane County, the applicant provided a listing of potential referral sources for its proposed hospice agency and submitted statements assuring that referral sources would be sought in the county. The department also notes that MultiCare is an established provider of other healthcare services in the planning area and adjacent counties.

Although these factors are a part of the basis confirming this sub-criterion, the department takes into consideration its own analysis and conclusions on this project related to WACs 246-310-210 and -220. With failures in WAC 246-310-220(1) and (2), the department concludes there is no reasonable assurance that approval of this this project would promote continuity and avoid unwarranted fragmentation in the provision of health care services in Spokane County. This sub-criterion is not met.

Providence Health & Services-Washington dba Providence Hospice Spokane

Providence provided the following statements regarding hours of operation and patient access to services outside of the hours of operation. [source: Application, p43]

"The intended hours of operation will be from 8:00 a.m. - 4:30 p.m. daily for regular office hours, with 24/7 access to nursing and other hospice services, including nursing visits.

"During the hours of 4:30 p.m. – 8:00 a.m., patients and families who call the main number will speak with a Providence Hospice Spokane nurse who will triage the call, either helping the patient/family over the phone or sending a nurse to the patient/family based on their needs. Providence Hospice Spokane will contract with Total Triage for back-up service. If all our nurses are on calls or making visits, a Total Triage nurse will assist the patient or family over the phone and escalate the situation to our nursing staff if further assistance or a visit is needed. We also have social worker, chaplain, physician, and administrator on-call services during this time."

Providence also provided the following statements in response to this sub-criterion. [source: Application, p48]

"Avoiding fragmentation in care delivery is a key reason why Providence Hospice Spokane is requesting a certificate of need to provide hospice services to Spokane County residents. Providence has a long history of providing exceptional inpatient and specialty care in the Spokane County planning area and also has a long history of working with existing local providers. Linking hospice services provided by Providence Hospice Spokane to existing planning area health care facilities, providers, caregivers, and other community organizations will help promote continuity of care.

In addition, Providence employs a state-of-the-art Epic electronic health record system, having established Epic in most care settings, including bringing hospice agencies and other entities administered by Providence Home and Community Care onto the same Epic instance. This is a highly significant differentiator in the hospice care space. This places Providence Hospice Spokane in a position to ensure continuity of care, avoid fragmentation of care and the unnecessary duplication of services, create opportunities to improve quality of care, and improve communication among providers and also between providers and patients. Epic allows the use of one medical record to follow the patient through the entire continuum of care."

AccentCare Public Comment – Oppose

On pages 45-48, Providence identifies its own hospitals, nursing home, and physician groups as the primary facilities with which it will establish relationships. Therefore, existing hospices within Spokane that rely on Providence facilities for referrals will be impacted by the proposed Providence Hospice, creating duplication of service. A new provider such as AccentCare Spokane, unaffiliated with a major health system, would allow competition to occur with minimal impact on existing hospice programs.

On page 49 Providence reiterates that since the Numeric Need Methodology results in need for 1.3 hospice agencies in Spokane County, the proposed project would not result in a duplication of services. However, as stated previously, diverting referrals from existing hospices to an affiliate, Providence Hospice, limits choice within the Spokane community and upsets referral patterns. Respectfully, given the religious nature of the organization, residents wishing to take advantage of the Death with Dignity law are not assured access to physician assisted death when directed to Providence Hospice. Providence Health System and its network of providers that currently refer patients to hospice will upset the balance and will change the relationships that existing hospices have within the Spokane community.

Department Evaluation

Given that Providence does not currently provide hospice services in Spokane County, the applicant provided a listing of potential referral sources for its proposed hospice agency and submitted statements assuring that referral sources would be sought in the county. This approach is acceptable for a new provider in a county.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and 230. The department concluded this application was compliant with the need criterion under WAC 246-310-210 and the financial feasibility criterion under WAC 246-310-220. The application is also consistent with the previous sub-criterion addressed in the structure and process of care under WAC 246-310-230.

AccentCare, Inc.

AccentCare provided the following statements regarding this sub-criterion. [source: Application, pp88-89]

"The application requires a certificate of need in order to implement a hospice program. Persons who receive a physician-determined terminal prognosis may qualify for hospice for end of life care. Some individuals also may elect home health agency care.

"Under the hospice benefit and program of care, the hospice's interdisciplinary team coordinates a range of palliative care and provides patient and family support for end of life care. The patient's attending physician participates with the hospice medical director and the interdisciplinary team, of which the patient and family belong, to identify the services that will maintain comfort for the patient based on his or her terminal diagnosis.

"AccentCare Spokane's plan for general inpatient care requires contracts with nursing homes to serve as the short-term placement of the patient to stabilize the patient and control symptoms, including medicinal management, so that the patient attains a level of comfort and returns home. Nursing homes also provide the family with respite care, caring for the patient for a brief stay, so

that the family caregiver has a break from daily care of the patient. A sample copy of a nursing facility services agreement is found as Exhibit 6.

"AccentCare Spokane intends to work with nursing homes and assisted living facilities that are residences of patients enrolled in the hospice program. These facility residences also have staff that provide services to those who reside within them. AccentCare Spokane's training program for nursing home and assisted living facilities' employees explains the roles and responsibilities, the accountability for care, and defines the roles of the facility staff and that of the hospice staff. The result in cooperation and avoidance of duplication while ensuring care for the hospice patients.

"In the proposal, another specialty population subgroup are the homeless. AccentCare Spokane's commitment to this group requires cooperation and coordination with agencies and advocates that serve the homeless, as well as hospitals and emergency departments that also may encounter the homeless. Promotional materials and direct outreach to hospitals, fire departments, police departments and advocacy groups about the program acts as a coordination hub for assuring that homeless persons do not die alone. The homeless program provides housing vouchers and other means to provide a qualifying home with caregiver so that hospice services can be provided to them..

"AccentCare Spokane's Inclusive Initiative develops diversity councils to identify impediments for those groups to hospice services, and to create pathways to remove them. Volunteers with hospice employees staffing the councils work cooperatively within and across the broader communities within the county to provide appropriate and sensitive materials that address those identified factors that can be overcome. Ways of outreach, such as community meetings, church visits, special programs, revised or newly developed educational materials, expand how minority groups can reach out to hospice. One important lesson learned from other states is to diversify the workforce so that the workforce's diversity reflects the broader community's makeup .

"Hospitals are often the place where case identification occurs for end of life prognosis. The hospice social workers share information with hospital discharge planners and patient advocates about the program and services, and explain that AccentCare Spokane's staff will make assessment visits 24 hours a day, seven days a week. The ability to interact with the patient and family and provide assessments with care and compassion relieves the hospital of longer stays.

"AccentCare Spokane targets community physicians to provide CEUs and other information about hospice, informing them of the benefits the hospice provides and the services. Information regarding how to open communication about palliative care and end of life care equips the community physicians with the material to engage in productive communication with the patient and family. AccentCare Spokane's assessment team or other personnel offer the community physicians to pursue palliative care discussions and planning for end of life care."

Department Evaluation

Given that AccentCare, Inc. does not currently provide hospice services in Spokane County, the applicant provided a listing of potential referral sources for its proposed hospice agency and also submitted statements assuring that referral sources would be sought in the county. This approach is acceptable for a new provider in a county.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and 230. The department concluded this application was compliant with the need criterion under WAC 246-310-210 and the financial feasibility criterion under WAC 246-310-220. The application is also consistent with the previous sub-criterion addressed in the structure and process of care under WAC 246-310-230. Based on the information above, the department concludes that approval of the AccentCare, Inc. project would not result in unwarranted fragmentation of hospice services in the planning area.

The Pennant Group, Inc.

The applicant provided the following list of referral relationships already established by its affiliates and additional information related to this sub-criterion.

Applicant's Table

Some of the referral relationships include but are not limited to:

MultiCare Valley Medical Center	MultiCare Deaconess Hospital
Life Care Solutions	St. Lukes Rehabilitation Hospital
Gardens on University	Department of Veterans Affairs
Avalon Care Center at Northpointe	Providence St. Joseph Care Center
Providence Holy Family Hospital	Spokane Ear and Nose Clinic
Mann-Grandstaff VA Medical Center	Providence Spokane Heart Institute
Providence Sacred Heart Medical Center	

[source: Application, p34]

"*Much like Community Health Assessment, we are committed to collaboration, data-driven communitive, community engagement and observation. Manito Hospice plans to establish continuity in the provision of health care services by aligning with hospitals/health systems and the post-acute care community to improve access to care for Spokane County residents. Manito Hospice will build relationships with assisted living facilities* [sic] *and adult family homes to help provide and advocate for the continuity of services. Relationships and partnerships will also be established with home health agencies in Spokane County. We do not anticipate any fragmentation of service, as we view all of these relationships as critical to the care continuum for patients in the county*

"Manito Hospice will build strong relationships with existing healthcare systems in Spokane County and surrounding counties. We will work closely with community partners, local hospital systems, private duty providers, physicians, and in home care physiciain [sic] *groups. In fact, as mentioned above, Cornerstone's operational model is for each agency to engage in and seek market-specific care and opportunites* [sic] *within each county services are available. This is best accomplished through partnerships with other health care providers. This partnership takes many forms, including sharing of coordination of care, assisting and coordinating appriopriate* [sic] *admissions, mutually driven quality outcomes, preventing hospital readmissions, and patient satisfaction* [sic].

"*With the addition of providing hospice care in Spokane County, Orchard Prairie will be able to provide more care along the spectrum of post-acute care as we build relationships with community partners in hospitals, physician networks, skilled nursing facilities, assisted living facilities, group homes, homeless shelters or home settings. This will allow us to provide patients with the right care, in the right place, at the right time. Orchard Prairie's proposal set out in this application will demonstrate that Manito Hospice is uniquely situated to provide exceptional hospice care in Spokane County.*" [source: Application, p7]

Pennant provided the following information regarding hours of operation and patient access to services outside the hours of operation. [source: Application, p32]
"*Manito Hospice's office hours of operation will be 8 am to 5 pm, Monday through Friday, however, we will provide hospice services 24 hours a day, 7 days a week. Manito Hospice admissions packet will include instructions to the patient and family/caregiver as to how to reach the agency at all hours. During non-business hours, Manito Hospice's main phone number will be rolled to an on-call phone. This phone will be assigned to an on-call nurse.*

"If the on-call nurse does not answer (extraneous circumstance), the outgoing message will instruct the client/caregiver to call the nurse administrator on-call if no return call occurs within 15 minutes."

Department Evaluation
Given that Pennant does not currently provide Medicare and Medicaid hospice services in King County, the applicant provided a listing of potential referral sources for its proposed hospice agency and also submitted statements assuring that referral sources would be sought in the county. This approach is acceptable for a new provider in a county.

To evaluate this sub-criterion, the department also considers its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and 230. The department concluded this application was compliant with the need criterion under WAC 246-310-210 and the financial feasibility criterion under WAC 246-310-220. The application is also consistent with the previous sub-criterion addressed in the structure and process of care under WAC 246-310-230. Based on the information above, the department concludes that approval of the Pennant project would likely not result in unwarranted fragmentation of hospice services in the planning area.

Additional Access to Care Comments-Death with Dignity Topic Related to All Four Projects
During the review of these four projects, the department received public comments under this sub-criterion regarding the availability of 'Death with Dignity[24]' options in Spokane County. While each letter provides a different perspective, all letters urge consideration of patient choice for end of life options that may include those allowed in the Death with Dignity Act. Below are representative excerpts from the letters received.

Cindy Nover, resident of Spokane County - Public Comment Directed at all Applicants

"Care of the Underserved and Elderly
As the rule clearly states, numeric need is only part of the Department's consideration of "need." An applicant must also demonstrate that it will address the needs of all residents and particularly, low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly. Without any doubt, most hospice patients fit in one or more of these categories:

- *The majority are elderly women, many of whom have lower than average incomes, and many are disabled by their terminal illness.*

[24] Washington State's Death with Dignity Act has been in effect since March 5, 2009, except for section 24 that was effective July 1, 2009. [Revised Code of Washington 70.245]

● *And, as data show, 90% of Washington residents electing Death with Dignity are hospice patients. The required physician's assurance that access to Death with Dignity is clinically appropriate for an individual further emphasizes the vulnerability of those hospice patients.*
● *Furthermore, recent testimony to the Washington legislature regarding a bill to improve timely access to Death with Dignity provided extensive documentation that many hoping to access its benefits have died before the required waiting period expired.*
● *That, coupled with Washington's below average hospice length of stay compared to national average provides further evidence that terminally ill persons in Washington are a group that is underserved. The fact that a quarter of those persons die within a week of hospice admission certainly underscores the difficulties many have in obtaining reasonable access to hospice care.*

"Yet, based on the information available, Table 1 below shows that none of the hospice patients in Spokane County have access to information and support from their existing hospice providers regarding Death with Dignity. Keep in mind that hospice patients must trade their curative care for palliative hospice care and most give up their own primary care physicians as their care is overseen by hospice medical directors. It has become apparent that most of these vulnerable Spokane County residents are not being informed that election of the hospice benefit also means they relinquished their access to information about and/or support from their hospice in any future effort to benefit from Washington's Death with Dignity law.

We believe that a hospice refusing or neglecting to inform a vulnerable person being admitted to hospice care whether they will support a patient's access to Death with Dignity ignores two important aspects of healthcare need:

1. *The patient's right to respect and dignity*
2. *The patient's right to informed consent*

"And, while these attributes of a hospice's patient care are also part of its compliance with the Structure and Process of Care Criteria, they are an inextricable aspect of the healthcare needs of all elderly, female, low income, disabled and disadvantaged hospice patients in Spokane County – and, who, by virtue of imminent death, are all disadvantaged individuals.

"Dignity: Washington Law includes Human Dignity as a Patient Right
"Respecting the dignity of the human person prohibits a person from being treated as an object. Yet, Washington's religious providers clearly state their organization's primary mission is to offer witness to the power of a deity through their provision of care to vulnerable persons - even if that care ignores patients' personal beliefs or documented decisions. By using healthcare services as a means for proselytizing, these providers make the patient's dignity a lower priority than those entities' religious practices undertaken as a demonstration or "witnessing" of the value of or relationship to a deity. By placing this mission above the dignity of the patient, a religious provider allows itself to feel justified in denying the last wishes of a terminally-ill person."

Bailey Hall, Spokane area resident and medical student
"We cannot deny the fact that in 2008 voters exercised their right to make Death with Dignity legal and accessible in Washington. In Spokane County, over 50% of the electorate voted in favor of this legislation, yet 14 years later, zero of the existing hospice programs in Spokane county support patient access to Death with Dignity.

I am not writing to fight for legislation because that has already been done. Layers of safeguards are in place to ensure that patients are competent and protected against any coercion, but, if you ask me, institutions that withhold their policy on Death with Dignity are coercing their patients. Witholding [sic] *information and access to legal care from those who do not share your same beliefs is not informed consent; it is a violation of another human being's autonomy, it is an immoral act. We must respect each patient's fundamental right to make deeply personal decicions* [sic]*based on his or her own beliefs. Ultimately, we need to ensure that medical standards are governing patient care.*
Not only am I advocating to protect my community and future patients, but I am also writing testimony because being deprived of information about, let alone access to, the Death with Dignity act is deeply personal for me and my family.
...
This is not a question of the Death with Dignity Act–this is a question of will our Department of Health take action to prevent the legal rights of patients from being any further limited. It is my position that all hospice applicants be transparent about their policies pertaining to the Death with Dignity act and that the Department of Health ensure that the proportion of hospice programs in Spokane county reflects the percentage of residents that voted in support of the Death with Dignity Act."

In addition to the letters referenced above, comments regarding Death with Dignity were also provided by some of the applicants during the public hearing.

MultiCare/PNW Hospice WAC 246-310-230(4)
MultiCare did not provide a Death with Dignity policy within the application, although it did provide a copy with its rebuttal comments.

MultiCare rebuttal to Death with Dignity public comments
"As discussed during the Public Hearing, MultiCare has had an End of Life policy since 2009 regarding patients' rights to direct their end of life care. We include the most recent version of this policy as Attachment 1 to these responses and will provide this policy to the Department to publicly post on its website.

"Furthermore, as stated by Dr. Van Fleet Green in the Public Hearing, MultiCare has supported Death with Dignity and works closely with End-of-Life Washington in an ongoing collaboration. We have several physicians who volunteer in both the consulting and attending roles. We nevertheless think it is important to mention that while we are supportive and collaborative with patient wishes on Death with Dignity, we are also mindful of this being an elective process for any healthcare provider who wants to participate. We are also committed to ensuring that all of the end-of-life treatment options are offered and available to hospice patients consistent with RCW 70.245.

"MultiCare's Death with Dignity policy, included as Attachment 1, allows MultiCare affiliated physicians to serve in the role of either Attending or Consulting physician as defined by and in accordance with Washington's Death with Dignity Act. Furthermore, MultiCare's Hospice staff may discuss Death with Dignity as a treatment option for terminally ill patients and provide resources about dispensing pharmacies and participating physicians."

Providence WAC 246-310-230(4)

"*In an attempt to suggest that Providence Hospice Spokane will not provide access to all residents of Spokane County, AccentCare and several members of the public claim that we will not care for patients who elect to exercise their rights under the Washington State Death with Dignity Act and, consequently, will allegedly not serve all patients in the County. This assertion is not only wrong, but is disturbingly misleading, and demonstrates a lack of understanding of the Providence health care system.*

The Providence system provides comprehensive hospice services to patients who consider, and ultimately elect to exercise their rights under, the Death with Dignity Act, and we have a clear policy to guide our caregivers in this situation. Contrary to the alarmist and inaccurate claims made in public comments, Providence Hospice Spokane will not abandon patients who exercise their rights under the Act and who remain under our care. We will continue to provide care and support to patients who request hospice services, regardless of their stated interest in seeking physician-assisted death.

…

In fact, on a regular basis the Providence health care system and its hospice agencies care for hospice patients who are exercising their rights under the Death with Dignity Act.152 While Providence Hospice Spokane staff will not prescribe or dispense medication, assist in the completion of paperwork, or be present at the time of administration of the medication, there are several ways in which Providence Hospice Spokane will continue to support our patients and their families. These will include:

• Engaging in discussions initiated by the patient with respect to physician-assisted death;

• Providing resources publicly available to the community, so that our hospice patients have appropriate access to those who can support them in their request, including informing patients that the End of Life Washington advocacy group can provide additional information;

• Providing the same level of hospice care, symptom management, and support as to any other patient and family;

• If the patient or their family requests a home visit following administration of the medication in order to address physical, emotional, and/or spiritual distress prior to the patient's death, or if there is a failed attempt and there are unmanaged symptoms, the hospice staff will assess the appropriateness of the request and make home visits to support the needs of the patient and/or of the family;

• Our hospice teams will, as they do in all cases, support the patient's family after the patient's death, including offering bereavement counseling and services.

Therefore, contrary to the claims of AccentCare and members of the public, patients who elect to exercise their rights under the Death with Dignity Act will have access to those services while in the care of Providence Hospice Spokane."

Providence did not provide a death with dignity policy within its application materials, although it did provide a copy of its "Policy on Care Through The End of Life: Responding to Requests for Provider-Hastened Death" as well as a selection of position statements from secular healthcare organizations on this topic

AccentCare WAC 246-310-230(4)

AccentCare provided a copy of its Medical Aid In Dying policy for Washington and four other states in Attachment 5 of its screening responses.

Medical Aid in Dying in California, Colorado, New Jersey, Oregon, and Washington

Stated policy: *It is the policy of this agency to provide reasonable and necessary care to patients, comply with the state requirements as they apply to end-of-life care, and support patients who may wish to avail themselves of their legal right to pursue medical aid-in-dying as their end-of-life option.*

This agency seeks neither to hasten nor to postpone death, but acknowledges that there are patients who may wish to avail themselves of their legal right, in applicable states, to pursue medical aid-in-dying as their end-of-life option. Regulatory Reference: CA - ABX2-15; CO - Proposition 106; NJ – A1054; OR – Ballot Measure 16

Stated purpose: *To guide staff on the specific state approved Medical Aid-in-Dying regulations which allow terminally ill, mentally capable state residents who are adults, 18 years or older, with a prognosis of six months or less the option to request from a medical or osteopathic physician, twice orally at least 15 days apart and once in writing, medication that they can choose to self-administer to shorten their dying process and bring about a peaceful death.*

AccentCare also provided extensive rebuttal to concerns about its participation in Death with Dignity:

"*…While the policy does include a summary of Washington's Death with Dignity Act, it also:*

• Confirms hospice staff will continue to provide the full suite of hospice care, regardless of a patient's election. This ensures patients are not denied hospice services if they elect medical aid-in-dying.

• Requires hospice staff to review a patient's desire for the election to ensure any contributing factors are addressed in the care plan. If, for example, a patient wants to move forward with a medical aid-in-dying election due to pain, the hospice team will make sure pain is being addressed as part of the plan of care while the patient's election and process moves forward.

• Confirms the hospice physician may serve as the physician participant in the patient's election. Hospice physicians are not prohibited from serving in this capacity.

• Confirms hospice staff may be present during a patient's administration. Staff are not prohibited from attending.

AccentCare supports a patient's election of medical aid-in-dying consistent with the Washington Death with Dignity Act. AccentCare ensures patients electing medical aid-in-dying have access to hospice care.

…

AccentCare utilizes both physicians and nurse practitioners to provide the hospice services. This helps AccentCare comply with WAC 246-310-230 (1) to ensure we have a sufficient supply of qualified staff to provide hospice care. There is no requirement that a hospice agency provide physicians to serve as the attending physician under the Death with Dignity Act. However, AccentCare supports patients' election of medical aid in dying per Washington law as described above and does not prohibit its physicians from participation. Additionally, as described above, the

Medical Director is able to provide training and support to Washington physicians with in-person site visits and interacting remotely between site visits."

AccentCare also provided a detailed matrix of responses to additional concerns of Cindy Nover that is not reproduced here.

The Pennant Group, Inc. WAC 246-310-230(4)

Pennant provided a draft Death with Dignity policy within the application. Below is an overview of the draft.

Death with Dignity Policy – Draft

Stated Purpose and Scope: *This policy provides direction to the Agency's employees and independent contractors, regarding Agency's decision not to participate in DWD related activities. Applies to all employees, independent contractors, and other persons or entities, including other health care providers while such individuals or entities are under the management or direct control of the Agency or while acting within the course and scope of any employment by, or contract with, the Agency.*

The policy provides the following information under the 'Participation in the DWD' section:

1. *Agency employees and contractors are prohibited from participating in activities outlined in the DWD while under the management or direct control of the Agency or while acting within the course and scope of any employment by, or contract with, the Agency.*
2. *Agency employees and contractors are prohibited from informing a hospice or home health patient or such patient's family, guardian, or agent, regarding the patient's participation in the DWD, and shall not refer an individual to a physician for the purpose of participating in activities authorized by the DWD.*
3. *Agency employees and contractors that participate in activities outlined in the DWD while under the management or direct control of the Agency or while acting within the course and scope of any employment by, or contract with, the Agency, or who otherwise act in violation of this policy, shall be subject to disciplinary action or termination of contract, as outlined below.*
4. *Agency will not prohibit any employee, independent contractor (including physicians), or other affiliated entity from participating in the DWD while such individuals or entities are acting outside the management or control of or the course and scope of any employment duties by, or contract with, the Agency. Should an employee, contractor, agent or other affiliated entity participate in DWD related activities outside of their employment/ affiliation with the Agency, such individuals or entities shall clearly identify his or her self to the patient, patient's family, and/or patient's agent and make clear the he or she is acting in a capacity that is not affiliated with the Agency.*

Pennant also clarified that this policy is used at all Pennant-owned hospice agencies in the state of Washington. [source: screening response, p8]

Rebuttal Comment

Pennant did not address any of the Death with Dignity topics in its rebuttal documents; rather Pennant answered specific questions on the topic at the public hearing.

Department's Evaluation of Death with Dignity Topic Related to All Four Projects
Pertinent sections of RCW 70.245.190 are restated below.

RCW 70.245.190(1)(d) states:
Only willing health care providers shall participate in the provision to a qualified patient of medication to end his or her life in a humane and dignified manner. If a health care provider is unable or unwilling to carry out a patient's request under this chapter, and the patient transfers his or her care to a new health care provider, the prior health care provider shall transfer, upon request, a copy of the patient's relevant medical records to the new health care provider. [emphasis added]

RCW 70.245.190(2)(a) states:
A health care provider may prohibit another health care provider from participating under chapter 1, Laws of 2009 on the premises of the prohibiting provider if the prohibiting provider has given notice to all health care providers with privileges to practice on the premises and to the general public of the prohibiting provider's policy regarding participating under chapter 1, Laws of 2009. This subsection does not prevent a health care provider from providing health care services to a patient that do not constitute participation under chapter 1, Laws of 2009. [emphasis added]

[note: 'notify' and 'participate' in chapter 1, laws of 2009' are both defined in this sub-section.]

As noted in the underlined sections above, the assertion that *"Washington law requires providers not offering DwD to inform the public of that intent"* is an accurate statement. While RCW 70.245.190(1) does not require all hospice providers to offer these services, sub-section (2) above requires a provider that prohibits participation under RCW 70.245.190 to provide notification to both practicing providers associated with the agency and the public.

As a result, the department does not have the authority deny a Certificate of Need application if a provider chooses not to provide services under RCW 70.245. However, for those applications that are approved and choose not to provide services under RCW 70.245, the department could include a condition requiring the applicant to agree to adhere to RCW 70.245.190.

MultiCare WAC 246-310-230(4) Conclusion
While MultiCare provided statements and information specific to this sub-criterion, the department must also consider its own analysis and conclusions of this project as related to WACs 246-310-210, 220, and previous sections of 230. The department concluded this project failed under WAC 246-310-220 because the projected financial statements were unreliable. For this reason, the department concludes that approval of the MultiCare project could result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is not met**.

Providence WAC 246-310-230(4) Conclusion
Providence provided documentation the department concludes meets this specific sub-criterion. Based on the information above and the applicant's agreement to a condition related to adherence of RCW 70.245.190, the department concludes that approval of the Providence project would not result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is met**.

AccentCare WAC 246-310-230(4) Conclusion

AccentCare provided documentation the department concludes meets this specific sub-criterion. Based on the information above and the applicant's agreement to a condition related to adherence of RCW 70.245.190, the department concludes that approval of the AccentCare project would not result in unwarranted fragmentation of hospice services in the planning area. **This sub-criterion is met**.

The Pennant Group, Inc. WAC 246-310-230(4) Conclusion

Pennant provided documentation the department concludes meets this specific sub-criterion. Based on the information above and the applicant's agreement to a condition related to adherence of RCW 70.245.190, the department concludes that approval of the Pennant project would not result in unwarranted fragmentation of hospice services in the 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 for** each applicant**.**

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

Based on the source information reviewed, the department determines the following applicants **met the applicable cost containment criteria in WAC 246-310-240:**

- AccentCare, Inc., dba AccentCare Hospice and Palliative Care of Spokane County, LLC

Based on the source information reviewed, the department determines the following applicants **did not meet the applicable cost containment criteria in WAC 246-310-240:**

- MultiCare Health System dba PNW Hospice LLC
- Providence Health & Services – Washington d/b/a Providence Hospice Spokane
- Pennant, Inc., dba Manito Hospice

(1) Superior alternatives, in terms of cost, efficiency, or effectiveness, are not available or practicable.

To determine if a proposed project is the best alternative, in terms of cost, efficiency, or effectiveness, the department takes a multi-step approach. First, the department determines if each application has met the other criteria of WAC 246-310-210 through 230. If a project has failed to meet one or more of these criteria then the project cannot be considered to be the best alternative in terms of cost, efficiency, or effectiveness as a result the application would fail this sub-criterion.

If the project has met the applicable criteria in WAC 246-310-210 through 230 criteria, the department then assesses the other options considered by the applicant. If the department determines the proposed project is better or equal to other options considered by the applicant, and the department has not identified any other better options, this criterion is determined to be met unless there are multiple applications.

WAC 246-310-290(10) provides the following direction for review this sub-criterion of applications for hospice agencies. It states:

In addition to demonstrating numeric need under subsection (7) of this section, applicants must meet the following certificate of need requirements:
(a) Determination of need under WAC 246-310-210;
(b) Determination of financial feasibility under WAC 246-310-220;
(c) Criteria for structure and process of care under WAC 246-310-230; and
(d) Determination of cost containment under WAC 246-310-240.

If there are multiple applications, the department's assessment is to apply any service or facility superiority criteria in WAC 246-310-290(11), which includes the superiority criteria used to compare competing projects and make the determination of the best alternative between two or more approvable projects.

MultiCare/PNW Hospice

Step One

For this project, MultiCare did not meet all of the applicable review criteria under WAC 246-310-210, 220, and 230. Therefore, the department does not move to step two below:

Providence Health & Services-Washington dba Providence Hospice Spokane

Step One

For this project, Providence Hospice Spokane met the applicable review criteria, therefore the department moves to step two below.

Step Two

Providence provided the following listed options it considered and a table detailing its rationale prior to submission of its project. [source: Application, pp50-55]
"As part of its due diligence, and in deciding to submit this application, Providence Hospice Spokane explored the following alternatives:

- *Alternative 1: Status quo: do nothing or postpone action*
- *Alternative 2: The requested project: seek CN approval for a hospice agency*
- *Alternative 3: Acquire an existing hospice agency in Spokane County*
- *Alternative 4: Partner and create a joint venture and seek CN approval for a hospice agency*

Table 19. Alternative 1: Do Nothing or Postpone Action

Decision Making Criteria	Analysis
Access to Health Care Services	There is no advantage to maintaining the status quo in terms of improving access. (D) The principal disadvantage is that the status quo does nothing to address the quantitative need for an additional hospice agency in the Spokane County Planning Area. Consequently, it does not address access to care issues that currently exist. (D)
Quality of Care	There is no advantage from a quality of care perspective. (N) The principal disadvantage with maintaining the status quo is driven by shortages in access to hospice services. Over time, as access is constrained, there would be adverse impacts on quality of care if planning area physicians and their patients cannot find adequate access to hospice services. (D)
Cost and Operating Efficiency	With this option, there would be no impacts on costs. (N) The principal disadvantage is that by maintaining the status quo, there would be no improvements to cost efficiencies. (D)
Staffing Impacts	The principal advantage is the avoidance of hiring/employing additional staff. (A) There are no disadvantages from a staffing point of view. (N)
Legal Restrictions	There are no legal restrictions to continuing operations as presently. (A)
Capital Costs	There are no capital costs to continuing operations as is. (A)
Final Assessment	This alternative was not selected, as it does not improve access to health care services and may have a detrimental impact on quality of care.

Table 20. Alternative 2: Requested Project (CN Approval to Operate a New Hospice Agency)

Decision Making Criteria	Analysis
Access to Health Care Services	The requested project meets current and future access issues identified in the Spokane County Planning Area. It increases access to care. (A) From an improved access perspective, there are no disadvantages. (A)
Quality of Care	The requested project meets and promotes quality and continuity of care in the planning area. (A) From a quality of care perspective, there are no disadvantages. (N)
Cost and Operating Efficiency	This option allows Providence Hospice Spokane to better utilize and leverage fixed costs and assets in the planning area. (A) From a cost and operational efficiency perspective, the project may incur minimal operating expense losses in the early startup period before it reaches sufficient volume to cover fixed and variable costs. (D)
Staffing Impacts	This option creates new jobs, which benefits the Spokane County Planning Area and provides opportunities for the specialization of staff dedicated to efficient delivery of hospice services. (A) From a staffing impacts perspective, there are no disadvantages as Providence has a solid track record of being able to hire and retain high quality hospice and home services staff. (N)
Legal Restrictions	The principal disadvantage is that it requires CN approval, which requires time and expense. (D)
Capital Costs	There are minimal capital costs for the proposed project (N)
Final Assessment	This alternative (the proposed project) was chosen as it improves access to health care services, promotes quality and continuity of care, leverages existing fixed costs, has no negative impacts on staffing, can immediately be executed, and does not face any adverse or onerous legal or regulatory requirements.

Table 21. Alternative 3: Acquisition of an Existing Hospice Agency in Spokane County

Decision Making Criteria	Analysis
Access to Health Care Services	The principal disadvantage is that an acquisition would not necessarily add additional capacity for hospice services in the Spokane County Planning Area when compared to alternative 2 and 4 (D). Our understanding is that there are no existing hospice agencies in Spokane County that are open to acquisition. (D)
Quality of Care	This option meets and promotes quality and continuity of care in the planning area. (A) From a quality of care perspective, there are no disadvantages, assuming the existing hospice agency does not have any quality of care issues. (N)
Cost and Operating Efficiency	Acquisition of an existing hospice requires considerable upfront costs as part of the purchase and due diligence. (D) An acquisition will require significant work in regard to bringing the new entity into the Providence system. For example, ensuring consistent instances of EPIC are in place, and ensuring that staff training, and protocols are consistent between Providence and the new entity. (D)
Staffing Impacts	The only advantage from a staffing perspective is that the staff from the existing agency is already in place. (A) This option potentially creates no new jobs, which does not benefit the Planning Area. (D)
Legal Restrictions	There are no advantages from a legal restrictions perspective. (N) The principal disadvantage is that an acquisition takes considerable time and resources to conduct full due diligence assessment prior to the acquisition. (D)
Capital Costs	There are minimal capital costs for the proposed project. (N)
Final Assessment	This alternative was not selected as it does not improve access to health care services, may add additional costs and efforts related to acquiring an existing provider, and requires considerable time and resources related to legal and due diligence requirements. Finally, we are not aware of any existing hospice providers that are open to acquisition.

Table 22. Alternative 4: Create a Joint Venture and Seek CN Approval for a Hospice Agency

Decision Making Criteria	Analysis
Access to Health Care Services	Depending on the partnership, this alternative would have the potential to meet current and future access issues identified in the Spokane County Planning Area. (A) Partnering with another entity should not adversely impact access to services under the assumption that the project would remain similar to the proposed project. (N)
Quality of Care	Partnering with another entity will not likely adversely impact quality of care when compared to the proposed project, although it adds additional layers of operational complexity. (N)
Cost and Operating Efficiency	Partnering with another entity will likely decrease the overall start up operating losses that Providence Hospice Spokane may face. But if there are operating losses in the first year, there is no reason to believe they would be less under a joint venture. (N) A partnership would increase operating complexity and may add other partnership-related costs. In this scenario, costs may increase due to additional efforts required to establish the governance and ownership structure, establish a new staffing structure, and accommodate partner preferences on how to deliver care. (D)
Staffing Impacts	Partnering with another entity would create less staffing flexibility from the perspective of Providence Hospice Spokane. In this scenario, Providence Hospice Spokane would have to build and establish additional management processes and structures and may have to negotiate new compensation benefit packages for clinical staff. (D)
Legal Restrictions	Partnering with another entity introduces a high degree of operational complexity, as under this scenario a completely new governance structure would have to be established along with obtaining agreement on operational processes. (D) The principal disadvantage is that it requires CN approval, which requires time and expense. (D)
Capital Costs	There are minimal capital costs for the proposed project (N)
Final Assessment	This alternative was not selected as it adds increased operating costs, decreased staffing flexibility, and will likely contribute to increased operating complexity.

There were no public comments or rebuttal comments submitted for the Providence project related to this sub-criterion.

Department Evaluation

Providence identified four options for ensuring provision of hospice services to Spokane County and provided extensive discussion of each, resulting in its decision to propose the project discussed in this evaluation. The department did not identify any superior alternatives in terms of cost, efficiency, or effectiveness that are available or practicable for the applicant.

Since there are no construction costs necessary to establish hospice services in Spokane County, the department acknowledges that the applicant's hospice services can be provided with very little financial impact to the applicant or the community.

Providence also provided comprehensive rationale regarding the staff efficiency and appropriateness of hospice care for patients who request it. Further, the information provided by the applicant related to system impacts and hospice care is accurate and reasonable.

The department concludes approval of the Providence Hospice Spokane application can be considered an available alternative for Spokane County. **This sub-criterion is met.**

AccentCare, Inc.

Step One

For this project, AccentCare met the applicable review criteria, therefore the department moves to step two below.

Step Two

AccentCare provided the following listed options it considered and a table detailing its rationale prior to submission of its project. [source: Application, pp91-92]

AccentCare Spokane, is responding to the Department of Health's November 2021 methodology documenting a need for an additional hospice agency to serve residents of Spokane County. Any alternative that does not include adding a program in Spokane County does not address the unmet need identified by the Department of Health.

Regardless of need, the only alternative in a state that requires CN is to acquire an existing hospice agency. However, no opportunities to purchase an existing agency have been identified.

Establishing new hospice agencies in areas where they are needed most, such as Spokane County, Washington, the principals of AccentCare Hospice & Palliative Care are able to continue the mission of honoring life and offering hope to the terminally ill and their families. As business opportunities increase, so do the benefits the companies offer to the communities they serve. The alternative of not pursuing this project results in lack of choice in hospice providers and diminished access to hospice care within Spokane County.

As stated above, no alternatives exist for establishing a new hospice program within Spokane County, given the announcement of need. There is no hospice currently serving Spokane that is available for purchase and not applying for a CN to establish a new hospice limits patient access to hospice in an area with documented need. Capital costs are addressed in Section III.B., Financial Feasibility, on pages 59-71, and in the Pro Forma provided in Exhibit 16. The applicant is able to staff the project with minimal impact to the service area as discussed in Section C, Structure and Process (Quality) of Care, Question #9, pages 77-85. The parent corporation's vast experience in operating hospice agencies, including starting new facilities, demonstrates its ability to operate quality, efficient programs in a variety of markets.

Government limitations on the establishment of new hospice agencies through the CN program determines the number needed to serve the planning area. In Spokane County need was announced

for an additional hospice agency to meet future need. Regardless of the inability to identify an existing hospice agency willing to sell its operations, not establishing additional capacity limits service, and therefore limits access and quality of health care to the community.

Hospice care reflects a highly personalized and specialty managed regimen of services. End of life care requires personal interactions among medical and nursing professionals, the patient, the family, significant others and volunteers aligned to meet the last wishes of the patient for a painless experience during the process of dying. Sensitivity, compassion, attention to detail, managing emotions and reactions, and producing comfort form a hallmark of hospice care.

As discussed previously, racial and ethnic disparities in accessing hospice care are seen in Spokane County. AccentCare Spokane believes it can overcome many of the cultural barriers through its proposed outreach efforts, diversity in staffing, and programs developed to overcome such racial and ethnic barriers. This is based on the experience of AccentCare Hospice affiliates throughout a diverse range of communities across the nation. Furthermore, a recent article, Closing the Gap in Hospice Utilization for the Minority Medicare Population, concludes that "the prevalence of for-profit hospices was associated with significantly increased hospice utilization among racial/ethnic minorities." The article provides evidence that while racial and ethnic disparities in hospice care exist, for-profit hospices enroll more minorities, which in turn leads to increased access and overall lower healthcare costs. A copy of this article is found in Exhibit 12.

As the methodology in use by the Department of Health demonstrates, the current capacity of hospices serving the market is 2,721, lower than the forecast of 2,984 by CY 2023. The import of the methodology shows that without program expansion, existing providers' program growth lags the future forecast, limiting patient access. Approval of a new hospice program spurs market growth through innovations and new services, thereby improving access and quality of care.

Capital cost outlays are small relative to establishment of a new healthcare facility, as the service for hospice care is delivered in home. AccentCare Spokane's hospice agency is funded with $2 million in cash to furnish and equip office space and fund initial operating deficits during the startup period. The program reaches a breakeven point during the third full year of operations, CY 2026. Moreover, as indicated in the above referenced article, increasing access to minorities, an underserved population, lowers Medicare costs, with an average savings of approximately $2,105 per Medicare hospice enrollee. Overall, this leads to improved access and quality of life while producing a cost savings.

Furthermore, AccentCare Spokane addresses staffing issues in Section C, Structure and Process (Quality) of Care, Question #9, pages 77-85, and is not repeated here. Recruitment and retention efforts, along with education and outreach efforts ensure a strong workforce results with establishment of AccentCare Spokane. Therefore, the impact on staffing is positive as development opportunities increase for the healthcare workforce.

Overall, approval of AccentCare Spokane's hospice program for Spokane County is consistent with the Department's need methodology, assures residents of Spokane County with ongoing access to quality hospice services, and improves job opportunities for nursing and social services. The only

alternative to establish a new hospice agency is to purchase an existing hospice, but limited availability excludes this alternative.

There were no public comments or rebuttal comments submitted for the AccentCare project related to this sub-criterion.

Department Evaluation

AccentCare identified no options for ensuring provision of hospice services to Spokane County other than establishing a new hospice or purchasing an existing hospice agency. AccentCare noted that purchasing an existing agency would not necessarily increase the availability of hospice services, so it discarded that option.

Since there are no construction costs necessary to establish hospice services in Spokane County, the department acknowledges that the applicant's hospice services can be provided with very little financial impact to the applicant or the community.

AccentCare also provided appropriate rationale regarding the staff efficiency and appropriateness of hospice care for patients who request it. Further, the information provided by the applicant related to system impacts and hospice care is accurate and reasonable.

The department concludes approval of the AccentCare application can be considered an available alternative for Spokane County. **This sub-criterion is met.**

The Pennant Group, Inc.

Step One

For this project, Pennant met the applicable review criteria, therefore the department moves to step two below.

Step Two

Pennant provided the following listed options it considered and a table detailing its rationale prior to submission of its project. [source: Application, pp36-]

1. Identify all alternatives considered prior to submitting this project. At a minimum include a brief discussion of this project versus no project.

- *Alternative A: Take no Action*
- *Alternative B: Apply for and Receive CN*
- *Alternative C: Purchase Existing Hospice*

Please see our response to #2 below for the discussion.

Applicant's Table

Table 6

Alternative A: Take no Action	
Criteria	**Results**
Access to Hospice Services	There is no advantage to taking no action in terms of improving access. The disadvantage is that taking no action does nothing to address the need for additional hospice agencies in Spokane County. Therefore, this option does not address the access to care problem that exists.
Quality of Care	There is no advantage to taking no action regarding quality of care. The disadvantage with taking no action is driven by shortages in access to hospice services. With time, access would tighten and there would be adverse impacts on quality of care.
Cost and Operating Efficiency	With this option, there would be no impacts on costs. The disadvantage is that there would be no improvements to cost efficiencies.
Staffing Impacts	The advantage is not hiring/employing additional staff. There are no disadvantages from a staffing perspective.
Legal Considerations	No Legal considerations.
Decision	This alternative was not chosen; it does not improve access to health care services and it could have a negative impact on the quality of care.

Alternative B: Apply for and Receive CN	
Criteria	
Access to Health Care Services	This project meets current and future access issues identified in Spokane County. It will increase access to care. With this project, there are no disadvantages to access to health care services.
Quality of Care	This project meets and promotes quality of care in Spokane County. There are no disadvantages.
Cost and Operating Efficiency	Manito Hospice will be able to leverage fixed costs, such as the lease, by spreading fixed costs over the hospice and home health services. Cost and operational efficiency will be affected by minimal operating expenses during the initial startup period before it achieves volume that covers fixed and variable costs.
Staffing Impacts	This project will create new jobs that benefit Spokane County. These new jobs also provide paths for staff who are dedicated to efficient delivery of hospice services. There are no disadvantages; Cornerstone Healthcare Inc. and Orchard Prairie have a proven track record of hiring and retaining quality staff.
Legal Considerations	The advantage: Manito Hospice staff will be able to provide hospice services to Spokane County residents. This will improve access, quality, and continuation of care. The disadvantage: CN approval is required; this requires time and expense.
Decision	This alternative was selected because it will improve access to health care services, it enhances quality and continuation of care, it leverages existing fixed costs and has no negative impacts on staffing. Finally, this project will quicky be executed and it does not require undue legal or regulatory requirements.

Alternative C: Purchase Existing Hospice	
Criteria	
Access to Health Care Services	The disadvantage is that an acquisition may not add additional capacity for hospice services in Spokane County when compared to alternative A and alternative B. Also, at present, we do not know of a hospice agency for sale in Spokane Co.
Quality of Care	The advantage: This option could enhance quality and continuation of care in Spokane County. There are no aparent disadvantages to this option.
Cost and Operating Efficiency	The disadvantage: The acquisition of an existing hospice requires considerable up front cost and time to purchase and complete due diligence.
Staffing Impacts	The advantage for staffing is that the staff from the existing agency already exists. This option potentially creates no new jobs, which does not benefit Spokane County.
Legal Considerations	There are no advantages. The disadvantage is that an acquisition takes considerable time and resources to conduct due diligence.
Decision	This alternative was not chosen; it does not improve access to health care services, it may add additional costs and effort related to acquiring an existing agency, and it requires considerable time and resources related to legal and due diligence requirements. Finally, we are not aware of any hospice agencies in Spokane County for sale.

Department Evaluation

Pennant identified three options for ensuring provision of hospice services to Spokane County and provided extensive discussion of each, resulting in its decision to propose the project discussed in this evaluation. The department did not identify any superior alternatives in terms of cost, efficiency, or effectiveness that are available or practicable for the applicant.

Since there are no construction costs necessary to establish hospice services in Spokane County, the department acknowledges that the applicant's hospice services can be provided with very little financial impact to the applicant or the community.

Spokane also provided comprehensive rationale regarding the staff efficiency and appropriateness of hospice care for patients who request it. Further, the information provided by the applicant related to system impacts and hospice care is accurate and reasonable.

The department concludes approval of the Pennant, Inc., dba Manito Hospice application can be considered an available alternative for Spokane County. **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.

None of the applicants' proposals required construction. Therefore, this sub-criterion does not apply to any of these projects.

(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.

MultiCare/PNW Hospice

The applicant provided the following statements related to this sub criterion. [source: Application, p39]

"The proposed project will improve access to hospice care in Spokane County, hence delivery of health services. In this regard, not only will patient access improve, but patients' costs of receiving hospice care will fall. This promotes cost containment/cost effectiveness."

Department Evaluation

MultiCare provided sound and reasonable rationale for establishing Medicare and Medicaid-certified hospice services in Spokane County. However, since the proposed project did not meet the applicable review criteria under WAC 246-310-220 and 230, the department cannot conclude that this project would improve or maintain the delivery of health services for Spokane County residents. **This sub-criterion is not met.**

Providence Health & Services-Washington dba Providence Hospice Spokane

The applicant provided the following statements related to this sub criterion. [source: Application, p54-59]

Providence continually works to improve quality, cost containment, and cost effectiveness in the delivery of hospice services. Some of the key efforts pursued by other Providence hospice agencies are noted below. Where appropriate Providence Hospice Spokane will work to bring these capabilities, services, and programs to the new Spokane County hospice agency.

Providence provided extensive information relevant to this sub-criterion, grouped around the major categories '*support for the financing of health care services,' 'innovations in the delivery of health care services*,' '*promoting quality of care and quality assurance,' and 'promoting cost containment and cost effectiveness*.' Among the programs identified are the Providence Hospice Foundations, partnerships with other healthcare providers, partnerships with private insurance providers, telehealth, flexible delivery of care, and various other training programs and care delivery tools and protocols.

Department Evaluation

Providence provided sound and reasonable rationale for establishing Medicare and Medicaid-certified hospice services in Spokane County. If approved, this project has the potential to improve delivery of necessary in-home services to Spokane County residents.

For the reasons stated above, the department concludes that this project has the potential to improve delivery of necessary in-home services to Spokane County residents. **This sub-criterion is met**.

AccentCare, Inc.

The applicant provided the following statements related to this sub criterion. [source: Application, p93

"Increasing availability and access to hospice care through the introduction of a new hospice agency or agencies within the planning area has a positive effect on cost containment. As the majority of hospice care is reimbursed by Medicare and Medicaid, charges are limited by the reimbursement rates and program limits. As discussed previously in response to Section B, Financial Feasibility,

Question #8, pages 67-68, cost efficiencies and improved quality of life are demonstrated with increased hospice use. The cited articles documenting cost containment and quality assurance appear in Exhibit 19 in the Appendix.

"The numerous programs and services of AccentCare Spokane described in detail in Section II, Project Description, pages 9-14 and in response to Question #7, pages 16-32, demonstrate the innovative ways in the delivery of hospice service. The applicant's commitment to seeking CHAP or Joint Commission accreditation and adherence to conditions of participation in the Medicare and Medicaid programs demonstrate the program's ability to deliver quality care. Therefore, quality, choice, and cost effective care results with approval of AccentCare Spokane. The new hospice agency will increase the number of hospice enrollments and provide a diverse array of services to improve quality of life for terminally ill residents of Spokane County."

Department Evaluation

AccentCare provided sound and reasonable rationale for establishing Medicare and Medicaid-certified hospice services in Spokane County. If approved, this project has the potential to improve delivery of necessary in-home services to Spokane County residents.

For the reasons stated above, the department concludes that this project has the potential to improve delivery of necessary in-home services to Spokane County residents. **This sub-criterion is met**.

The Pennant Group, Inc.

The applicant provided the following statements related to this sub criterion. [source: Application, p37]

"Following are some examples of the ways we use innovations in the delivery of care, effectively increasing efficiency in the delivery of care, promoting quality assurance, and fostering cost effectiveness.

"HomeCare HomeBase- HCHB is the leading electronic medical records system in the nation that is specific to home health and hospice agencies.

"HCHB Analytics- Analytics is the tableau (visualization of data software) reporting platform that is build [sic] *by HCHB and integrates all of the HCHB data to tableau.*

"Forcura- Forcura is a totally HIPAA compliant document management, referral management, order tracSpokane [sic]*, and wound measurement/management solution that integrates directly with HCHB to allow the transmission of patient data between the two platforms.*

"In Addition to these innovative tools, we believe we are a partner of choice to payors, providers, patients and employees in the healthcare communities we serve. As a partner, we focus on improving care outcomes and the quality of life of our patients in home or home-like settings. Our local leadership approach facilitates the development of strong professional relationships, allowing us to better understand and meet the needs of our partners. We believe our emphasis on worSpokane [sic]*closely with other providers, payors and patients yields unique, customized solutions and programs that meet local market needs and improve clinical outcomes, which in turn accelerates revenue growth and profitability."*

Department Evaluation

Pennant provided sound and reasonable rationale for establishing Medicare and Medicaid-certified hospice services in Spokane County. If approved, this project has the potential to improve delivery of necessary in-home services to Spokane County residents.

For the reasons stated above, the department concludes that this project has the potential to improve delivery of necessary in-home services to Spokane County residents. **This sub-criterion is met**.

WAC 246-310-290(11) Hospice Superiority

As previously stated in the evaluation, the numeric methodology projects need for one additional hospice agency in Spokane County. Of the four applications reviewed, three qualify for approval. WAC 246-310-290(11) identifies the criteria and measures used to compare these applications.

The department requested that all applicants provide documentation to support approval of their agency assuming a superiority review would be required. This section of this evaluation will restate the criteria in the rule, identify the data used to compare the remaining projects, and include a table showing the scoring of each project. All applicants provided information to support why their project should be considered the best available alternative. Each applicant's full comments are available in the application record. The document showing the superiority review is attached as Appendix B to this evaluation. Source data used for this superiority evaluation consists of each applicant's project materials and publicly available data compiled by CMS available from the CMS website at: *https://data.cms.gov/provider-data/topics/hospice-care*

(i) Improved service to the planning area;

This measure requires the department to evaluate which, if any, of the projects would represent improved service to the planning area. The department used publicly available data from CMS to compare historical performance at agencies owned/operated by the applicants to the performance of the existing providers in the planning area. Each applicant provided a listing of all hospice agencies they own and operate nationwide – the averages of the scores received by all of these agencies were applied.

Two datasets were used. One, titled "*CAHPS Hospice Survey*" includes survey responses in which patients and families reported on good communication, pain and symptom management, training assistance, timely help, respectful behavior, and over all ranking of the agency. The other, titled "*Hospice Item Set*" includes measures regarding the agency's performance in screening and treating for different conditions, offering treatment preferences, addressing the patient's beliefs and values, and a comprehensive assessment measure. The department used eight measures from each report for a total of sixteen. If an applicant's historical performance outscored the existing providers in the planning area on more than half of the measures, they are eligible to receive a point. Following is a summary of the measures counted for either an applicant or Spokane County providers.

Applicant	Count Applicant	Count County	Ratio Applicant/Total
Providence	1	15	6.25%
AccentCare	3	13	18.75%
Pennant/Manito	3	13	18.75%

Because none of the applicants' historical performance outscored the existing providers in the planning area in more than half of the measures, none of the applicants receive a point in this section.

Department's Superiority Review Cumulative Table 28-A

246-310-290(11)	Providence	AccentCare	Pennant
(i)	0	0	0
Point Total	**0**	**0**	**0**

(ii) Specific populations including, but not limited to, pediatrics;

This measure requires the department to evaluate which, if any, of the projects would serve specific populations. Any applicant that proposes to serve specific populations is eligible to receive a point. All applicants provided information regarding specific populations they intend to serve, following is a summary by applicant.

Applicant	Specific Population(s)	Source
Providence	Children, homeless, patients receiving ESRD and cardiac care, dual eligible beneficiaries, veterans, and minority communities	Application, pp8-9 and pp24-26, Screening responses, p5
AccentCare	Homeless, minorities, elderly, children, low-income, LGBTQ, patients residing in nursing homes & assisted living facilities, residents with Alzheimer's disease, residents of rural areas	Application, p56 & 94
Pennant	None Identified	

Providence, and AccentCare are each awarded a point.

Department's Superiority Review Cumulative Table 28-B

246-310-290(11)	Providence	AccentCare	Pennant
(i) Points from above	0	0	0
(ii)	1	1	0
Point Total	**1**	**1**	**0**

(iii) Minimum impact on existing programs;

This measure requires the department to evaluate how the applicants would impact existing programs in the planning area. Any applicant that proposes to exceed the unserved patient volumes from the need methodology would not be eligible to receive a point. Applicants whose project does not propose to impact existing programs would be eligible to receive a point. Following is a summary of each applicant's projected admissions in its third full year of operation relative to how many are projected by the department's methodology if it is extrapolated.[25]

[25] A demonstrative methodology is available in Appendix B, solely for use in superiority evaluation. Not for use in WAC 246-310-210(1).

Applicant	Year Three	Projected Admits	Source	Methodology Extrapolated
Providence	2025	247	Providence Application, p24	438
AccentCare	2026	255	AccentCare application, p43	513
Pennant	2026	289	Pennant application, p15	513

Each applicant is awarded a point.

Department's Superiority Review Cumulative Table 28-C

246-310-290(11)	Providence	AccentCare	Pennant
(i) Points from above	0	0	0
(ii) Points from above	1	1	0
(iii)	1	1	1
Point Total	**2**	**2**	**1**

(iv) Greatest breadth and depth of hospice services;

This measure requires the department to evaluate which applicant(s) would offer the greatest breadth and depth of services. The three remaining applicants provided documentation that they would provide a number of services beyond those required by CMS for hospice. The department will not opine on the value of one service over another for the purposes of scoring. Any applicant that proposes to provide services beyond those required by CMS is eligible to receive a point. For these two projects, each applicant is awarded a point.

Department's Superiority Review Cumulative Table 28-D

246-310-290(11)	Providence	AccentCare	Pennant
(i) Points from above	0	0	0
(ii) Points from above	1	1	0
(iii) Points from above	1	1	1
(iv)	1	1	1
Point Total	**3**	**3**	**2**

(v) Published and publicly available quality data.

This measure requires the department to evaluate using published and publicly available quality data. The department used publicly available data from CMS to compare historical performance at agencies owned/operated by the applicants. Each applicant provided a listing of all hospice agencies they own and operate nationwide – the averages of the scores received by all of these agencies were used. Two datasets were used. One, titled "*CAHPS Hospice Survey*" (CAHPS) includes survey responses in which patients and families reported on good communication, pain and symptom management, training assistance, timely help, respectful behavior, and over all ranking of the agency. The other, titled "*Hospice Item Set*" (HIS) includes measures regarding the agency's performance in screening and treating for different conditions, offering treatment preferences, addressing the patient's beliefs and values, and a comprehensive assessment measure. The department used eight measures from each report for a total of sixteen measures. Each of these measures has a score out of 100. The total scores were summed for each applicant. Only the highest scoring applicant will receive a point. Following is a summary of the totaled scores by applicant.

Applicant	CAHPS	HIS	Total Score
Providence	641.25	787.26	**1428.51**
AccentCare	650.10	786.88	**1436.98**
Pennant	653.90	776.52	**1430.42**

AccentCare's score is highest and receives the final point.

Department's Superiority Review Cumulative Table 28-E

246-310-290(11)	Providence	AccentCare	Pennant
(i) Points from above	0	0	0
(ii) Points from above	1	1	0
(iii) Points from above	1	1	1
(iv) Points from above	1	1	1
(v)	0	1	0
Point Total	**3**	**4**	**2**

As shown in the table directly above, Providence was awarded 1428.51 points, AccentCare was awarded 1,436.98 points and Pennant was awarded 1430.42 points. Based on this superiority review, **the department concludes that AccentCare is the best available alternative for Spokane County.**

APPENDIX A

Department of Health
2021-2022 Hospice Numeric Need Methodology
Posted November 10, 2021

WAC246-310-290(8)(a) Step 1:

Calculate the following two statewide predicted hospice use rates using department of health survey and vital statistics data:

WAC 246-310-290(8)(a)(i) The percentage of patients age sixty-five and over who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions over the last three years for patients sixty five and over by the average number of past three years statewide total deaths age sixty-five and over.

WAC246-310-290(8)(a)(ii) The percentage of patients under sixty-five who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions over the last three years for patients under sixty-five by the average number of past three years statewide total of deaths under sixty-five.

Hospice admissions ages 0-64	
Year	Admissions
2018	4,114
2019	3,699
2020	3,679
	average: 3,831

Deaths ages 0-64	
Year	Deaths
2018	14,055
2019	14,047
2020	16,663
	average: 14,922

Use Rates	
0-64	25.67%
65+	60.15%

Hospice admissions ages 65+	
Year	Admissions
2018	26,207
2019	26,017
2020	27,956
	average: 26,727

Deaths ages 65+	
Year	Deaths
2018	42,773
2019	44,159
2020	46,367
	average: 44,433

Sources:
Self-Report Provider Utilization Surveys for Years 2018-2020
Vital Statistics Death Data for Years 2018-2020
Prepared by DOH Program Staff

Department of Health
2021-2022 Hospice Numeric Need Methodology
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WAC246-310-290(8)(b) Step 2:
Calculate the average number of total resident deaths over the last three years for each planning area by age cohort.

0-64				
County	2018	2019	2020	2018-2020 Average Deaths
Adams	28	35	20	**28**
Asotin	52	54	56	**54**
Benton	331	346	555	**411**
Chelan	130	137	224	**164**
Clallam	191	186	195	**191**
Clark	874	887	1,043	**935**
Columbia	6	7	7	**7**
Cowlitz	300	294	314	**303**
Douglas	51	63	42	**52**
Ferry	28	20	19	**22**
Franklin	145	123	100	**123**
Garfield	5	5	5	**5**
Grant	195	197	186	**193**
Grays Harbor	227	251	209	**229**
Island	135	167	110	**137**
Jefferson	64	72	68	**68**
King	3,264	3,275	4,456	**3,665**
Kitsap	515	557	454	**509**
Kittitas	68	90	78	**79**
Klickitat	58	46	42	**49**
Lewis	227	210	205	**214**
Lincoln	25	25	15	**22**
Mason	158	167	143	**156**
Okanogan	103	119	88	**103**
Pacific	64	66	55	**62**
Pend Oreille	43	31	41	**38**
Pierce	1,964	1,911	2,364	**2,080**
San Juan	19	20	18	**19**
Skagit	231	229	269	**243**
Skamania	27	19	26	**24**
Snohomish	1,533	1,533	1,587	**1,551**
Spokane	1,177	1,143	1,634	**1,318**
Stevens	113	112	86	**104**
Thurston	554	525	628	**569**
Wahkiakum	13	11	10	**11**
Walla Walla	110	118	150	**126**
Whatcom	360	394	457	**404**
Whitman	66	47	51	**55**
Yakima	601	555	653	**603**

65+				
County	2018	2019	2020	2018-2020 Average Deaths
Adams	72	93	59	**75**
Asotin	214	222	186	**207**
Benton	1,125	1,154	1,522	**1,267**
Chelan	573	626	785	**661**
Clallam	871	955	777	**868**
Clark	2,767	2,987	3,205	**2,986**
Columbia	43	52	43	**46**
Cowlitz	840	951	968	**920**
Douglas	255	270	160	**228**
Ferry	55	64	58	**59**
Franklin	278	313	263	**285**
Garfield	30	21	11	**21**
Grant	524	508	455	**496**
Grays Harbor	647	659	558	**621**
Island	675	642	505	**607**
Jefferson	336	338	273	**316**
King	9,917	10,213	11,186	**10,439**
Kitsap	1,713	1,811	1,714	**1,746**
Kittitas	239	266	241	**249**
Klickitat	158	160	113	**144**
Lewis	730	722	653	**702**
Lincoln	94	89	75	**86**
Mason	526	548	408	**494**
Okanogan	332	358	277	**322**
Pacific	279	265	177	**240**
Pend Oreille	130	125	101	**119**
Pierce	4,926	5,002	5,608	**5,179**
San Juan	114	127	94	**112**
Skagit	1,001	1,018	1,068	**1,029**
Skamania	56	87	47	**63**
Snohomish	4,055	4,081	4,278	**4,138**
Spokane	3,556	3,545	4,322	**3,808**
Stevens	373	345	248	**322**
Thurston	1,823	1,908	2,007	**1,913**
Wahkiakum	33	53	18	**35**
Walla Walla	445	450	522	**472**
Whatcom	1,252	1,461	1,481	**1,398**
Whitman	199	219	226	**215**
Yakima	1,517	1,451	1,675	**1,548**

Sources:
Self-Report Provider Utilization Surveys for Years 2018-2020
Vital Statistics Death Data for Years 2018-2020
Prepared by DOH Program Staff

Department of Health
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WAC246-310-290(8)(c) Step 3.
Multiply each hospice use rate determined in Step 1 by the planning areas' average total resident deaths determined in Step 2, separated by age cohort.

0-64		
County	2018-2020 Average Deaths	Projected Patients: 25.67% of Deaths
Adams	28	7
Asotin	54	14
Benton	411	105
Chelan	164	42
Clallam	191	49
Clark	935	240
Columbia	7	2
Cowlitz	303	78
Douglas	52	13
Ferry	22	6
Franklin	123	31
Garfield	5	1
Grant	193	49
Grays Harbor	229	59
Island	137	35
Jefferson	68	17
King	3,665	941
Kitsap	509	131
Kittitas	79	20
Klickitat	49	12
Lewis	214	55
Lincoln	22	6
Mason	156	40
Okanogan	103	27
Pacific	62	16
Pend Oreille	38	10
Pierce	2,080	534
San Juan	19	5
Skagit	243	62
Skamania	24	6
Snohomish	1,551	398
Spokane	1,318	338
Stevens	104	27
Thurston	569	146
Wahkiakum	11	3
Walla Walla	126	32
Whatcom	404	104
Whitman	55	14
Yakima	603	155

65+		
County	2018-2020 Average Deaths	Projected Patients: 60.15% of Deaths
Adams	75	45
Asotin	207	125
Benton	1,267	762
Chelan	661	398
Clallam	868	522
Clark	2,986	1,796
Columbia	46	28
Cowlitz	920	553
Douglas	228	137
Ferry	59	35
Franklin	285	171
Garfield	21	12
Grant	496	298
Grays Harbor	621	374
Island	607	365
Jefferson	316	190
King	10,439	6,279
Kitsap	1,746	1,050
Kittitas	249	150
Klickitat	144	86
Lewis	702	422
Lincoln	86	52
Mason	494	297
Okanogan	322	194
Pacific	240	145
Pend Oreille	119	71
Pierce	5,179	3,115
San Juan	112	67
Skagit	1,029	619
Skamania	63	38
Snohomish	4,138	2,489
Spokane	3,808	2,290
Stevens	322	194
Thurston	1,913	1,150
Wahkiakum	35	21
Walla Walla	472	284
Whatcom	1,398	841
Whitman	215	129
Yakima	1,548	931

Sources:
Self-Report Provider Utilization Surveys for Years 2018-2020
Vital Statistics Death Data for Years 2018-2020
Prepared by DOH Program Staff

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WAC246-310-290(8)(d) Step 4:
Using the projected patients calculated in Step 3, calculate a use rate by dividing projected patients by the three-year historical average population by county. Use this rate

0-64								
County	Projected Patients	2018-2020 Average Population	2021 projected population	2022 projected population	2023 projected population	2021 potential volume	2022 potential volume	2023 potential volume
Adams	**7**	**18,160**	18,456	18,622	18,787	7	7	7
Asotin	**14**	**16,715**	16,596	16,540	16,485	14	14	14
Benton	**105**	**167,984**	171,026	172,638	174,249	107	108	109
Chelan	**42**	**62,227**	62,512	62,562	62,611	42	42	42
Clallam	**49**	**52,494**	52,233	52,027	51,821	49	49	48
Clark	**240**	**411,278**	421,901	426,529	431,158	246	249	252
Columbia	**2**	**2,822**	2,745	2,710	2,675	2	2	2
Cowlitz	**78**	**85,817**	85,843	85,769	85,695	78	78	78
Douglas	**13**	**35,130**	35,803	36,080	36,356	14	14	14
Ferry	**6**	**5,628**	5,541	5,506	5,470	6	6	6
Franklin	**31**	**88,012**	92,443	94,784	97,124	33	34	35
Garfield	**1**	**1,581**	1,541	1,522	1,502	1	1	1
Grant	**49**	**86,033**	88,240	89,322	90,403	51	51	52
Grays Harbor	**59**	**57,387**	56,679	56,401	56,122	58	58	57
Island	**35**	**63,114**	63,280	63,296	63,312	35	35	35
Jefferson	**17**	**20,705**	20,636	20,550	20,463	17	17	17
King	**941**	**1,885,115**	1,918,470	1,930,192	1,941,913	958	963	969
Kitsap	**131**	**218,538**	220,614	221,192	221,771	132	132	133
Kittitas	**20**	**38,453**	39,286	39,556	39,827	21	21	21
Klickitat	**12**	**15,702**	15,439	15,304	15,168	12	12	12
Lewis	**55**	**62,700**	63,164	63,327	63,491	55	55	56
Lincoln	**6**	**7,864**	7,751	7,698	7,644	5	5	5
Mason	**40**	**50,632**	51,397	51,672	51,946	41	41	41
Okanogan	**27**	**32,364**	32,087	31,991	31,896	26	26	26
Pacific	**16**	**14,545**	14,322	14,242	14,161	16	16	15
Pend Oreille	**10**	**9,859**	9,769	9,727	9,684	10	10	10
Pierce	**534**	**756,339**	769,918	774,696	779,475	543	547	550
San Juan	**5**	**10,863**	10,730	10,707	10,684	5	5	5
Skagit	**62**	**100,807**	101,887	102,236	102,586	63	63	63
Skamania	**6**	**9,248**	9,223	9,205	9,186	6	6	6
Snohomish	**398**	**705,787**	721,527	726,273	731,019	407	410	412
Spokane	**338**	**423,256**	426,740	428,033	429,326	341	342	343
Stevens	**27**	**34,109**	33,917	33,841	33,766	26	26	26
Thurston	**146**	**238,190**	243,867	246,235	248,602	150	151	152
Wahkiakum	**3**	**2,498**	2,405	2,368	2,332	3	3	3
Walla Walla	**32**	**50,763**	51,028	51,075	51,121	33	33	33
Whatcom	**104**	**185,418**	189,267	190,722	192,178	106	107	107
Whitman	**14**	**43,222**	43,315	43,322	43,330	14	14	14
Yakima	**155**	**222,774**	225,822	227,147	228,473	157	158	159

Sources:
Self-Report Provider Utilization Surveys for Years 2018-2020
Vital Statistics Death Data for Years 2018-2020
Prepared by DOH Program Staff

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WAC246-310-290(8)(d) Step 4:
Using the projected patients calculated in Step 3, calculate a use rate by dividing projected patients by the three-year historical average population by county. Use this rate to determine the potential volume of hospice use by the projected population by age cohort using Office of Financial Management (OFM) data.

65+								
County	Projected Patients	2018-2020 Average Population	2021 projected population	2022 projected population	2023 projected population	2021 potential volume	2022 potential volume	2023 potential volume
Adams	**45**	**2,227**	2,383	2,424	2,466	48	49	50
Asotin	**125**	**5,812**	6,175	6,344	6,514	132	136	140
Benton	**762**	**30,986**	33,373	34,597	35,820	821	851	881
Chelan	**398**	**15,876**	17,052	17,695	18,339	427	443	460
Clallam	**522**	**21,800**	22,901	23,535	24,168	548	563	579
Clark	**1,796**	**78,605**	85,686	89,247	92,807	1,958	2,039	2,121
Columbia	**28**	**1,236**	1,287	1,304	1,322	29	29	30
Cowlitz	**553**	**22,148**	23,719	24,470	25,220	592	611	630
Douglas	**137**	**7,976**	8,666	8,974	9,283	149	155	160
Ferry	**35**	**2,168**	2,289	2,337	2,386	37	38	39
Franklin	**171**	**9,188**	10,083	10,557	11,030	188	197	206
Garfield	**12**	**645**	669	680	692	13	13	13
Grant	**298**	**14,861**	16,071	16,665	17,258	322	334	346
Grays Harbor	**374**	**16,123**	17,133	17,612	18,092	397	408	419
Island	**365**	**20,239**	21,412	22,047	22,682	386	398	409
Jefferson	**190**	**11,588**	12,323	12,722	13,121	202	208	215
King	**6,279**	**310,572**	337,771	350,881	363,992	6,829	7,094	7,359
Kitsap	**1,050**	**53,833**	58,185	60,492	62,800	1,135	1,180	1,225
Kittitas	**150**	**7,647**	8,266	8,589	8,911	162	168	174
Klickitat	**86**	**5,829**	6,268	6,448	6,627	93	96	98
Lewis	**422**	**16,808**	17,697	18,175	18,652	444	456	468
Lincoln	**52**	**2,891**	3,039	3,119	3,200	54	56	57
Mason	**297**	**15,905**	17,167	17,836	18,504	321	333	346
Okanogan	**194**	**10,475**	11,210	11,519	11,827	207	213	219
Pacific	**145**	**6,747**	7,035	7,159	7,284	151	153	156
Pend Oreille	**71**	**3,925**	4,239	4,371	4,504	77	80	82
Pierce	**3,115**	**130,688**	142,422	148,729	155,037	3,395	3,545	3,695
San Juan	**67**	**5,768**	6,174	6,357	6,541	72	74	76
Skagit	**619**	**27,881**	30,314	31,460	32,607	673	698	724
Skamania	**38**	**2,670**	2,923	3,048	3,172	42	43	45
Snohomish	**2,489**	**119,333**	131,978	138,737	145,495	2,753	2,894	3,035
Spokane	**2,290**	**87,852**	94,670	97,979	101,288	2,468	2,554	2,641
Stevens	**194**	**11,360**	12,214	12,591	12,969	208	215	221
Thurston	**1,150**	**50,757**	54,900	56,967	59,035	1,244	1,291	1,338
Wahkiakum	**21**	**1,503**	1,580	1,595	1,611	22	22	22
Walla Walla	**284**	**11,006**	11,350	11,632	11,915	293	300	308
Whatcom	**841**	**40,902**	44,217	45,794	47,372	909	941	974
Whitman	**129**	**5,526**	6,008	6,201	6,395	140	145	149
Yakima	**931**	**37,530**	39,475	40,559	41,643	979	1,006	1,033

Sources:
Self-Report Provider Utilization Surveys for Years 2018-2020
Vital Statistics Death Data for Years 2018-2020
Prepared by DOH Program Staff

Department of Health
2021-2022 Hospice Numeric Need Methodology
Posted November 10, 2021

WAC246-310-290(8)(e) Step 5:
Combine the two age cohorts. Subtract the average of the most recent three years hospice capacity in each planning area from the projected volumes calculated in Step 4 to determine the number of projected admissions beyond the planning area capacity.

County	2021 potential volume	2022 potential volume	2023 potential volume	Current Supply of Hospice Providers	2021 Unmet Need Admissions*	2022 Unmet Need Admissions*	2023 Unmet Need Admissions*
Adams	55	56	57	**51.33**	4	5	6
Asotin	146	150	153	**105.00**	41	45	48
Benton	928	959	990	**1,016.67**	(88)	(57)	(26)
Chelan	469	486	502	**428.67**	41	57	73
Clallam	597	612	627	**392.80**	204	219	234
Clark	2,204	2,288	2,372	**2,584.47**	(380)	(296)	(212)
Columbia	30	31	31	**35.00**	(5)	(4)	(4)
Cowlitz	670	689	708	**788.00**	(118)	(99)	(80)
Douglas	163	168	174	**160.67**	2	8	13
Ferry	43	44	45	**32.00**	11	12	13
Franklin	221	231	240	**201.67**	19	29	39
Garfield	14	14	15	**6.00**	8	8	9
Grant	373	386	398	**292.33**	81	93	106
Grays Harbor	455	466	477	**295.57**	160	170	181
Island	422	433	445	**399.67**	22	34	45
Jefferson	219	226	232	**198.00**	21	28	34
King	7,786	8,057	8,328	**7,830.73**	(44)	226	497
Kitsap	1,267	1,312	1,358	**1,223.57**	43	89	134
Kittitas	182	189	195	**168.00**	14	21	27
Klickitat	105	108	110	**217.80**	(113)	(110)	(107)
Lewis	500	512	524	**445.33**	54	67	79
Lincoln	60	61	63	**29.00**	31	32	34
Mason	361	374	387	**304.57**	57	70	82
Okanogan	234	239	245	**188.33**	45	51	57
Pacific	166	169	171	**93.00**	73	76	78
Pend Oreille	87	89	92	**65.33**	22	24	26
Pierce	3,938	4,092	4,246	**3,596.23**	342	496	649
San Juan	77	79	81	**87.00**	(10)	(8)	(6)
Skagit	736	762	787	**729.00**	7	33	58
Skamania	48	50	51	**32.00**	16	18	19
Snohomish	3,160	3,303	3,447	**3,508.33**	(349)	(205)	(61)
Spokane	2,809	2,897	2,984	**2,720.50**	89	176	263
Stevens	235	241	247	**148.67**	86	92	99
Thurston	1,394	1,442	1,491	**1,565.30**	(171)	(123)	(75)
Wahkiakum	25	25	25	**9.33**	15	16	16
Walla Walla	326	333	340	**272.33**	53	60	68
Whatcom	1,015	1,048	1,081	**1,094.57**	(80)	(46)	(13)
Whitman	154	159	163	**158.17**	(4)	1	5
Yakima	1,136	1,164	1,192	**1,261.00**	(125)	(97)	(69)

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.

Sources:
Self-Report Provider Utilization Surveys for Years 2018-2020
Vital Statistics Death Data for Years 2018-2020
Prepared by DOH Program Staff

Department of Health
2021-2022 Hospice Numeric Need Methodology
Posted November 10, 2021

WAC246-310-290(8)(f) Step 6:
Multiply the unmet need from Step 5 by the statewide average length of stay as determined by CMS to determine unmet need patient days in the projection years.

				Step 6 (Admits * ALOS) = Unmet Patient Days			
County	**2021 Unmet Need Admissions***	**2022 Unmet Need Admissions***	**2023 Unmet Need Admissions***	**Statewide ALOS**	**2021 Unmet Need Patient Days***	**2022 Unmet Need Patient Days***	**2023 Unmet Need Patient Days***
Adams	4	5	6	**62.12**	244	300	356
Asotin	41	45	48	**62.12**	2,563	2,786	3,009
Benton	(88)	(57)	(26)	**62.12**	(5,497)	(3,565)	(1,633)
Chelan	41	57	73	**62.12**	2,535	3,539	4,542
Clallam	204	219	234	**62.12**	12,682	13,613	14,543
Clark	(380)	(296)	(212)	**62.12**	(23,619)	(18,396)	(13,174)
Columbia	(5)	(4)	(4)	**62.12**	(281)	(258)	(235)
Cowlitz	(118)	(99)	(80)	**62.12**	(7,320)	(6,160)	(5,000)
Douglas	2	8	13	**62.12**	134	470	807
Ferry	11	12	13	**62.12**	691	737	784
Franklin	19	29	39	**62.12**	1,201	1,801	2,401
Garfield	8	8	9	**62.12**	506	518	531
Grant	81	93	106	**62.12**	5,021	5,799	6,578
Grays Harbor	160	170	181	**62.12**	9,916	10,589	11,261
Island	22	34	45	**62.12**	1,377	2,090	2,802
Jefferson	21	28	34	**62.12**	1,324	1,726	2,127
King	(44)	226	497	**62.12**	(2,759)	14,070	30,899
Kitsap	43	89	134	**62.12**	2,696	5,513	8,331
Kittitas	14	21	27	**62.12**	889	1,290	1,691
Klickitat	(113)	(110)	(107)	**62.12**	(6,994)	(6,835)	(6,676)
Lewis	54	67	79	**62.12**	3,378	4,132	4,886
Lincoln	31	32	34	**62.12**	1,917	2,004	2,091
Mason	57	70	82	**62.12**	3,529	4,319	5,108
Okanogan	45	51	57	**62.12**	2,823	3,173	3,523
Pacific	73	76	78	**62.12**	4,554	4,714	4,875
Pend Oreille	22	24	26	**62.12**	1,337	1,483	1,630
Pierce	342	496	649	**62.12**	21,240	30,788	40,337
San Juan	(10)	(8)	(6)	**62.12**	(639)	(507)	(375)
Skagit	7	33	58	**62.12**	435	2,029	3,623
Skamania	16	18	19	**62.12**	984	1,094	1,204
Snohomish	(349)	(205)	(61)	**62.12**	(21,649)	(12,726)	(3,802)
Spokane	89	176	263	**62.12**	5,511	10,934	16,357
Stevens	86	92	99	**62.12**	5,345	5,741	6,136
Thurston	(171)	(123)	(75)	**62.12**	(10,646)	(7,645)	(4,643)
Wahkiakum	15	16	16	**62.12**	956	967	977
Walla Walla	53	60	68	**62.12**	3,304	3,758	4,213
Whatcom	(80)	(46)	(13)	**62.12**	(4,953)	(2,888)	(823)
Whitman	(4)	1	5	**62.12**	(231)	50	330
Yakima	(125)	(97)	(69)	**62.12**	(7,760)	(6,032)	(4,305)

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.

Sources: CPS MDCR Hospice 3 Report
Self-Report Provider Utilization Surveys for Years 2018-2020
Vital Statistics Death Data for Years 2018-2020
Prepared by DOH Program Staff

Department of Health
2021-2022 Hospice Numeric Need Methodology
Posted November 10, 2021

WAC246-310-290(8)(g) Step 7:
Divide the unmet patient days from Step 6 by 365 to determine the unmet need ADC.

				Step 7 (Patient Days / 365) = Unmet ADC		
County	**2021 Unmet Need Patient Days***	**2022 Unmet Need Patient Days***	**2023 Unmet Need Patient Days***	**2021 Unmet Need ADC***	**2022 Unmet Need ADC***	**2023 Unmet Need ADC***
Adams	244	300	356	1	1	1
Asotin	2,563	2,786	3,009	7	8	8
Benton	(5,497)	(3,565)	(1,633)	(15)	(10)	(4)
Chelan	2,535	3,539	4,542	7	10	12
Clallam	12,682	13,613	14,543	35	37	40
Clark	(23,619)	(18,396)	(13,174)	(65)	(50)	(36)
Columbia	(281)	(258)	(235)	(1)	(1)	(1)
Cowlitz	(7,320)	(6,160)	(5,000)	(20)	(17)	(14)
Douglas	134	470	807	0	1	2
Ferry	691	737	784	2	2	2
Franklin	1,201	1,801	2,401	3	5	7
Garfield	506	518	531	1	1	1
Grant	5,021	5,799	6,578	14	16	18
Grays Harbor	9,916	10,589	11,261	27	29	31
Island	1,377	2,090	2,802	4	6	8
Jefferson	1,324	1,726	2,127	4	5	6
King	(2,759)	14,070	30,899	(8)	39	85
Kitsap	2,696	5,513	8,331	7	15	23
Kittitas	889	1,290	1,691	2	4	5
Klickitat	(6,994)	(6,835)	(6,676)	(19)	(19)	(18)
Lewis	3,378	4,132	4,886	9	11	13
Lincoln	1,917	2,004	2,091	5	5	6
Mason	3,529	4,319	5,108	10	12	14
Okanogan	2,823	3,173	3,523	8	9	10
Pacific	4,554	4,714	4,875	12	13	13
Pend Oreille	1,337	1,483	1,630	4	4	4
Pierce	21,240	30,788	40,337	58	84	111
San Juan	(639)	(507)	(375)	(2)	(1)	(1)
Skagit	435	2,029	3,623	1	6	10
Skamania	984	1,094	1,204	3	3	3
Snohomish	(21,649)	(12,726)	(3,802)	(59)	(35)	(10)
Spokane	5,511	10,934	16,357	15	30	45
Stevens	5,345	5,741	6,136	15	16	17
Thurston	(10,646)	(7,645)	(4,643)	(29)	(21)	(13)
Wahkiakum	956	967	977	3	3	3
Walla Walla	3,304	3,758	4,213	9	10	12
Whatcom	(4,953)	(2,888)	(823)	(14)	(8)	(2)
Whitman	(231)	50	330	(1)	0	1
Yakima	(7,760)	(6,032)	(4,305)	(21)	(17)	(12)

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.

Sources:
Self-Report Provider Utilization Surveys for Years 2018-2020
Vital Statistics Death Data for Years 2018-2020
Prepared by DOH Program Staff

Department of Health
2021-2022 Hospice Numeric Need Methodology
Posted November 10, 2021

WAC246-310-290(8)(h) Step 8:
Determine the number of hospice agencies in the planning area that could support the unmet need with an ADC of thirty-five.

Application Year

Step 7 (Patient Days / 365) = Unmet ADC				Step 8 - Numeric Need	
County	**2021 Unmet Need ADC***	**2022 Unmet Need ADC***	**2023 Unmet Need ADC***	**Numeric Need?**	**Number of New Agencies Needed?****
Adams	1	1	1	FALSE	FALSE
Asotin	7	8	8	FALSE	FALSE
Benton	(15)	(10)	(4)	FALSE	FALSE
Chelan	7	10	12	FALSE	FALSE
Clallam	35	37	40	***TRUE***	***1***
Clark	(65)	(50)	(36)	FALSE	FALSE
Columbia	(1)	(1)	(1)	FALSE	FALSE
Cowlitz	(20)	(17)	(14)	FALSE	FALSE
Douglas	0	1	2	FALSE	FALSE
Ferry	2	2	2	FALSE	FALSE
Franklin	3	5	7	FALSE	FALSE
Garfield	1	1	1	FALSE	FALSE
Grant	14	16	18	FALSE	FALSE
Grays Harbor	27	29	31	FALSE	FALSE
Island	4	6	8	FALSE	FALSE
Jefferson	4	5	6	FALSE	FALSE
King	(8)	39	85	***TRUE***	***2***
Kitsap	7	15	23	FALSE	FALSE
Kittitas	2	4	5	FALSE	FALSE
Klickitat	(19)	(19)	(18)	FALSE	FALSE
Lewis	9	11	13	FALSE	FALSE
Lincoln	5	5	6	FALSE	FALSE
Mason	10	12	14	FALSE	FALSE
Okanogan	8	9	10	FALSE	FALSE
Pacific	12	13	13	FALSE	FALSE
Pend Oreille	4	4	4	FALSE	FALSE
Pierce	58	84	111	***TRUE***	***3***
San Juan	(2)	(1)	(1)	FALSE	FALSE
Skagit	1	6	10	FALSE	FALSE
Skamania	3	3	3	FALSE	FALSE
Snohomish	(59)	(35)	(10)	FALSE	FALSE
Spokane	15	30	45	***TRUE***	***1***
Stevens	15	16	17	FALSE	FALSE
Thurston	(29)	(21)	(13)	FALSE	FALSE
Wahkiakum	3	3	3	FALSE	FALSE
Walla Walla	9	10	12	FALSE	FALSE
Whatcom	(14)	(8)	(2)	FALSE	FALSE
Whitman	(1)	0	1	FALSE	FALSE
Yakima	(21)	(17)	(12)	FALSE	FALSE

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.

**The numeric need methodology projects need for whole hospice agencies only - not partial hospice agencies. Therefore, the results are rounded down to the nearest whole number.

Sources:
Self-Report Provider Utilization Surveys for Years 2018-2020
Vital Statistics Death Data for Years 2018-2020
Prepared by DOH Program Staff

Department of Health
2021-2022 Hospice Numeric Need Methodology
Admissions - Summarized

Washington State Department of Health

0-64 Total Admissions by County

Sum of 0-64	Column Labels		
Row Labels	2018	2019	2020
Adams	6	8	4
Asotin	6	9	24
Benton	118	103	132
Chelan	34	28	32
Clallam	16	23	24
Clark	336	287	297
Columbia	1	3	3
Cowlitz	107	121	94
Douglas	10	19	17
Ferry	6	5	3
Franklin	30	26	34
Garfield	1	1	3
Grant	41	45	40
Grays Harbor	35	41	27
Island	38	43	54
Jefferson	21	26	17
King	1009	765	889
Kitsap	180	173	96
Kittitas	15	16	12
Klickitat	10	12	12
Lewis	56	50	47
Lincoln	7	3	5
Mason	14	34	43
Okanogan	21	27	31
Pacific	13	15	12
Pend Oreille	8	4	17
Pierce	543	556	425
San Juan	6	6	8
Skagit	48	77	70
Skamania	2	1	3
Snohomish	422	342	361
Spokane	400	329	362
Stevens	30	20	21
Thurston	114	115	129
Wahkiakum	2	0	3
Walla Walla	24	41	41
Whatcom	117	138	80
Whitman	19	12	12
Yakima	248	175	195

65+ Total Admissions by County

Sum of 65+	Column Labels		
Row Labels	2018	2019	2020
Adams	34	54	48
Asotin	121	71	84
Benton	887	837	973
Chelan	386	385	421
Clallam	187	234	283
Clark	2124	2060	2238
Columbia	23	25	50
Cowlitz	600	735	707
Douglas	136	130	170
Ferry	29	25	28
Franklin	155	166	194
Garfield	2	4	7
Grant	261	236	254
Grays Harbor	180	212	186
Island	348	341	375
Jefferson	155	181	194
King	6359	6315	7131
Kitsap	1021	1074	921
Kittitas	135	169	157
Klickitat	81	90	87
Lewis	420	362	401
Lincoln	29	22	21
Mason	161	193	263
Okanogan	148	171	167
Pacific	72	98	69
Pend Oreille	53	65	49
Pierce	3175	3170	2714
San Juan	79	73	89
Skagit	680	705	607
Skamania	20	33	37
Snohomish	2636	2214	2636
Spokane	2247.5	2175	2648
Stevens	121	126	128
Thurston	936	947	1070
Wahkiakum	5	7	11
Walla Walla	227	242	242
Whatcom	770	995	978
Whitman	226.5	77	128
Yakima	977	998	1190

Total Admissions by County - Not Adjusted for New

County	2018	2019	2020	Average
Adams	40	62	52	**51.33**
Asotin	127	80	108	**105.00**
Benton	1005	940	1105	**1016.67**
Chelan	420	413	453	**428.67**
Clallam	203	257	307	**255.67**
Clark	2460	2347	2535	**2447.33**
Columbia	24	28	53	**35.00**
Cowlitz	707	856	801	**788.00**
Douglas	146	149	187	**160.67**
Ferry	35	30	31	**32.00**
Franklin	185	192	228	**201.67**
Garfield	3	5	10	**6.00**
Grant	302	281	294	**292.33**
Grays Harb	215	253	213	**227.00**
Island	386	384	429	**399.67**
Jefferson	176	207	211	**198.00**
King	7368	7080	8020	**7489.33**
Kitsap	1201	1247	1017	**1155.00**
Kittitas	150	185	169	**168.00**
Klickitat	91	102	99	**97.33**
Lewis	476	412	448	**445.33**
Lincoln	36	25	26	**29.00**
Mason	175	227	306	**236.00**
Okanogan	169	198	198	**188.33**
Pacific	85	113	81	**93.00**
Pend Oreill	61	69	66	**65.33**
Pierce	3718	3726	3139	**3527.67**
San Juan	85	79	97	**87.00**
Skagit	728	782	677	**729.00**
Skamania	22	34	40	**32.00**
Snohomish	3058	2556	2997	**2870.33**
Spokane	2647.5	2504	3010	**2720.50**
Stevens	151	146	149	**148.67**
Thurston	1050	1062	1199	**1103.67**
Wahkiakun	7	7	14	**9.33**
Walla Wall	251	283	283	**272.33**
Whatcom	887	1133	1058	**1026.00**
Whitman	245.5	89	140	**158.17**
Yakima	1225	1173	1385	**1261.00**

Total Admissions by County - Adjusted for New

Adjusted Cells Highlighted in YELLOW

County	2018	2019	2020	Average
Adams	40	62	52	**51.33**
Asotin	127	80	108	**105.00**
Benton	1005	940	1105	**1016.67**
Chelan	420	413	453	**428.67**
Clallam	203	462.7	512.7	**392.80**
Clark	2460	2552.7	2740.7	**2584.47**
Columbia	24	28	53	**35.00**
Cowlitz	707	856	801	**788.00**
Douglas	146	149	187	**160.67**
Ferry	35	30	31	**32.00**
Franklin	185	192	228	**201.67**
Garfield	3	5	10	**6.00**
Grant	302	281	294	**292.33**
Grays Harb	215	253	418.7	**295.57**
Island	386	384	429	**399.67**
Jefferson	176	207	211	**198.00**
King	7368	7400.4	8723.8	**7830.73**
Kitsap	1201	1247	1222.7	**1223.57**
Kittitas	150	185	169	**168.00**
Klickitat	272.7	281.7	99	**217.80**
Lewis	476	412	448	**445.33**
Lincoln	36	25	26	**29.00**
Mason	175	227	511.7	**304.57**
Okanogan	169	198	198	**188.33**
Pacific	85	113	81	**93.00**
Pend Oreill	61	69	66	**65.33**
Pierce	3718	3726	3344.7	**3596.23**
San Juan	85	79	97	**87.00**
Skagit	728	782	677	**729.00**
Skamania	22	34	40	**32.00**
Snohomish	3058	3378.8	4088.2	**3508.33**
Spokane	2647.5	2504	3010	**2720.50**
Stevens	151	146	149	**148.67**
Thurston	1255.7	1449.4	1990.8	**1565.30**
Wahkiakun	7	7	14	**9.33**
Walla Wall	251	283	283	**272.33**
Whatcom	887	1133	1263.7	**1094.57**
Whitman	245.5	89	140	**158.17**
Yakima	1225	1173	1385	**1261.00**

35 ADC * 365 days per year = 12,775 default patient days

12,775 patient days/62.12 ALOS = 205.7 default admissions

205.7 Default

For affected counties, the actual volumes from these recently approved agnecies will be subtracted, and default values will be added.

Sources:
Self-Report Provider Utilization Surveys for Years 2018-2020
Prepared by DOH Program Staff

Recent approvals showing default volumes:

Olympic Medical Center - Clallam County. Approved in September 2019. Default volumes for 2019-2020
Providence Hospice - Clark County. Approved in 2019. Default volumes in 2019-2020
The Pennant Group - Grays Harbor County. Approved August 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.
Wesley Homes Hospice - King County. Approved in 2015, operational since 2017. 2018 volumes exceed "default" - no adjustment for 2018. Adjustments in 2019.
Envision Hospice - King County. Approved in 2019. Default volumes for 2019-2020
Continuum Care of King - King County. CN issued March 2020. Default volumes for 2020
EmpRes Healthcare Group - King County. Approved in 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.
Seasons Hospice - King County. Approved in 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.
Envision Hospice - Kitsap County. Approved in 2020. Default volumes for 2020
Heart of Hospice - Klickitat County. Approved in August 2017. Operational since August 2017. Default volumes in 2018-2019.
The Pennant Group - Mason County. Approved September 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.
Providence Health & Services - Pierce County. Approved in 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.
Continuum Care of Snohomish - Snohomish County. Approved in July 2019. Default volumes in 2019-2020
Heart of Hospice - Snohomish County. Approved in November 2019. Default volumes for 2019-2020
Envision Hospice - Snohomish County. Approved in November 2019. Default volumes for 2019-2020
Glacier Peak Healthcare - Snohomish County. Approved in November 2019. Default volumes for 2019-2020
EmpRes Healthcare Group - Snohomish County. Approved in 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.
Seasons Hospice - Snohomish County. Approved in 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.
Envision Hospice - Thurston County. Approved in September 2018. Default volumes in 2018-2020.
Symbol Healthcare - Thurston County. Approved in November 2019. Default volumes for 2019-2020
Bristol Hospice - Thurston County. Approved March 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.
MultiCare Health - Thurston County. Approved in 2021. No adjustment possible for 2021, adjustment in 2020 as proxy.
EmpRes Healthcare Group - Whatcom County. Approved in 2020. Default volumes for 2020

Sources:
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Note: Kindred Hospice in Whitman and Spokane Counties did not respond to the department's survey for 2018 data. As a result, the average of 2016 and 2017 data was used as a proxy for 2018.

Agency Name	License Number	County	Year	0-64	65+
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Grant	2018	40	254
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Lincoln	2018	6	28
Assured Home Health and Hospice (Central Basin/Assured Hospice)	IHS.FS.60092413	Adams	2018	6	34
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Jefferson	2018	1	11
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Mason	2018	4	44
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Clallam	2018	16	186
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Thurston	2018	24	273
Assured Home Health, Hospice & Home Care	IHS.FS.00000229	Lewis	2018	35	280
Astria Home Health and Hospice (Yakima Regional Home Health and Hospice)	IHS.FS.60097245	Yakima	2018	41	8
Central Washington Hospital Home Care Services	IHS.FS.00000250	Douglas	2018	10	133
Central Washington Hospital Home Care Services	IHS.FS.00000250	Chelan	2018	34	386
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Wahkiakum	2018	2	5
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Clark	2018	54	383
Community Home Health and Hospice CHHH Community Home Care Hospice	IHS.FS.00000262	Cowlitz	2018	87	524
Elite Home Health and Hospice	IHS.FS.60384078	Garfield	2018	1	2
Elite Home Health and Hospice	IHS.FS.60384078	Asotin	2018	6	121
Evergreen Health Home Care Services	IHS.FS.00000278	Island	2018	1	9
Evergreen Health Home Care Services	IHS.FS.00000278	Snohomish	2018	79	690
Evergreen Health Home Care Services	IHS.FS.00000278	King	2018	348	1989
Franciscan Hospice	IHS.FS.00000287	Kitsap	2018	141	693
Franciscan Hospice	IHS.FS.00000287	King	2018	102	921
Franciscan Hospice	IHS.FS.00000287	Pierce	2018	331	2110
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Douglas	2018	0	3
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Grant	2018	1	7
Frontier Home Health and Hospice (Okanogan Regional)	IHS.FS.60379608	Okanogan	2018	21	148
Gentiva Hospice (Odyssey Hospice)	IHS.FS.60330209	King	2018	37	180
Harbors Home Health and Hospice	IHS.FS.00000306	Pacific	2018	13	71
Harbors Home Health and Hospice	IHS.FS.00000306	Grays Harbor	2018	35	180
Heart of Hospice	IHS.FS.00000185	Skamania	2018	none repo	10
Heart of Hospice	IHS.FS.00000185	Klickitat	2018	1	23
Heartlinks Hospice and Palliative Care (Lower Valley Hospice)	IHS.FS.00000369	Benton	2018	6	137
Heartlinks Hospice and Palliative Care (Lower Valley Hospice)	IHS.FS.00000369	Yakima	2018	24	219
Home Health Care of Whidbey General Hospital (Whidbey General)	IHS.FS.00000323	Island	2018	20	235
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Skamania	2018	1	1
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Cowlitz	2018	20	76
Homecare and Hospice Southwest (Hospice SW)	IHS.FS.60331226	Clark	2018	243	1305
Horizon Hospice	IHS.FS.00000332	Spokane	2018	31	389
Hospice of Kitsap County	IHS.FS.00000335	Kitsap	2018	0	0
Hospice of Spokane	IHS.FS.00000337	Lincoln	2018	1	1
Hospice of Spokane	IHS.FS.00000337	Ferry	2018	6	29
Hospice of Spokane	IHS.FS.00000337	Pend Oreille	2018	8	53
Hospice of Spokane	IHS.FS.00000337	Stevens	2018	30	121
Hospice of Spokane	IHS.FS.00000337	Spokane	2018	346	1593
Hospice of Spokane	IHS.FS.00000337	Whitman	2018	none repo	none repor
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Island	2018	6	60
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Snohomish	2018	2	67
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	San Juan	2018	6	79
Hospice of the Northwest (Skagit Hospice Service)	IHS.FS.00000437	Skagit	2018	48	680
IRREGULAR-COMMUNITY HOME HEALTH & HOSPICE	IHS.FS.00000262	Pacific	2018	0	1
IRREGULAR-MULTICARE	IHS.FS.60639376	Clallam	2018	0	1
Jefferson Healthcare Home Health and Hospice (Hospice of Jefferson County)	IHS.FS.00000349	Jefferson	2018	20	144
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Clark	2018	39	436
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Cowlitz	2018	none repo	none repor
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Skamania	2018	none repo	none repor
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Snohomish	2018	14	94
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Kitsap	2018	14	96
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	Pierce	2018	35	198
Kaiser Permanente Home Health and Hospice (Group Health)	IHS.FS.00000305	King	2018	25	416
Kindred Hospice (Gentiva Hospice	IHS.FS.60308060	Whitman	2018	19	226.5
Kindred Hospice (Gentiva Hospice	IHS.FS.60308060	Spokane	2018	23	265.5
Kittitas Valley Home Health and Hospice	IHS.FS.00000320	Kittitas	2018	15	135
Klickitat Valley Home Health & Hospice (Klickitat Valley Health)	IHS.FS.00000361	Klickitat	2018	5	40
Kline Galland Community Based Services	IHS.FS.60103742	King	2018	29	368
Memorial Home Care Services	IHS.FS.00000376	Yakima	2018	183	750
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639376	King	2018	32	158

Sources:
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MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639377	Kitsap	2018	25	232
MultiCare Home Health, Hospice and Palliative Care	IHS.FS.60639378	Pierce	2018	177	867
Providence Hospice (Hospice of the Gorge)	IHS.FS.60201476	Skamania	2018	1	9
Providence Hospice (Hospice of the Gorge)	IHS.FS.60201476	Klickitat	2018	4	18
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Island	2018	11	44
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Snohomish	2018	316	1772
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	King	2018	none repo	none repor
Providence Hospice of Seattle	IHS.FS.00000336	Snohomish	2018	11	13
Providence Hospice of Seattle	IHS.FS.00000336	King	2018	407	1959
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Mason	2018	10	117
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Lewis	2018	21	140
Providence SoundHomeCare and Hospice	IHS.FS.00000420	Thurston	2018	90	663
Tri-Cities Chaplaincy	IHS.FS.00000456	Franklin	2018	30	155
Tri-Cities Chaplaincy	IHS.FS.00000456	Benton	2018	112	750
Walla Walla Community Hospice	IHS.FS.60480441	Columbia	2018	1	23
Walla Walla Community Hospice	IHS.FS.60480441	Walla Walla	2018	24	227
Wesley Homes	IHS.FS.60276500	King	2018	29	368
Whatcom Hospice (Peacehealth)	IHS.FS.00000471	Whatcom	2018	117	770
Alpha Home Health	IHS.FS.61032013	Snohomish	2019	0	0
Alpowa Healthcare Inc. d/b/a Elite Home Health and Hospice	IHS.FS.60384078	Asotin	2019	9	71
Alpowa Healthcare Inc. d/b/a Elite Home Health and Hospice	IHS.FS.60384078	Garfield	2019	1	4
Central Washington Homecare Services	IHS.FS.00000250	Chelan	2019	28	385
Central Washington Homecare Services	IHS.FS.00000250	Douglas	2019	19	125
Chaplaincy Health Care 2018	IHS.FS.00000456	Benton	2019	96	700
Chaplaincy Health Care 2018	IHS.FS.00000456	Franklin	2019	26	164
Community Home Health/Hospice	IHS.FS.00000262	Cowlitz	2019	98	636
Community Home Health/Hospice	IHS.FS.00000262	Wahkiakum	2019	0	7
Community Home Health/Hospice	IHS.FS.00000262	Clark	2019	60	453
Continuum Care of King LLC	IHS.FS.61058934	King	2019	0	0
Continuum Care of Snohomish LLC	IHS.FS.61010090	Snohomish	2019	0	0
Envision Hospice of Washington	IHS.FS.60952486	Thurston	2019	2	22
EvergreenHealth	IHS.FS.00000278	King	2019	225	2025
EvergreenHealth	IHS.FS.00000278	Snohomish	2019	53	471
EvergreenHealth	IHS.FS.00000278	Island	2019	1	11
Franciscan Hospice	IHS.FS.00000287	King	2019	92	921
Franciscan Hospice	IHS.FS.00000287	Kitsap	2019	118	757
Franciscan Hospice	IHS.FS.00000287	Pierce	2019	364	2236
Frontier Home Health & Hospice	IHS.FS.60379608	Okanogan	2019	27	171
Frontier Home Health & Hospice	IHS.FS.60379608	Douglas	2019	0	5
Frontier Home Health & Hospice	IHS.FS.60379608	Grant	2019	4	8
Harbors Home Health and Hospice	IHS.FS.00000306	Grays Harbor	2019	41	212
Harbors Home Health and Hospice	IHS.FS.00000306	Pacific	2019	15	98
Heartlinks	IHS.FS.00000369	Benton	2019	7	137
Heartlinks	IHS.FS.00000369	Yakima	2019	21	180
Heartlinks	IHS.FS.00000369	Franklin	2019	0	2
Horizon Hospice	IHS.FS.00000332	Spokane	2019	30	393
Hospice of Jefferson County, Jefferson Healthcare	IHI.FS.00000349	Jefferson	2019	26	172
Hospice of Spokane	IHS.FS.00000337	Spokane	2019	289	1692
Hospice of Spokane	IHS.FS.00000337	Stevens	2019	20	126
Hospice of Spokane	IHS.FS.00000337	Ferry	2019	5	25
Hospice of Spokane	IHS.FS.00000337	Pend Oreille	2019	4	65
Hospice of the Northwest	IHS.FS.00000437	Island	2019	14	56
Hospice of the Northwest	IHS.FS.00000437	San Juan	2019	6	73
Hospice of the Northwest	IHS.FS.00000437	Skagit	2019	77	705
Hospice of the Northwest	IHS.FS.00000437	Snohomish	2019	5	58
Inspiring Hospice Partners of Oregon dba Heart of Hospice	IHS.FS.60741443	Skamania	2019	0	17
Inspiring Hospice Partners of Oregon dba Heart of Hospice	IHS.FS.60741443	Klickitat	2019	2	24
Inspiring Hospice Partners of Oregon dba Heart of Hospice	IHS.FS.60741443	Clark	2019	0	3
Inspiring Hospice Partners of Oregon dba Heart of Hospice	IHS.FS.60741443	Snohomish	2019	0	0
Kaiser Continuing Care Services Hospice	IHS.FS.00000353	Clark	2019	43	387
Kaiser Permanente Home Health and Hospice	IHS.FS.00000305	King	2019	37	489
Kaiser Permanente Home Health and Hospice	IHS.FS.00000305	Kitsap	2019	18	123
Kaiser Permanente Home Health and Hospice	IHS.FS.00000305	Pierce	2019	25	176
Kaiser Permanente Home Health and Hospice	IHS.FS.00000305	Snohomish	2019	7	62
Kindred Hospice	IHS.FS.60308060	Spokane	2019	10	90
Kindred Hospice	IHS.FS.60308060	Whitman	2019	12	77
Kindred Hospice	IHS.FS.60330209	King	2019	6	217
Kittitas Valley Healthcare Home Health and Hospice	IHS.FS.00000320	Kittitas	2019	16	169

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Klickitat Valley Hospice	IHS.FS.00000361	Klickitat	2019	1	44
Kline Galland Community Based Services	IHS.FS.60103742	King	2019	35	345
Memorial Home Care Services	IHS.FS.00000376	Yakima	2019	148	730
MultiCare Hospice	IHS.FS.60639376	King	2019	27	149
MultiCare Hospice	IHS.FS.60639376	Pierce	2019	167	758
MultiCare Hospice	IHS.FS.60639376	Kitsap	2019	37	194
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Clallam	2019	23	234
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Jefferson	2019	0	9
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Lewis	2019	17	244
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Mason	2019	6	45
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Thurston	2019	22	240
Olympic Medical Hospice	IHS.FS.00000393	Clallam	2019	0	0
PeaceHealth Hospice	IHS.FS.60331226	Clark	2019	184	1217
PeaceHealth Hospice	IHS.FS.60331226	Cowlitz	2019	23	99
PeaceHealth Hospice	IHS.FS.60331226	Skamania	2019	0	1
PeaceHealth Whatcom	IHS.FS.00000471	Whatcom	2019	138	995
Providence Hospice	IHS.FS.60201476	Klickitat	2019	9	22
Providence Hospice	IHS.FS.60201476	Skamania	2019	1	15
Providence Hospice	IHS.FS.60201476	Clark	2019	0	0
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Snohomish	2019	272	1613
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Island	2019	1	29
Providence Hospice of Seattle	IHS.FS.00000336	King	2019	338	2083
Providence Hospice of Seattle	IHS.FS.00000336	Snohomish	2019	5	10
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Thurston	2019	91	685
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Mason	2019	28	148
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Lewis	2019	33	118
Puget Sound Hopsice	IHS.FS.61032138	Thurston	2019	0	0
Walla Walla Community Hospice	IHS.FS.60480441	Walla Walla	2019	41	242
Walla Walla Community Hospice	IHS.FS.60480441	Columbia	2019	3	25
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Adams	2019	8	54
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Grant	2019	41	228
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Lincoln	2019	3	22
Wesley Homes	IHS.FS.60276500	King	2019	5	86
WhidbeyHealth Home Health, Hospice	IHS.FS.00000323	Island	2019	27	245
Yakima HMA Home Health, LLC	IHS.FS.60097245	Yakima	2019	6	88
Alpha Hospice	IHS.FS.61032013	Snohomish	2020	1	30
Alpowa Healthcare, Inc. d/b/a Elite Home Health & Hospice	IHS.FS.60384078	Asotin	2020	24	84
Alpowa Healthcare, Inc. d/b/a Elite Home Health & Hospice	IHS.FS.60384078	Garfield	2020	3	7
Astria Hospice	IHS.FS.60097245	Yakima	2020	0	56
Central Washington Home Care Service	IHS.FS.00000250	Chelan	2020	32	421
Central Washington Home Care Service	IHS.FS.00000250	Douglas	2020	13	159
Chaplaincy Health Care	IHS.FS.00000456	Benton	2020	118	821
Chaplaincy Health Care	IHS.FS.00000456	Franklin	2020	30	192
Community Home Health/Hospice	IHS.FS.00000262	Cowlitz	2020	78	616
Community Home Health/Hospice	IHS.FS.00000262	Pacific	2020	1	3
Community Home Health/Hospice	IHS.FS.00000262	Wahkiakum	2020	3	11
Community Home Health/Hospice	IHS.FS.60547198	Clark	2020	61	430
Continuum Care of King LLC	IHS.FS.61058934	King	2020	0	0
Continuum Care of Snohomish	IHS.FS.61010090	King	2020	2	40
Continuum Care of Snohomish	IHS.FS.61010090	Snohomish	2020	12	131
Eden Hospice at Whatcom County, LLC	IHS.FS.61117985	Whatcom	2020	0	0
Envision Hospice of Washington LLC	IHS.FS.60952486	King	2020	1	76
Envision Hospice of Washington LLC	IHS.FS.60952486	Kitsap	2020	0	0
Envision Hospice of Washington LLC	IHS.FS.60952486	Pierce	2020	1	20
Envision Hospice of Washington LLC	IHS.FS.60952486	Thurston	2020	1	24
Envision Hospice of Washington LLC	IHS.FS.60952486	Snohomish	2020	0	0
EvergreenHealth	IHS.FS.00000278	King	2020	316	2451
EvergreenHealth	IHS.FS.00000278	Snohomish	2020	70	672
EvergreenHealth	IHS.FS.00000278	Island	2020	0	6
Frontier Home Health & Hospice	IHS.FS.60379608	Douglas	2020	4	11
Frontier Home Health & Hospice	IHS.FS.60379608	Grant	2020	0	3
Frontier Home Health & Hospice	IHS.FS.60379608	Okanogan	2020	30	167
Harbors Home Health and Hospice	IHS.FS.00000306	Grays Harbor	2020	27	186
Harbors Home Health and Hospice	IHS.FS.00000306	Pacific	2020	11	66
HEART OF HOSPICE	IHS.FS.60741443	Clark	2020	0	3
HEART OF HOSPICE	IHS.FS.60741443	Klickitat	2020	2	21
HEART OF HOSPICE	IHS.FS.60741443	Skamania	2020	2	18
HEART OF HOSPICE	IHS.FS.60741443	Snohomish	2020	0	0

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Heartlinks	IHS.FS.00000369	Benton	2020	14	152
Heartlinks	IHS.FS.00000369	Yakima	2020	20	181
Heartlinks	IHS.FS.00000369	Franklin	2020	4	2
Horizon Hospice & Palliative Care	IHS.FS.00000332	Spokane	2020	28	456
Hospice of Jefferson County	IHS.FS.00000349	Jefferson	2020	17	178
Hospice of Spokane	IHS.FS.00000337	Spokane	2020	302	1895
Hospice of Spokane	IHS.FS.00000337	Stevens	2020	21	128
Hospice of Spokane	IHS.FS.00000337	Ferry	2020	3	28
Hospice of Spokane	IHS.FS.00000337	Pend Oreille	2020	17	49
Hospice of Spokane	IHS.FS.00000337	Lincoln	2020	0	0
Hospice of Spokane	IHS.FS.00000337	Whitman	2020	0	1
Hospice of Spokane	IHS.FS.00000337	Okanogan	2020	1	0
Kaiser Permanente Continuing Care Services	IHS.FS.00000353	Clark	2020	42	433
Kaiser Permanente Home Health & Hospice	IHS.FS.00000305	King	2020	49	446
Kaiser Permanente Home Health & Hospice	IHS.FS.00000305	Kitsap	2020	13	114
Kaiser Permanente Home Health & Hospice	IHS.FS.00000305	Pierce	2020	30	181
Kaiser Permanente Home Health & Hospice	IHS.FS.00000305	Snohomish	2020	3	84
Kindred Hospice	IHS.FS.60308060	Spokane	2020	32	297
Kindred Hospice	IHS.FS.60308060	Whitman	2020	12	127
Kindred Hospice	IHS.FS.60330209	King	2020	9	200
Kittitas Valley Home Health and Hospice	IHS.FS.00000320	Kittitas	2020	12	157
Klickitat Valley Health Home Health & Hospice	IHS.FS.00000361	Klickitat	2020	4	38
Kline Galland Hospice	IHS.FS.60103742	King	2020	83	896
Memorial Home Care Services	IHS.FS.00000376	Yakima	2020	175	953
Multicare Home Health, Hospice	IHS.FS.60639376	Pierce	2020	161	866
Multicare Home Health, Hospice	IHS.FS.60639376	King	2020	36	137
Multicare Home Health, Hospice	IHS.FS.60639376	Kitsap	2020	12	126
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Clallam	2020	24	283
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Jefferson	2020	0	16
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Lewis	2020	15	226
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Mason	2020	8	70
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Pierce	2020	0	1
Northwest Healthcare Alliance, Inc. d/b/a Assured Home Health & Hospice	IHS.FS.00000229	Thurston	2020	22	268
Olympic Medical Hospice	IHS.FS.00000393	Clallam	2020	0	0
PeaceHealth Hospice Southwest	IHS.FS.60331226	Clark	2020	194	1372
PeaceHealth Hospice Southwest	IHS.FS.60331226	Cowlitz	2020	16	91
PeaceHealth Hospice Southwest	IHS.FS.60331226	Skamania	2020	0	3
Providence Hospice	IHS.FS.60201476	Klickitat	2020	6	28
Providence Hospice	IHS.FS.60201476	Skamania	2020	1	16
Providence Hospice	IHS.FS.60201476	Clark	2020	0	0
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Snohomish	2020	267	1645
Providence Hospice and Home Care of Snohomish County	IHS.FS.00000418	Island	2020	5	36
Providence Hospice of Seattle	IHS.FS.00000336	King	2020	338	2059
Providence Hospice of Seattle	IHS.FS.00000336	Snohomish	2020	0	0
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Thurston	2020	106	772
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Mason	2020	35	193
Providence Sound HomeCare and Hospice	IHS.FS.00000420	Lewis	2020	32	175
Puget Sound Hospice	IHS.FS.61032138	Thurston	2020	0	6
Skagit Hospice Services dba Hospice of the Northwest	IHS.FS.00000437	Island	2020	20	81
Skagit Hospice Services dba Hospice of the Northwest	IHS.FS.00000437	San Juan	2020	8	89
Skagit Hospice Services dba Hospice of the Northwest	IHS.FS.00000437	Skagit	2020	70	607
Skagit Hospice Services dba Hospice of the Northwest	IHS.FS.00000437	Snohomish	2020	8	74
Virginia Mason Franciscan Hospice & Palliative Care	IHS.FS.00000287	King	2020	52	716
Virginia Mason Franciscan Hospice & Palliative Care	IHS.FS.00000287	Pierce	2020	232	1630
Virginia Mason Franciscan Hospice & Palliative Care	IHS.FS.00000287	Kitsap	2020	71	681
Walla Walla Community Hospice	IHS.FS.60480441	Walla Walla	2020	41	242
Walla Walla Community Hospice	IHS.FS.60480441	Columbia	2020	3	50
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Adams	2020	4	48
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Grant	2020	40	251
Washington HomeCare and Hospice of Central Basin, LLC d/b/a Assured Hospice	IHS.FS.60092413	Lincoln	2020	5	21
Wesley Homes Hospice, LLC	IHS.FS.60276500	King	2020	3	110
Wesley Homes Hospice, LLC	IHS.FS.60276500	Pierce	2020	1	16

Sources:
Self-Report Provider Utilization Surveys for Years 2018-2020
Prepared by DOH Program Staff

Department of Health
2021-2022 Hospice Numeric Need Methodology
Preliminary Death Data Updated October 12, 2021

	0-64			65+		
County	**2018**	**2019**	**2020**	**2018**	**2019**	**2020**
ADAMS	28	35	20	72	93	59
ASOTIN	52	54	56	214	222	186
BENTON	331	346	555	1,125	1154	1522
CHELAN	130	137	224	573	626	785
CLALLAM	191	186	195	871	955	777
CLARK	874	887	1043	2,767	2987	3205
COLUMBIA	6	7	7	43	52	43
COWLITZ	300	294	314	840	951	968
DOUGLAS	51	63	42	255	270	160
FERRY	28	20	19	55	64	58
FRANKLIN	145	123	100	278	313	263
GARFIELD	5	5	5	30	21	11
GRANT	195	197	186	524	508	455
GRAYS HARBOR	227	251	209	647	659	558
ISLAND	135	167	110	675	642	505
JEFFERSON	64	72	68	336	338	273
KING	3,264	3,275	4456	9,917	10213	11186
KITSAP	515	557	454	1,713	1811	1714
KITTITAS	68	90	78	239	266	241
KLICKITAT	58	46	42	158	160	113
LEWIS	227	210	205	730	722	653
LINCOLN	25	25	15	94	89	75
MASON	158	167	143	526	548	408
OKANOGAN	103	119	88	332	358	277
PACIFIC	64	66	55	279	265	177
PEND OREILLE	43	31	41	130	125	101
PIERCE	1,964	1,911	2364	4,926	5002	5608
SAN JUAN	19	20	18	114	127	94
SKAGIT	231	229	269	1,001	1018	1068
SKAMANIA	27	19	26	56	87	47
SNOHOMISH	1,533	1,533	1587	4,055	4081	4278
SPOKANE	1,177	1,143	1634	3,556	3545	4322
STEVENS	113	112	86	373	345	248
THURSTON	554	525	628	1,823	1908	2007
WAHKIAKUM	13	11	10	33	53	18
WALLA WALLA	110	118	150	445	450	522
WHATCOM	360	394	457	1,252	1461	1481
WHITMAN	66	47	51	199	219	226
YAKIMA	601	555	653	1,517	1451	1675

Sources:
Vital Statistics Death Data for Years 2018-2020
Prepared by DOH Program Staff

Department of Health
2021-2022 Hospice Numeric Need Methodology
0-64 Population Projection

County	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2018-2020 Average Population
Adams	17,637	17,768	17,899	18,029	18,160	18,291	18,456	18,622	18,787	18,953	19,118	18,160
Asotin	16,969	16,906	16,842	16,779	16,715	16,652	16,596	16,540	16,485	16,429	16,373	16,715
Benton	162,262	163,693	165,123	166,554	167,984	169,415	171,026	172,638	174,249	175,861	177,472	167,984
Chelan	61,284	61,520	61,755	61,991	62,227	62,463	62,512	62,562	62,611	62,661	62,710	62,227
Clallam	52,716	52,661	52,605	52,550	52,494	52,439	52,233	52,027	51,821	51,615	51,409	52,494
Clark	387,296	393,291	399,287	405,282	411,278	417,273	421,901	426,529	431,158	435,786	440,414	411,278
Columbia	2,988	2,947	2,905	2,863	2,822	2,780	2,745	2,710	2,675	2,640	2,605	2,822
Cowlitz	85,417	85,517	85,617	85,717	85,817	85,917	85,843	85,769	85,695	85,621	85,547	85,817
Douglas	33,540	33,938	34,335	34,732	35,130	35,527	35,803	36,080	36,356	36,633	36,909	35,130
Ferry	5,834	5,782	5,731	5,680	5,628	5,577	5,541	5,506	5,470	5,435	5,399	5,628
Franklin	79,651	81,742	83,832	85,922	88,012	90,102	92,443	94,784	97,124	99,465	101,806	88,012
Garfield	1,665	1,644	1,623	1,602	1,581	1,560	1,541	1,522	1,502	1,483	1,464	1,581
Grant	81,535	82,660	83,784	84,909	86,033	87,158	88,240	89,322	90,403	91,485	92,567	86,033
Grays Harb	59,105	58,675	58,246	57,817	57,387	56,958	56,679	56,401	56,122	55,844	55,565	57,387
Island	62,514	62,664	62,814	62,964	63,114	63,264	63,280	63,296	63,312	63,328	63,344	63,114
Jefferson	20,636	20,653	20,670	20,688	20,705	20,722	20,636	20,550	20,463	20,377	20,291	20,705
King	1,798,581	1,820,215	1,841,848	1,863,482	1,885,115	1,906,749	1,918,470	1,930,192	1,941,913	1,953,635	1,965,356	1,885,115
Kitsap	212,548	214,045	215,543	217,040	218,538	220,035	220,614	221,192	221,771	222,349	222,928	218,538
Kittitas	36,206	36,768	37,330	37,892	38,453	39,015	39,286	39,556	39,827	40,097	40,368	38,453
Klickitat	16,208	16,082	15,955	15,828	15,702	15,575	15,439	15,304	15,168	15,033	14,897	15,702
Lewis	61,494	61,796	62,097	62,398	62,700	63,001	63,164	63,327	63,491	63,654	63,817	62,700
Lincoln	8,101	8,042	7,982	7,923	7,864	7,805	7,751	7,698	7,644	7,591	7,537	7,864
Mason	48,672	49,162	49,652	50,142	50,632	51,122	51,397	51,672	51,946	52,221	52,496	50,632
Okanogan	33,087	32,906	32,726	32,545	32,364	32,183	32,087	31,991	31,896	31,800	31,704	32,364
Pacific	15,115	14,972	14,830	14,688	14,545	14,403	14,322	14,242	14,161	14,081	14,000	14,545
Pend Oreill	10,045	9,998	9,952	9,905	9,859	9,812	9,769	9,727	9,684	9,642	9,599	9,859
Pierce	721,137	729,937	738,738	747,538	756,339	765,139	769,918	774,696	779,475	784,253	789,032	756,339
San Juan	11,305	11,194	11,084	10,974	10,863	10,753	10,730	10,707	10,684	10,661	10,638	10,863
Skagit	97,885	98,616	99,346	100,076	100,807	101,537	101,887	102,236	102,586	102,935	103,285	100,807
Skamania	9,272	9,266	9,260	9,254	9,248	9,242	9,223	9,205	9,186	9,168	9,149	9,248
Snohomish	661,812	672,806	683,800	694,793	705,787	716,781	721,527	726,273	731,019	735,765	740,511	705,787
Spokane	414,493	416,684	418,875	421,066	423,256	425,447	426,740	428,033	429,326	430,619	431,912	423,256
Stevens	34,576	34,459	34,343	34,226	34,109	33,992	33,917	33,841	33,766	33,690	33,615	34,109
Thurston	224,951	228,261	231,571	234,880	238,190	241,500	243,867	246,235	248,602	250,970	253,337	238,190
Wahkiakun	2,726	2,669	2,612	2,555	2,498	2,441	2,405	2,368	2,332	2,295	2,259	2,498
Walla Walla	49,893	50,111	50,328	50,546	50,763	50,981	51,028	51,075	51,121	51,168	51,215	50,763
Whatcom	175,840	178,234	180,629	183,023	185,418	187,812	189,267	190,722	192,178	193,633	195,088	185,418
Whitman	42,880	42,965	43,051	43,137	43,222	43,308	43,315	43,322	43,330	43,337	43,344	43,222
Yakima	215,882	217,605	219,328	221,051	222,774	224,497	225,822	227,147	228,473	229,798	231,123	222,774

Sources:
2017 OFM Population Projections, Medium-Series
Prepared by DOH Program Staff

Department of Health
2020-2021 Hospice Numeric Need Methodology
65+ Population Projection

County	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2018-2020 Average Population
Adams	1,773	1,887	2,000	2,114	2,227	2,341	2,383	2,424	2,466	2,507	2,549	2,227
Asotin	5,041	5,233	5,426	5,619	5,812	6,005	6,175	6,344	6,514	6,683	6,853	5,812
Benton	26,328	27,492	28,657	29,821	30,986	32,150	33,373	34,597	35,820	37,044	38,267	30,986
Chelan	13,746	14,279	14,811	15,343	15,876	16,408	17,052	17,695	18,339	18,982	19,626	15,876
Clallam	19,934	20,401	20,867	21,334	21,800	22,267	22,901	23,535	24,168	24,802	25,436	21,800
Clark	64,524	68,044	71,564	75,085	78,605	82,125	85,686	89,247	92,807	96,368	99,929	78,605
Columbia	1,102	1,135	1,169	1,202	1,236	1,269	1,287	1,304	1,322	1,339	1,357	1,236
Cowlitz	18,863	19,684	20,505	21,326	22,148	22,969	23,719	24,470	25,220	25,971	26,721	22,148
Douglas	6,450	6,831	7,213	7,595	7,976	8,358	8,666	8,974	9,283	9,591	9,899	7,976
Ferry	1,876	1,949	2,022	2,095	2,168	2,241	2,289	2,337	2,386	2,434	2,482	2,168
Franklin	7,499	7,921	8,343	8,765	9,188	9,610	10,083	10,557	11,030	11,504	11,977	9,188
Garfield	595	607	620	633	645	658	669	680	692	703	714	645
Grant	12,395	13,011	13,628	14,244	14,861	15,477	16,071	16,665	17,258	17,852	18,446	14,861
Grays Harb	14,005	14,535	15,064	15,594	16,123	16,653	17,133	17,612	18,092	18,571	19,051	16,123
Island	18,086	18,625	19,163	19,701	20,239	20,777	21,412	22,047	22,682	23,317	23,952	20,239
Jefferson	10,244	10,580	10,916	11,252	11,588	11,924	12,323	12,722	13,121	13,520	13,919	11,588
King	254,219	268,307	282,395	296,484	310,572	324,660	337,771	350,881	363,992	377,102	390,213	310,572
Kitsap	45,652	47,697	49,743	51,788	53,833	55,878	58,185	60,492	62,800	65,107	67,414	53,833
Kittitas	6,464	6,760	7,055	7,351	7,647	7,943	8,266	8,589	8,911	9,234	9,557	7,647
Klickitat	4,792	5,051	5,310	5,570	5,829	6,088	6,268	6,448	6,627	6,807	6,987	5,829
Lewis	15,166	15,576	15,987	16,398	16,808	17,219	17,697	18,175	18,652	19,130	19,608	16,808
Lincoln	2,619	2,687	2,755	2,823	2,891	2,959	3,039	3,119	3,200	3,280	3,360	2,891
Mason	13,528	14,123	14,717	15,311	15,905	16,499	17,167	17,836	18,504	19,173	19,841	15,905
Okanogan	8,773	9,198	9,624	10,050	10,475	10,901	11,210	11,519	11,827	12,136	12,445	10,475
Pacific	6,095	6,258	6,421	6,584	6,747	6,910	7,035	7,159	7,284	7,408	7,533	6,747
Pend Oreill	3,195	3,378	3,560	3,742	3,925	4,107	4,239	4,371	4,504	4,636	4,768	3,925
Pierce	108,983	114,409	119,836	125,262	130,688	136,114	142,422	148,729	155,037	161,344	167,652	130,688
San Juan	4,876	5,099	5,322	5,545	5,768	5,991	6,174	6,357	6,541	6,724	6,907	5,768
Skagit	22,735	24,021	25,308	26,595	27,881	29,168	30,314	31,460	32,607	33,753	34,899	27,881
Skamania	2,158	2,286	2,414	2,542	2,670	2,798	2,923	3,048	3,172	3,297	3,422	2,670
Snohomish	95,788	101,674	107,560	113,447	119,333	125,219	131,978	138,737	145,495	152,254	159,013	119,333
Spokane	73,817	77,325	80,834	84,343	87,852	91,361	94,670	97,979	101,288	104,597	107,906	87,852
Stevens	9,454	9,930	10,407	10,884	11,360	11,837	12,214	12,591	12,969	13,346	13,723	11,360
Thurston	42,459	44,534	46,608	48,683	50,757	52,832	54,900	56,967	59,035	61,102	63,170	50,757
Wahkiakun	1,254	1,316	1,379	1,441	1,503	1,565	1,580	1,595	1,611	1,626	1,641	1,503
Walla Wall	10,757	10,819	10,881	10,944	11,006	11,068	11,350	11,632	11,915	12,197	12,479	11,006
Whatcom	33,950	35,688	37,426	39,164	40,902	42,640	44,217	45,794	47,372	48,949	50,526	40,902
Whitman	4,370	4,659	4,948	5,237	5,526	5,815	6,008	6,201	6,395	6,588	6,781	5,526
Yakima	34,088	34,949	35,809	36,670	37,530	38,391	39,475	40,559	41,643	42,727	43,811	37,530

Sources:
2017 OFM Population Projections, Medium-Series
Prepared by DOH Program Staff

APPENDIX B

Current Spokane County Providers

Name	DOH Credential	CCN	Source	Survey 219-2020 ADMITS	Excluded?
Hospice of Spokane	IHS.FS.00000337	501503	Survey	6117	
Kindred Hospice	IHS.FS.60308060	501534	Survey	888	
Horizon Hospice & Palliative Care	IHS.FS.60952486	501535	Survey	1327	

ADC of 35 is profitable agency
according to DOH method
ADC of 35 = Patient Days / 365
Patient Days = Admits * ALOS

35 = (Admits * 62.12) / 365
Admits = ((365*35)/62.12)
205.7

205.7 admits for a profitable agency

Current Spokane County Providers

State	WA
CMS Certification Number (CCN)	(Multiple Items)

Average of Score	Column Labels		
Row Labels	Always	Sometimes/Ne	Usually
Good Communication	80.00	7.00	13.00
Pain/Symptom Management	75.00	8.67	16.33
Receive Needed Training	72.33	12.00	15.67
Received Timely Help	77.67	10.33	12.00
Treated With Respect	91.33	2.00	6.67

State	WA
CMS Certification Number (CCN)	(Multiple Items)

Average of Score	Column Labels		
Row Labels	High	Low	Medium
Ranking Out of Ten	83.00	4.67	12.33

State	WA
CMS Certification Number (CCN)	(Multiple Items)

Average of Score	Column Labels	
Row Labels	No	Yes
Emotional Support	9.00	91.00

State	WA
CMS Certification Number (CCN)	(Multiple Items)

Average of Score	Column Labels		
Row Labels	No Would Not	Yes Definitely	Yes Probably
Would You Recommend?	4.33	86.00	9.67

State	WA
CMS Certification Number (CCN)	(Multiple Items)

Row Labels	Average of Score
Beliefs & Values Addressed (if desired by	99.87
Hospice and Palliative Care Composite P	98.87
Hospice and Palliative Care Dyspnea Scr	99.90
Hospice and Palliative Care Dyspnea Tre	99.27
Hospice and Palliative Care Pain Assessn	99.73
Hospice and Palliative Care Pain Screeni	99.60
Hospice and Palliative Care Treatment P	100.00
Patient Treated with an Opioid Who Are	99.87

Source: February 2022 CMS Hospice Compare, "CAHPS Hospice Survey"

Source: February 2022 CMS Hospice Compare, "Hospice Item Set"

ACCENT/SEASONS

Chain	AccentCare

Average of Score	Column Labels		
Row Labels	Always	Sometimes/Ne	Usually
Good Communication	80.19	6.68	13.13
Pain/Symptom Management	74.00	10.61	15.39
Receive Needed Training	73.61	9.77	16.61
Received Timely Help	77.71	9.61	12.68
Treated With Respect	90.29	2.55	7.16

Spokane Score	Superior Score
80.00	Applicant
75.00	County
72.33	Applicant
77.67	Applicant
91.33	County

Chain	AccentCare

Average of Score	Column Labels		
Row Labels	High	Low	Medium
Ranking Out of Ten	80.42	4.90	14.68

Spokane Score	Superior Score
83.00	County

Chain	AccentCare

Average of Score	Column Labels	
Row Labels	No	Yes
Emotional Support	10.00	90.00

Spokane Score	Superior Score
91.00	County

Chain	AccentCare

Average of Score	Column Labels		
Row Labels	No Would Not	Yes Definitely	Yes Probably
Would You Recommend?	4.29	83.87	11.84

Spokane Score	Superior Score
86.00	County

Chain	AccentCare

Row Labels	Average of Score
Beliefs & Values Addressed (if desired by	99.18
Hospice and Palliative Care Composite P	94.37
Hospice and Palliative Care Dyspnea Scr	99.59
Hospice and Palliative Care Dyspnea Tre	98.66
Hospice and Palliative Care Pain Assessn	96.99
Hospice and Palliative Care Pain Screeni	98.93
Hospice and Palliative Care Treatment P	99.82
Patient Treated with an Opioid Who Are	99.16

Spokane Score	Superior Score
99.87	County
98.87	County
99.90	County
99.27	County
99.73	County
99.60	County
100.00	County
99.87	County

Source: February 2022 CMS Hospice Compare, "CAHPS Hospice Survey"
Source: February 2022 CMS Hospice Compare, "Hospice Item Set"

Total County	**13**
Total Applicant	**3**
Ratio Applicant/Total	**18.75%**
Point Awarded?	**No**

-290(11)(a)(i)
Improved service to the planning area;

AccentCare Total Points	**1,436.80**

-290(11)(a)(v)
Published and publicly available quality data.

Providence

Chain	Providence

Average of Score	Column Labels		
Row Labels	Always	Sometimes/Ne	Usually
Good Communication	78.33	7.00	14.67
Pain/Symptom Management	73.50	9.83	16.67
Receive Needed Training	73.75	9.92	16.33
Received Timely Help	74.58	11.25	14.17
Treated With Respect	90.08	1.67	8.25

Spokane Score	Superior Score
80.00	County
75.00	County
72.33	Applicant
77.67	County
91.33	County

Chain	Providence

Average of Score	Column Labels		
Row Labels	High	Low	Medium
Ranking Out of Ten	78.50	4.75	16.75

Spokane Score	Superior Score
83.00	County

Chain	Providence

Average of Score	Column Labels	
Row Labels	No	Yes
Emotional Support	9.58	90.42

Spokane Score	Superior Score
91.00	County

Chain	Providence

Average of Score	Column Labels		
Row Labels	No Would Not	Yes Definitely	Yes Probably
Would You Recommend?	4.58	82.08	13.33

Spokane Score	Superior Score
86.00	County

Chain	Providence

Row Labels	Average of Score
Beliefs & Values Addressed (if desired by	99.66
Hospice and Palliative Care Composite P	95.75
Hospice and Palliative Care Dyspnea Scr	99.36
Hospice and Palliative Care Dyspnea Tre	97.78
Hospice and Palliative Care Pain Assessn	97.45
Hospice and Palliative Care Pain Screeni	98.92
Hospice and Palliative Care Treatment P	99.89
Patient Treated with an Opioid Who Are	98.32

Spokane Score	Superior Score
99.87	County
98.87	County
99.90	County
99.27	County
99.73	County
99.60	County
100.00	County
99.87	County

Source: February 2022 CMS Hospice Compare, "CAHPS Hospice Survey"
Source: February 2022 CMS Hospice Compare, "Hospice Item Set"

Total County	**15**
Total Applicant	**1**
Ratio Applicant/Total	**6.25%**
Point Awarded?	**No**

-290(11)(a)(i)
Improved service to the planning area;

Providence Total Points	**1,428.40**

-290(11)(a)(v)
Published and publicly available quality data.

Pennant

Chain	Pennant

Average of Score	Column Labels		
Row Labels	Always	Sometimes/Ne	Usually
Good Communication	80.55	6.55	12.90
Pain/Symptom Management	74.55	9.20	16.25
Receive Needed Training	73.95	9.05	17.00
Received Timely Help	78.00	9.15	12.85
Treated With Respect	90.50	2.25	7.25

Spokane Score	Superior Score
80.00	Applicant
75.00	County
72.33	Applicant
77.67	Applicant
91.33	County

Chain	Pennant

Average of Score	Column Labels		
Row Labels	High	Low	Medium
Ranking Out of Ten	81.50	4.65	13.85

Spokane Score	Superior Score
83.00	County

Chain	Pennant

Average of Score	Column Labels	
Row Labels	No	Yes
Emotional Support	9.35	90.65

Spokane Score	Superior Score
91.00	County

Chain	Pennant

Average of Score	Column Labels		
Row Labels	No Would Not	Yes Definitely	Yes Probably
Would You Recommend?	4.45	84.20	11.35

Spokane Score	Superior Score
86.00	County

Chain	Pennant

Row Labels	Average of Score
Beliefs & Values Addressed (if desired by	98.51
Hospice and Palliative Care Composite P	92.27
Hospice and Palliative Care Dyspnea Scr	99.43
Hospice and Palliative Care Dyspnea Tre	97.78
Hospice and Palliative Care Pain Assessn	93.96
Hospice and Palliative Care Pain Screeni	98.11
Hospice and Palliative Care Treatment P	99.46
Patient Treated with an Opioid Who Are	96.45

Spokane Score	Superior Score
99.87	County
98.87	County
99.90	County
99.27	County
99.73	County
99.60	County
100.00	County
99.87	County

Source: February 2022 CMS Hospice Compare, "CAHPS Hospice Survey"
Source: February 2022 CMS Hospice Compare, "Hospice Item Set"

Total County	**13**
Total Applicant	**3**
Ratio Applicant/Total	**18.75%**
Point Awarded?	**No**

-290(11)(a)(i)
Improved service to the planning area;

Pennant Total Points	**1,429.88**

-290(11)(a)(v)
Published and publicly available quality data.

Appendix B - Demonstrative Exhibit

2021-2022 Hospice Numeric Need Methodology - Steps 1 through 5

Solely for Use in Superiority Calculation Evaluation - Not for Use in Evaluation of WAC 246-310-210(1)

Washington State Department of Health

WAC246-310-290(8)(a) Step 1:

Calculate the following two statewide predicted hospice use rates using department of health survey and vital statistics data:

WAC 246-310-290(8)(a)(i) The percentage of patients age sixty-five and over who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions over the last three years for patients sixty five and over by the average number of past three years statewide total deaths age sixty-five and over.

WAC246-310-290(8)(a)(ii) The percentage of patients under sixty-five who will use hospice services. This percentage is calculated by dividing the average number of unduplicated admissions over the last three years for patients under sixty-five by the average number of past three years statewide total of deaths under sixty-five.

Hospice admissions ages 0-64	
Year	Admissions
2018	4,114
2019	3,699
2020	3,679
	average: 3,831

Deaths ages 0-64	
Year	Deaths
2018	14,055
2019	14,047
2020	16,663
	average: 14,922

Use Rates	
0-64	25.67%
65+	60.15%

Hospice admissions ages 65+	
Year	Admissions
2018	26,207
2019	26,017
2020	27,956
	average: 26,727

Deaths ages 65+	
Year	Deaths
2018	42,773
2019	44,159
2020	46,367
	average: 44,433

Sources:
Self-Report Provider Utilization Surveys for Years 2018-2020
Vital Statistics Death Data for Years 2018-2020
Prepared by DOH Program Staff

Appendix B - Demonstrative Exhibit
2021-2022 Hospice Numeric Need Methodology - Steps 1 through 5
Solely for Use in Superiority Calculation Evaluation - Not for Use in Evaluation of WAC 246-310-210(1)

Washington State Department of Health

WAC246-310-290(8)(b) Step 2:
Calculate the average number of total resident deaths over the last three years for each planning area by age cohort.

0-64				
County	2018	2019	2020	2018-2020 Average Deaths
Adams	28	35	20	**28**
Asotin	52	54	56	**54**
Benton	331	346	555	**411**
Chelan	130	137	224	**164**
Clallam	191	186	195	**191**
Clark	874	887	1,043	**935**
Columbia	6	7	7	**7**
Cowlitz	300	294	314	**303**
Douglas	51	63	42	**52**
Ferry	28	20	19	**22**
Franklin	145	123	100	**123**
Garfield	5	5	5	**5**
Grant	195	197	186	**193**
Grays Harbor	227	251	209	**229**
Island	135	167	110	**137**
Jefferson	64	72	68	**68**
King	3,264	3,275	4,456	**3,665**
Kitsap	515	557	454	**509**
Kittitas	68	90	78	**79**
Klickitat	58	46	42	**49**
Lewis	227	210	205	**214**
Lincoln	25	25	15	**22**
Mason	158	167	143	**156**
Okanogan	103	119	88	**103**
Pacific	64	66	55	**62**
Pend Oreille	43	31	41	**38**
Pierce	1,964	1,911	2,364	**2,080**
San Juan	19	20	18	**19**
Skagit	231	229	269	**243**
Skamania	27	19	26	**24**
Snohomish	1,533	1,533	1,587	**1,551**
Spokane	1,177	1,143	1,634	**1,318**
Stevens	113	112	86	**104**
Thurston	554	525	628	**569**
Wahkiakum	13	11	10	**11**
Walla Walla	110	118	150	**126**
Whatcom	360	394	457	**404**
Whitman	66	47	51	**55**
Yakima	601	555	653	**603**

65+				
County	2018	2019	2020	2018-2020 Average Deaths
Adams	72	93	59	**75**
Asotin	214	222	186	**207**
Benton	1,125	1,154	1,522	**1,267**
Chelan	573	626	785	**661**
Clallam	871	955	777	**868**
Clark	2,767	2,987	3,205	**2,986**
Columbia	43	52	43	**46**
Cowlitz	840	951	968	**920**
Douglas	255	270	160	**228**
Ferry	55	64	58	**59**
Franklin	278	313	263	**285**
Garfield	30	21	11	**21**
Grant	524	508	455	**496**
Grays Harbor	647	659	558	**621**
Island	675	642	505	**607**
Jefferson	336	338	273	**316**
King	9,917	10,213	11,186	**10,439**
Kitsap	1,713	1,811	1,714	**1,746**
Kittitas	239	266	241	**249**
Klickitat	158	160	113	**144**
Lewis	730	722	653	**702**
Lincoln	94	89	75	**86**
Mason	526	548	408	**494**
Okanogan	332	358	277	**322**
Pacific	279	265	177	**240**
Pend Oreille	130	125	101	**119**
Pierce	4,926	5,002	5,608	**5,179**
San Juan	114	127	94	**112**
Skagit	1,001	1,018	1,068	**1,029**
Skamania	56	87	47	**63**
Snohomish	4,055	4,081	4,278	**4,138**
Spokane	3,556	3,545	4,322	**3,808**
Stevens	373	345	248	**322**
Thurston	1,823	1,908	2,007	**1,913**
Wahkiakum	33	53	18	**35**
Walla Walla	445	450	522	**472**
Whatcom	1,252	1,461	1,481	**1,398**
Whitman	199	219	226	**215**
Yakima	1,517	1,451	1,675	**1,548**

Sources:
Self-Report Provider Utilization Surveys for Years 2018-2020
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Appendix B - Demonstrative Exhibit
2021-2022 Hospice Numeric Need Methodology - Steps 1 through 5
Solely for Use in Superiority Calculation Evaluation - Not for Use in Evaluation of WAC 246-310-210(1)

Washington State Department of Health

WAC246-310-290(8)(c) Step 3.
Multiply each hospice use rate determined in Step 1 by the planning areas' average total resident deaths determined in Step 2, separated by age cohort.

0-64		
County	2018-2020 Average Deaths	Projected Patients: 25.67% of Deaths
Adams	28	7
Asotin	54	14
Benton	411	105
Chelan	164	42
Clallam	191	49
Clark	935	240
Columbia	7	2
Cowlitz	303	78
Douglas	52	13
Ferry	22	6
Franklin	123	31
Garfield	5	1
Grant	193	49
Grays Harbor	229	59
Island	137	35
Jefferson	68	17
King	3,665	941
Kitsap	509	131
Kittitas	79	20
Klickitat	49	12
Lewis	214	55
Lincoln	22	6
Mason	156	40
Okanogan	103	27
Pacific	62	16
Pend Oreille	38	10
Pierce	2,080	534
San Juan	19	5
Skagit	243	62
Skamania	24	6
Snohomish	1,551	398
Spokane	1,318	338
Stevens	104	27
Thurston	569	146
Wahkiakum	11	3
Walla Walla	126	32
Whatcom	404	104
Whitman	55	14
Yakima	603	155

65+		
County	2018-2020 Average Deaths	Projected Patients: 60.15% of Deaths
Adams	75	45
Asotin	207	125
Benton	1,267	762
Chelan	661	398
Clallam	868	522
Clark	2,986	1,796
Columbia	46	28
Cowlitz	920	553
Douglas	228	137
Ferry	59	35
Franklin	285	171
Garfield	21	12
Grant	496	298
Grays Harbor	621	374
Island	607	365
Jefferson	316	190
King	10,439	6,279
Kitsap	1,746	1,050
Kittitas	249	150
Klickitat	144	86
Lewis	702	422
Lincoln	86	52
Mason	494	297
Okanogan	322	194
Pacific	240	145
Pend Oreille	119	71
Pierce	5,179	3,115
San Juan	112	67
Skagit	1,029	619
Skamania	63	38
Snohomish	4,138	2,489
Spokane	3,808	2,290
Stevens	322	194
Thurston	1,913	1,150
Wahkiakum	35	21
Walla Walla	472	284
Whatcom	1,398	841
Whitman	215	129
Yakima	1,548	931

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2021-2022 Hospice Numeric Need Methodology - Steps 1 through 5
Solely for Use in Superiority Calculation Evaluation - Not for Use in Evaluation of WAC 246-310-210(1)

Washington State Department of Health

WAC246-310-290(8)(d) Step 4:
Using the projected patients calculated in Step 3, calculate a use rate by dividing projected patients by the three-year historical average population by county. Use this rate to determine the potential volume of hospice use by the

0-64											
County	Projected Patients	2018-2020 Average Population	2021 projected population	2022 projected population	2023 projected population	2024 projected population	2025 projected population	2026 projected population	2021 potential volume	2022 potential volume	2023 potential volume
Adams	7	18,160	18,456	18,622	18,787	18,953	19,118	19,316	7	7	7
Asotin	14	16,715	16,596	16,540	16,485	16,429	16,373	16,322	14	14	14
Benton	105	167,984	171,026	172,638	174,249	175,861	177,472	178,937	107	108	109
Chelan	42	62,227	62,512	62,562	62,611	62,661	62,710	62,842	42	42	42
Clallam	49	52,494	52,233	52,027	51,821	51,615	51,409	51,432	49	49	48
Clark	240	411,278	421,901	426,529	431,158	435,786	440,414	444,372	246	249	252
Columbia	2	2,822	2,745	2,710	2,675	2,640	2,605	2,577	2	2	2
Cowlitz	78	85,817	85,843	85,769	85,695	85,621	85,547	85,534	78	78	78
Douglas	13	35,130	35,803	36,080	36,356	36,633	36,909	37,171	14	14	14
Ferry	6	5,628	5,541	5,506	5,470	5,435	5,399	5,394	6	6	6
Franklin	31	88,012	92,443	94,784	97,124	99,465	101,806	104,076	33	34	35
Garfield	1	1,581	1,541	1,522	1,502	1,483	1,464	1,450	1	1	1
Grant	49	86,033	88,240	89,322	90,403	91,485	92,567	93,578	51	51	52
Grays Harbor	59	57,387	56,679	56,401	56,122	55,844	55,565	55,506	58	58	57
Island	35	63,114	63,280	63,296	63,312	63,328	63,344	63,403	35	35	35
Jefferson	17	20,705	20,636	20,550	20,463	20,377	20,291	20,460	17	17	17
King	941	1,885,115	1,918,470	1,930,192	1,941,913	1,953,635	1,965,356	1,977,654	958	963	969
Kitsap	131	218,538	220,614	221,192	221,771	222,349	222,928	223,740	132	132	133
Kittitas	20	38,453	39,286	39,556	39,827	40,097	40,368	40,663	21	21	21
Klickitat	12	15,702	15,439	15,304	15,168	15,033	14,897	14,858	12	12	12
Lewis	55	62,700	63,164	63,327	63,491	63,654	63,817	63,909	55	55	56
Lincoln	6	7,864	7,751	7,698	7,644	7,591	7,537	7,523	5	5	5
Mason	40	50,632	51,397	51,672	51,946	52,221	52,496	52,837	41	41	41
Okanogan	27	32,364	32,087	31,991	31,896	31,800	31,704	31,702	26	26	26
Pacific	16	14,545	14,322	14,242	14,161	14,081	14,000	13,987	16	16	15
Pend Oreille	10	9,859	9,769	9,727	9,684	9,642	9,599	9,555	10	10	10
Pierce	534	756,339	769,918	774,696	779,475	784,253	789,032	792,680	543	547	550
San Juan	5	10,863	10,730	10,707	10,684	10,661	10,638	10,669	5	5	5
Skagit	62	100,807	101,887	102,236	102,586	102,935	103,285	104,082	63	63	63
Skamania	6	9,248	9,223	9,205	9,186	9,168	9,149	9,138	6	6	6
Snohomish	398	705,787	721,527	726,273	731,019	735,765	740,511	745,257	407	410	412
Spokane	338	423,256	426,740	428,033	429,326	430,619	431,912	434,052	341	342	343
Stevens	27	34,109	33,917	33,841	33,766	33,690	33,615	33,682	26	26	26
Thurston	146	238,190	243,867	246,235	248,602	250,970	253,337	255,560	150	151	152
Wahkiakum	3	2,498	2,405	2,368	2,332	2,295	2,259	2,238	3	3	3
Walla Walla	32	50,763	51,028	51,075	51,121	51,168	51,215	51,322	33	33	33
Whatcom	104	185,418	189,267	190,722	192,178	193,633	195,088	196,981	106	107	107
Whitman	14	43,222	43,315	43,322	43,330	43,337	43,344	43,437	14	14	14
Yakima	155	222,774	225,822	227,147	228,473	229,798	231,123	232,683	157	158	159

Sources:
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2021-2022 Hospice Numeric Need Methodology - Steps 1 through 5
Solely for Use in Superiority Calculation Evaluation - Not for Use in Evaluation of WAC 246-310-210(1)

Washington State Department of Health

WAC246-310-290(8)(d) Step 4:
Using the projected patients calculated in Step 3, calculate a use rate by dividing projected patients by the three-year historical average population by county. Use this rate to determine the potential volume of hospice use by the projected population by age cohort using Office of Financial Management (OFM) data.

65+								
County	Projected Patients	2018-2020 Average Population	2021 projected population	2022 projected population	2023 projected population	2024 projected population	2025 projected population	2026 projected population
Adams	45	2,227	2,383	2,424	2,466	2,507	2,549	2,584
Asotin	125	5,812	6,175	6,344	6,514	6,683	6,853	6,975
Benton	762	30,986	33,373	34,597	35,820	37,044	38,267	39,287
Chelan	398	15,876	17,052	17,695	18,339	18,982	19,626	20,098
Clallam	522	21,800	22,901	23,535	24,168	24,802	25,436	25,781
Clark	1,796	78,605	85,686	89,247	92,807	96,368	99,929	103,279
Columbia	28	1,236	1,287	1,304	1,322	1,339	1,357	1,375
Cowlitz	553	22,148	23,719	24,470	25,220	25,971	26,721	27,203
Douglas	137	7,976	8,666	8,974	9,283	9,591	9,899	10,148
Ferry	35	2,168	2,289	2,337	2,386	2,434	2,482	2,501
Franklin	171	9,188	10,083	10,557	11,030	11,504	11,977	12,439
Garfield	12	645	669	680	692	703	714	725
Grant	298	14,861	16,071	16,665	17,258	17,852	18,446	18,961
Grays Harbor	374	16,123	17,133	17,612	18,092	18,571	19,051	19,345
Island	365	20,239	21,412	22,047	22,682	23,317	23,952	24,404
Jefferson	190	11,588	12,323	12,722	13,121	13,520	13,919	14,158
King	6,279	310,572	337,771	350,881	363,992	377,102	390,213	401,727
Kitsap	1,050	53,833	58,185	60,492	62,800	65,107	67,414	69,239
Kittitas	150	7,647	8,266	8,589	8,911	9,234	9,557	9,776
Klickitat	86	5,829	6,268	6,448	6,627	6,807	6,987	7,087
Lewis	422	16,808	17,697	18,175	18,652	19,130	19,608	19,919
Lincoln	52	2,891	3,039	3,119	3,200	3,280	3,360	3,380
Mason	297	15,905	17,167	17,836	18,504	19,173	19,841	20,339
Okanogan	194	10,475	11,210	11,519	11,827	12,136	12,445	12,582
Pacific	145	6,747	7,035	7,159	7,284	7,408	7,533	7,573
Pend Oreille	71	3,925	4,239	4,371	4,504	4,636	4,768	4,837
Pierce	3,115	130,688	142,422	148,729	155,037	161,344	167,652	173,150
San Juan	67	5,768	6,174	6,357	6,541	6,724	6,907	7,005
Skagit	619	27,881	30,314	31,460	32,607	33,753	34,899	35,841
Skamania	38	2,670	2,923	3,048	3,172	3,297	3,422	3,521
Snohomish	2,489	119,333	131,978	138,737	145,495	152,254	159,013	165,544
Spokane	2,290	87,852	94,670	97,979	101,288	104,597	107,906	110,710
Stevens	194	11,360	12,214	12,591	12,969	13,346	13,723	13,877
Thurston	1,150	50,757	54,900	56,967	59,035	61,102	63,170	64,838
Wahkiakum	21	1,503	1,580	1,595	1,611	1,626	1,641	1,645
Walla Walla	284	11,006	11,350	11,632	11,915	12,197	12,479	12,643
Whatcom	841	40,902	44,217	45,794	47,372	48,949	50,526	51,909
Whitman	129	5,526	6,008	6,201	6,395	6,588	6,781	6,906
Yakima	931	37,530	39,475	40,559	41,643	42,727	43,811	44,778

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Solely for Use in Superiority Calculation Evaluation - Not for Use in Evaluation of WAC 246-310-210(1)

Washington State Department of Health

WAC246-310-290(8)(e) Step 5:
Combine the two age cohorts. Subtract the average of the most recent three years hospice capacity in each planning area from the projected volumes calculated in Step 4 to determine the number of projected admissions beyond the planning area capacity.

County	2021 potential volume	2022 potential volume	2023 potential volume	2024 potential volume	2025 potential volume	2026 potential volume	Current Supply of Hospice Providers	2021 Unmet Need Admissions*	2022 Unmet Need Admissions*	2023 Unmet Need Admissions*	2024 Unmet Need Admissions*	2025 Unmet Need Admissions*	2026 Unmet Need Admissions*
Adams	55	56	57	58	59	60	**51.33**	4	5	6	7	8	8
Asotin	146	150	153	157	161	163	**105.00**	41	45	48	52	56	58
Benton	928	959	990	1,021	1,053	1,079	**1,016.67**	(88)	(57)	(26)	5	36	62
Chelan	469	486	502	518	534	546	**428.67**	41	57	73	89	105	117
Clallam	597	612	627	642	657	665	**392.80**	204	219	234	249	264	272
Clark	2,204	2,288	2,372	2,456	2,541	2,619	**2,584.47**	(380)	(296)	(212)	(128)	(44)	35
Columbia	30	31	31	32	32	32	**35.00**	(5)	(4)	(4)	(3)	(3)	(3)
Cowlitz	670	689	708	726	745	757	**788.00**	(118)	(99)	(80)	(62)	(43)	(31)
Douglas	163	168	174	179	184	189	**160.67**	2	8	13	18	24	28
Ferry	43	44	45	45	46	46	**32.00**	11	12	13	13	14	14
Franklin	221	231	240	250	260	269	**201.67**	19	29	39	48	58	67
Garfield	14	14	15	15	15	15	**6.00**	8	8	9	9	9	9
Grant	373	386	398	411	423	434	**292.33**	81	93	106	118	131	142
Grays Harbor	455	466	477	488	499	505	**295.57**	160	170	181	192	203	210
Island	422	433	445	456	468	476	**399.67**	22	34	45	57	68	76
Jefferson	219	226	232	239	245	249	**198.00**	21	28	34	41	47	51
King	7,786	8,057	8,328	8,599	8,870	9,109	**7,830.73**	(44)	226	497	768	1,039	1,278
Kitsap	1,267	1,312	1,358	1,403	1,448	1,484	**1,223.57**	43	89	134	179	225	261
Kittitas	182	189	195	202	208	213	**168.00**	14	21	27	34	40	45
Klickitat	105	108	110	113	115	117	**217.80**	(113)	(110)	(107)	(105)	(102)	(101)
Lewis	500	512	524	536	548	556	**445.33**	54	67	79	91	103	111
Lincoln	60	61	63	64	65	66	**29.00**	31	32	34	35	36	37
Mason	361	374	387	399	412	422	**304.57**	57	70	82	95	108	117
Okanogan	234	239	245	251	256	259	**188.33**	45	51	57	62	68	71
Pacific	166	169	171	174	177	177	**93.00**	73	76	78	81	84	84
Pend Oreille	87	89	92	94	96	98	**65.33**	22	24	26	29	31	32
Pierce	3,938	4,092	4,246	4,399	4,553	4,687	**3,596.23**	342	496	649	803	957	1,090
San Juan	77	79	81	83	85	86	**87.00**	(10)	(8)	(6)	(4)	(2)	(1)
Skagit	736	762	787	813	839	860	**729.00**	7	33	58	84	110	131
Skamania	48	50	51	53	55	56	**32.00**	16	18	19	21	23	24
Snohomish	3,160	3,303	3,447	3,591	3,734	3,873	**3,508.33**	(349)	(205)	(61)	82	226	365
Spokane	2,809	2,897	2,984	3,071	3,158	3,233	**2,720.50**	89	176	263	351	438	513
Stevens	235	241	247	254	260	263	**148.67**	86	92	99	105	112	114
Thurston	1,394	1,442	1,491	1,539	1,587	1,626	**1,565.30**	(171)	(123)	(75)	(26)	22	61
Wahkiakum	25	25	25	25	25	25	**9.33**	15	16	16	16	16	16
Walla Walla	326	333	340	347	355	359	**272.33**	53	60	68	75	82	87
Whatcom	1,015	1,048	1,081	1,115	1,148	1,177	**1,094.57**	(80)	(46)	(13)	20	53	83
Whitman	154	159	163	168	173	175	**158.17**	(4)	1	5	10	14	17
Yakima	1,136	1,164	1,192	1,220	1,247	1,272	**1,261.00**	(125)	(97)	(69)	(41)	(14)	11

*a negative number indicates existing hospice service capacity exceeds the projected utilization based on the statewide use rate.

Sources:
Self-Report Provider Utilization Surveys for Years 2018-2020
Vital Statistics Death Data for Years 2018-2020
Prepared by DOH Program Staff