STATE OF WASHINGTON
DEPARTMENT OF HEALTH

August 14, 2013

Certified Mail 7011 1570 0002 7809 5544

Thomas H. Brown, RN, MSN
Executive Director
Wesley Homes At Home, LLC
815 South 216th Street
Des Moines, Washington 98198

RE: CN13-04

Dear Mr. Brown:

We have completed the review of the Certificate of Need application submitted by Wesley Homes At Home, LLC proposing to establish a Medicare certified and Medicaid eligible hospice agency in King County.

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

Need	WAC[1] 246-310-210
Financial Feasibility	WAC 246-310-220
Structure and Process (Quality) of care	WAC 246-310-230
Cost Containment	WAC 246-310-240

[1] Washington Administrative Code

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

Appeal Option 1:
You or any interested or affected person may request a public hearing to reconsider this decision. The request must state the specific reasons for reconsideration in accordance with Washington Administrative Code 246-310-560. A reconsideration request must be received within 28 calendar days from the date of the decision at one of the following addresses:

Mailing Address:	Other Than By Mail
Janis Sigman, Manager	Janis Sigman, Manager
Certificate of Need Program	Certificate of Need Program
Department of Health	Department of Health
Mail Stop 47852	111 Israel Road SE
Olympia, WA 98504-7852	Tumwater, WA 98501

Appeal Option 2:
You or any affected person with standing may request an adjudicative proceeding to contest this decision within 28 calendar days from the date of this letter. The notice of appeal must be filed according to the provisions of Revised Code of Washington 34.05 and Washington Administrative Code 246-310-610. A request for an adjudicative proceeding must be received within the 28 days at one of the following addresses:

Mailing Address:	Other Than By Mail
Adjudicative Service Unit	Adjudicative Clerk Office
Mail Stop 47879	111 Israel Road SE
Olympia, WA 98504-7879	Tumwater, WA 98501

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

Sincerely,

for Steven M. Saxe, FACHE
Director, Health Professions and Facilities

Enclosure

cc: Linda Foss, Department of Health, Investigations and Inspections Office

EVALUATION DATED AUGUST 14, 2013 FOR THE CERTIFICATE OF NEED APPLICATION SUBMITTED BY WESLEY HOMES AT HOME, LLC PROPOSING TO ESTABLISH A MEDICARE CERTIFIED AND MEDICAID ELIGIBLE HOSPICE AGENCY IN KING COUNTY

APPLICANT DESCRIPTION

This application was submitted by Wesley Homes at Home, LLC (WHAH) a subsidiary of Wesley Community Health Services (CHS) and CHS is a subsidiary of Wesley Home Corporation (Wesley). Wesley and its subsidiaries provide healthcare services to older adults and are affiliated with the Pacific Northwest Conference of United Methodist Church. [Source: Application, page 2] WHAH currently operates a Medicare certified and Medicaid eligible[1] home health agency providing services to the residents of King, Pierce, and Snohomish counties[2].

PROJECT DESCRIPTION

The application proposes to establish a new hospice agency in the city of Des Moines within King County. The proposed hospice agency would share office space with the applicant's existing Medicare certified home health agency located at 815 South 216th Avenue in Des Moines 98198. Services to be provided by the Medicare certified hospice agency would include pain and symptom management, nursing care and education, nutritional counseling, bereavement and medical social services, durable medical equipment services, speech, physical, and occupational therapies and spiritual care. [Source: Application, Pages 6 -7]

The capital expenditure associated with the establishment of the hospice agency is $54,416, which is solely related to equipment, taxes, and fees. [Source: Application, Page 17]. Under this timeline, year 2016 would be the facility's third full calendar year of operation. [Source: Application, Page 8]

APPLICABILITY OF CERTIFICATE OF NEED LAW

The project is subject to Certificate of Need (CN) review as the establishment of a new healthcare facility under the provisions of 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. It states:

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

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

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

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[1] A Medicare certified agency is also Medicaid eligible, therefore, the term "Medicaid eligible" will not be repeated throughout this evaluation.

[2] WHAH application stated the applicant acquired TLC Home Health in May 2007. TLC was CN approved to provide services in King, Snohomish and Pierce counties.

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

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

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

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

(i) Nationally recognized standards from professional organizations;

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

(iii) Federal Medicare and Medicaid certification requirements;

(iv) State licensing requirements;

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

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

WAC 246-310-290 contains service or facility specific criteria for hospice projects and must be used to make the required determinations. To obtain Certificate of Need approval, the applicant must demonstrate compliance with the applicable criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); 246-310-240 (cost containment); and WAC 246-310-290 (hospice standards and forecasting method).[3]

TYPE OF REVIEW

The concurrent review process promotes the expressed public policy goal of RCW 70.38 that the development or expansion of health care services is accomplished in a planned, orderly fashion and without unnecessary duplication. For hospice services, concurrent review allows the department to review applications proposing to serve the same planning area as defined in WAC 246-310-290 and simultaneously to reach a decision that serves the best interests of the planning area's residents. Wesley Home at Homes, LLC is located in the King County hospice planning area.[4] As directed under WAC 246-310-290(3) the department accepted this project under the year 2012 Concurrent Review Cycle. No other hospice applications were submitted for the King County planning area during the 2012 review cycle. As allowed under WAC 246-310-290(5), this application was converted to a regular review. A chronologic summary of the review is shown below:

[3] Each criterion contains certain sub-criteria. The following sub-criteria are not discussed in this evaluation because they are not relevant to this project: WAC 246-310-210(3), (4), (5), and (6); WAC 246-310-220(2) and (3); and WAC 246-310-240(2) and (3).

[4] Hospice rules adopted in April 2003 identify the individual counties as the smallest planning/service area for Hospice. King County, as a whole, is a single hospice planning/service area.

APPLICATION CHRONOLOGY

Action	Dates
Letter of Intent Submitted	September 28, 2012
Application Submitted	October 31, 2012
Department's pre-review activities including screening questions and responses	October 31, 2012 through January 22, 2013
Department Begins Review of Application • public comments accepted throughout review • No public hearing requested or conducted	January 23, 2013
End Public Comments/ Public Hearing	February 26, 2013
Rebuttal Comments Due	March 12 , 2013
Department's Anticipated Decision Date	April 26, 2013
Department Actual Decision Date	August 14, 2013

AFFECTED PERSONS

Washington Administrative Code 246-310-010(2) defines "*affected person*" as:
"...an "*interested person*" who:

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

Throughout the review of this project, the entities listed below sought and received affected person status under WAC 246-310-010(2)[5].

- Providence Senior and Community Services a provider of in-home services, home care, senior care and hospice agency services in King County.
- Evergreen Health a provider of home care, hospice and other community health programs in King County
- The Kline Galland Center a provider of skilled nursing care, hospice agency services, assisted living and other community services in King County.
- Odyssey/Gentiva Health Services, Inc. is a provider of hospice agency services in King County.

SOURCE INFORMATION REVIEWED

- Wesley Homes At Home Certificate of Need application received October 31, 2012
- Wesley Homes At Home supplemental information received January 15, 2013
- Public comment submitted by Odyssey/Gentiva Health Services, Inc. on February 26, 2013
- Public comments submitted by Evergreen Health on February 26, 2013
- Public comments submitted by The Kline Galland Center received on February 21, 2013
- Public comments submitted by Providence Senior and Community Services on February 26, 2013
- Rebuttal comments submitted by Wesley Homes At Home, LLC received on March 12, 2013
- April 12, 2012, Hospice Surveys

[5] Franciscan Hospice and Palliative Care requested interested persons status, but it did not provide comments.

- Hospice Services Standards and Forecasting Methodology based consisted with WAC 246-310-290(7)
- Licensing and/or survey data provided by the Department of Health's Investigations and Inspections Office
- Population data obtained from the Office of Financial Management based on year 2012 census
- Data obtained from the Department of Health's Integrated Licensing & Regulatory System (ILRS)
- http://www.medicare.gov/Nursing Home Compare/profile.aspx - Compliance history –

CONCLUSION

For the reasons stated in this evaluation, the application submitted by Wesley Homes at Home, LLC proposing to establish a Medicare certified and Medicaid eligible home health agency to serve the residents of King County is not consistent with the applicable review criteria and a Certificate of Need is denied.

CRITERIA DETERMINATIONS

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

Based on the source information reviewed the department concludes that Wesley Homes At Home, LLC's application did not met the need criteria.

(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 contains specific language and WAC 246-310-210 need criteria as identified in WAC 246-310-200(2)(a)(i). WAC 246-310-290 contains a numeric need methodology and it will be used for this evaluation.

Hospice Numeric Methodology WAC 246-310-290(7)

The determination of numeric need for hospice services is performed using the hospice services need forecasting method contained in the WAC 246-310-290. The methodology is a six-step process of information gathering and mathematical computation. The first step examines historical hospice utilization rates at the statewide level. The remaining five steps apply that utilization to current and future populations at the service area level and are intended to determine total baseline hospice services need and compare that need to the capacity of existing providers. The completed methodology is presented as Appendix A attached to this evaluation.

Wesley Homes At Home, LLC's methodology

WHAH did not run its own methodology, but submitted a copy of the department's numeric need methodology and stated, "*In August 2012, the department published its hospice methodology which identified a need for one additional hospice agency in King County in 2012 and two by 2017. WHAH is prepared and committed to addressing the 2012 need*". Since WHAH relied on the department's methodology to project need for its proposed project, the need methodology it provided will not be discussed further in this evaluation. [Source: Application, Page 10 and Exhibit 7]

Department's Methodology WAC 246-310-290(7)

This portion of the evaluation will describe, in summary, the calculations made at each step and the assumptions and changes made in that process. The titles for each step are excerpted from WAC. The completed methodology is presented as an appendix to this evaluation.

Step 1: Calculate the following four statewide predicted hospice use rates using CMS and department of health data or other available sources.

(i) The predicted percentage of cancer patients sixty-five and over who will use hospice services. This percentage is calculated by dividing the average number of hospice admissions over the last three years for patients the age of sixty-five and over with cancer by the average number of past three years statewide total deaths sixty-five and over from cancer.

(ii) The predicted percentage of cancer patients under sixty-five who will use hospice services. This percentage is calculated by dividing the average number of hospice

admissions over the last three years for patients under the age of sixty-five with cancer by the current statewide total of deaths under sixty-five with cancer.

(iii) The predicted percentage of non-cancer patients sixty-five and over who will use hospice services. This percentage is calculated by dividing the average number of hospice admissions over the last three years for patients age sixty-five and over with diagnoses other than cancer by the current statewide total of deaths over sixty-five with diagnoses other than cancer.

(iv) The predicted percentage of non-cancer patients under sixty-five who will use hospice services. This percentage is calculated by dividing the average number of hospice admissions over the last three years for patients under the age of sixty-five with diagnoses other than cancer by the current statewide total of deaths under sixty-five with diagnoses other than cancer.

For these sub-steps within Step 1, the department obtained utilization data for 2009 through 2011 from the licensed and Certificate of Need approved hospice providers throughout the state. The department asked providers to report their admissions by age group (under 65 and 65 and over) and diagnosis (cancer/non-cancer) for each of the most recent three years. This information was to be provided by county of residence. The results of this survey were compared with data provided by the Department of Health's Center for Health Statistics and Cancer Registry office to determine the percentages of deaths due to cancer and non-cancer causes for the two age groups.

Step 2: Calculate the average number of total resident deaths over the last three years for each planning area.

This step was completed using death statistics from the Department of Health's Center for Health Statistics. The total deaths in each of the planning areas for 2009-2011 were averaged for each planning area.[6]

Step 3: Multiply each hospice use rate determined in Step 1 by the planning area's average total resident deaths determined in Step 2.

In this step, the use rates from Step 1 are multiplied by the applicable age group's death rate for each planning area to determine the number of likely hospice patients for each of the four age/diagnosis categories.

Step 4: Add the four subtotals derived in Step 3 to project the potential volume of hospice services in each planning area.

The numbers of likely hospice patients from each of the four categories derived in Step 3 are added together for each planning area. This number is described as the "potential volume" of hospice services in the area. This represents the number of patients expected to elect hospice services in the area.

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[6] In applying Step 2, the department reads "total" to mean the total number of death for each of the four categories of patients identified in Step 1. The department adopts this reading because the various steps in the methodology build on each other and should be read together.

Step 5: Inflate the potential volume of hospice service by the one-year estimated population growth (using OFM data).

The values derived in Step 4, above, were inflated by the expected populations for each planning area. The age-specific population projections for each county were obtained from the state's Office of Financial Management. The most recent age-specific data set is the "Population Projections developed for Growth Management Act based on year 2012 census. This age-specific data is available for 5-year intervals only. The department used these 5-year interval values to estimate population projections for the interstitial years. The department applied the one-year estimated population growth to the potential volume of hospice services derived in Step 4 to estimate potential hospice volume in 2014, the first year following the three-year data range.

Step 6: Subtract the current hospice capacity in each planning area from the above projected volume of hospice services to determine unmet need. Determine the number of hospice agencies in the proposed planning area which could support the unmet need with an ADC [average daily census] of thirty-five.

Current hospice capacity is defined in the rule as the average number of admissions for the most recent three years of operation for those agencies that have operated or have been approved to operate in the planning area for three years or more. For the remaining agencies that have not operated in the planning area for at least three years, an average daily census (ADC) of thirty-five is assumed for that agency.

In order to provide a numeric need methodology as described above, data from existing Washington State hospice providers must be obtained. On March 21, 2012, the department conducted its annual survey of agencies that provide hospice services in Washington State. There are eight Medicare certified hospice agencies in King County. These agencies are: Evergreen Hospice, Franciscan Hospice, Good Samaritan/MultiCare, Group Health, Highline Home Care Services, Kline Galland, Odyssey/Gentiva and Providence Hospice of Seattle. On April 27, 2012, Swedish Health Services ceased operation as home health and hospice provider. Therefore, Swedish Health Services is not included in the count of existing providers. The department calculated the ADC for each hospice agency by multiplying the state's most recent average length of stay (ALOS), calculated from responses to the agency's survey, by each hospice's average admissions for the past three years and divided that total by three hundred sixty-five (days per year).

The result of this calculation shows an unmet need for King County. The unmet county's need is divided by the minimum ADC of 35. The results for years 2014 through 2017 are shown in the table below

King County Hospice ADC's for Years 2014- 2017

	Year 2014	**Year 2015**	**Year 2016**	**Year 2017**
Unmet Need Patients Days	4,766	7,419	10,545	13,670
Unmet patient days/365	13	20	29	37
Unmet ADC/35	0.37	0.58	0.83	1.07

In conclusion, the numeric methodology is a population-based assessment used to determine the projected need for hospice services in a county (planning area). Based solely on the numeric methodology applied by the department there is no need demonstrated for an additional hospice agency to serve King County in year 2016 the applicants third year of operation. The department received public comments from providers in the planning area. The comments are summarized below by topic.

Numeric Methodology

Odyssey/Gentiva Health Services, Inc. [Source: Public comments received February 26, 2013]
Below is a summary of the comments provided by Odyssey/Gentiva in opposition to WHAH proposed project.

- The department did not properly count Evergreen Health Services year 2009 utilization data. The agency provided its 2009 agency utilization survey data to the department since at least January 2011 yet it capacity was not counted when the department developed it need methodology. Since the department failed to properly count Evergreen's capacity, it should have allocate the default ADC instead it used the average of the agency's 2007 and 2008 data to project need in the methodology.

- The applicant did not develop its own need calculation, instead it relied on the department's incorrect methodology and the applicant mistakenly relied on the department's year 2007 OFM county population data instead of using year 2012 population data.

- The department's death data was not available at the time the applicant submitted it application. It appears the applicant third year of operation is 2016, yet the department projected need out to year 2017 which is one year later than should apply. The department should use year 2016 as the projection year and not 2017.

- The applicant did not develop its own need calculation, but relied on the department's incorrect methodology.

Evergreen Health [Source: Public comments received February 26, 2013]
The department current hospice capacity is inaccurate because it did not count Evergreen Health year 2009 volume which was made available to the department in year 2010. Evergreen submitted its year 2009 volume well before the department ran its year 2012 need methodology. The department's need methodology incorrectly shows need in King County when none exists.

Providence Health Services [Source: Public comments received February 26, 2013]

- Providence need calculation is different from the department's calculation. The department's preliminary need calculation did not project need for another agency in King County by year 2016 the applicant third year of operation. Providence calculations shows that in year 2016 the applicant's third year of operation, the need methodology projects an unmet ADC of 29 which is below the 35 required for a new agency approval.

- The results of the department's need calculations show excess capacity in the planning area by year 2016. There are eight hospice providers in King County and two were approved only recently. The applicant has failed to account for those providers and did not address the surplus ADC projected for the planning area in year 2016. The applicant will not provide any services that are not already available in the planning area.

The Kline Galland Center [Source: Public comments received February 21, 2013]

- Wesley Homes has a wonderful reputation in the community of being an excellent provider or services for elderly. We believe that it would the same level of expertise to the hospice arena. As a fellow non-profit provider of services, we feel that Wesley Home will spend resources on providing excellent care and use their resources to benefit the community.

The department received rebuttal comments from WHAH in response to public comments summarized above.

Wesley Homes at Home [Rebuttal comments received March 12, 2013]

The department's final need estimate posted on its website counted both Kline Galland and Odyssey at a census of 35 ADC. We believe neither is correct. The Kline Galland received a CN exemption for its hospice agency in the summer of year 2009 and it became operational in year 2010. Since The Kline Galland has been approved to operate since 200, the department should have counted its actual data instead of the default 35 ADC.

We believe Odyssey's CN became invalid in August 2010, when Gentiva acquired it, because Odyssey did not substantially complete the project consistent with CN rules. For this reason, we believe that Odyssey/Gentiva is not a CN approved hospice provider. There is no record as of August 2010 showing that Odyssey or Gentiva applied for or secured licensure or certification for hospice services in King County. Nor can WHAH find any documentation suggesting that the Odyssey/Gentiva CN was deemed substantially completed by the department.

If these two changes are included in the department's need calculation, need for an additional hospice provider is shown in 2012-2013. WHAH application assumed that operations will commence by January 2014, but WHAH has since experienced delays and more delays are anticipated. According to licensure, survey and certification timelines communicated to us by the hospice consultants WHAH consulted, a delay of about one year is anticipated. Based on this information, WHAH assumed the project would likely not commence until January 2015, making year 2017 WHAH's third year of operation.

Related to the issues raised by Providence regarding about WHAH's projections and assumptions, Providence did not accurately understand WHAH's application. Providence's understatement of historic growth within the planning area leads it to a faulty conclusion that the assumptions and projections are unsupported.

Department's Evaluation

Hospice applications are submitted during an annual concurrent review cycle. [WAC 246-310-290(3)]. A key piece of the hospice application is the numeric methodology used to determine whether numeric need exists for hospice services in a specific planning area. When WHAH submitted its application, the hospice utilization survey data the department would use to calculate need are years 2009, 2010, and 2011 the "last three years" data as referenced in the methodology. When WHAH submitted its application in October 2012, the three years data posted on the department's website had not been updated with new data. The department provided this clarification to the applicant. When updated data became available, the department notified the applicant and posted the updated methodology.

The issue at hand is whether Evergreen Health provided its 2009 utilization data to the department in a timely fashion and whether the department should count data not provided in timely fashion. The department's record shows that Evergreen Health did not provide its 2009 utilization data rather Evergreen provided its 2009 data more than one year after the request. Since Evergreen Health did not provide its year 2009 utilization data, the department used the averages of years 2007 and 2008 utilization data Evergreen Health previously provided to calculate its year 2009 utilization volume.

Odyssey/Gentiva argues that Evergreen Health provided its data when the department requested it, but did not provide any documentation to show that Evergreen Health provided it data. Odyssey/Gentiva also argues that even if the data was provided more than two years from the date it was requested, once the department received the late data it should use it. The department rejects Odyssey/Gentiva arguments because once it publishes specific data on its web site, it expects applicants to use it as a guide to develop their need projection supporting their application.

Regarding WHAH, comments that Odyssey/Gentiva does not have a valid CN to operate a hospice agency in King County, the department disagree with that assertion. The department's record shows that it has a valid CN and it has been submitting quarterly progress report to show the agency is making progress towards the completion of the project. Related to the Kline Galland Center, the department record show the agency received CN exempt status on October 20, 2009. Kline Galland Center's exemption restricts it services to its current in-home members. On October 6, 2010, CN#1428 was issued to Kline Galland Center approving a full service hospice agency.

Additionally, the department does not believe that Kline Galland has a CN prior to it submitting an application on October 30, 2009 nor was the agency available to provide hospice services to the general public from October 2009 to October 5, 2010. Additionally, the department does not believe that Kline Galland should be counted at an ADC of 35 during the period when it was exempted from CN requirement. WHAH assertions that Kline Galland should have been counted starting from when the agency was exempted from CN is flawed and not based on the department's rules and procedures.

Regarding WHAH's change of mind related to its project start date, the department noted that page 8 of the application stated, *"The Medicare certified hospice agency is anticipated to commence in January 2014"*. [Source: Application received October 31, 2013, page 8] According to this timeline established by WHAH, year 2014 would be the first year of operation and 2016 would be the third year of operation. The department's application of the hospice need methodology does not show need in year 2014. Its seems that since the department application of the hospice numeric methodology does not show need for a new agency in year 2016, the applicant would like to change its stated commencement date to when there is need.

This new timeline proposed by WHAH is not acceptable because when an applicant submits an application, the timeline it establishes is used to prepare its pro forma financial statement that shows whether the project is financially viable. For WHAH change of commencement date to be acceptable, a new application must be submitted during the hospice applications concurrent review timeline established by WAC. The department concludes **this sub-criterion is not met**

Need (WAC 246-310-210)

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

WAC 246-310-290(8) also requires the department to evaluate all hospice applications based on the population's need for the service and determine whether other services and facilities of the type proposed are not, or will not be sufficiently available or accessible to meet that need as required in WAC 246-310-210. The results of numeric methodology as described above conclude that the population has no need for additional service. Below is an evaluation of whether existing services and facilities in King County are not, or will not be sufficiently available or accessible to meet the numeric need projected in the methodology.

WHAH stated it currently operates a Medicare/Medicaid certified home health agency in King, Pierce, and Snohomish counties and patients who need hospice services are transferred to other agencies. Additionally, the applicant states its parent company operates retirement communities, independent, assisted, and skilled nursing facilities within the planning area, and it is uniquely qualified to provide hospice services in King County for the reasons stated below.

1) The application will improve hospice use rates by focusing on an underserved population including nursing home residents; and

2) Planning area residents would benefit from choice of an additional provider and another agency promoting hospice use. [Source: Application pages 6-8, and Supplemental information received January 15, 2013 pages 2-3]

The applicant stated that an average of 52 patients in the past years were referred to hospice services. The applicant asserted that in addition to the patients it referred to other providers, there are about 10 patients annually who refused to transfer to another provider. WHAH projected that about 62 patients from its existing programs could remain for hospice services.

WHAH asserted that during its first year of operation as a hospice agency, about 25% of the patients served would be admitted for hospice services. Further, WHAH stated according to the department's survey of hospice providers in King County, the average length of stay (ALOS) for hospice patients within the planning area ranges from 50 to 60 days.

The table below is a summary of WHAH's projected patient census for the first three years of operation. [Source: Supplemental information received January 15, 2013 pages 6-7]

Table 1
WHAH Projected Patient Census

	Year 1 – 2014	Year 2 – 2015	Year 3 – 2016
Admission	231	275	333
Average Length of Stay	55.2	55.2	55.2
Total Days	12,751	15,125	18,381
Average Daily Census	35.0	41.5	50.4

The applicant asserted given need projected by the department's application of the hospice need methodology, WHAH assumed it would reach a census of 35 during its first year of operation and by the third year, it would have a census of 50.

During the review of this project, the department received comments related to WHAH assumptions. The comments are summarized below.

Providence Health Services [Source: Public comments received February 26, 2013, Pages 13-15]

- Growth in the planning area is modest and the applicant's volume assumptions are unsupported. The applicant asserted 26% of its total hospice admission in year one would come from its own residents/patients and it expects this would decrease to 18.6% by year three. The applicant's assumptions do not explain where the remaining 73.2% of patients in year one and 81.4% in year three would come from. The applicant expects the remaining patients to come from other hospice providers in the planning area. If this does not happen, the project is not sustainable. The applicant's patient mix assumptions are unrealistic.

In response to the comments provided to the department, the applicant submitted the rebuttal comments summarized below.

Wesley Homes at Home [Rebuttal comments received March 12, 2013]

- Providence comments understate the hospice volume in King County and inaccurately suggest growth has been modest. The understatements of historic growth result in its conclusion that WHAH's projected volume and assumptions are unsupported. Applying just one year of growth to year 2011 historic volume in King County resulted in 376 admissions more volume that needed to support WHAH's projected admission by the third full year of operation.

- The addition of WHAH as hospice provider in King County will improve services to underserved groups. WHAH has an organizational wide educational effort in place to ensure all staff has basic knowledge of dementia. WHAH's patient and services mix are reasonable and the assumptions WHAH relied upon are based on data provided by independent auditors.

Department's Evaluation

As a current provider of in-home health services in the planning area, the department expects WHAH use its patients admissions to project volume. The department also expects the applicant to calculate its own need. Instead, it relied on the department's application of the need methodology. The department need calculation did not show need in year 2016 for king County therefore the applicant has not demonstrated that there is need for another agency. The need documentation provided by WHAH which it attributed to the department cannot be substantiated. The need projections and assumptions used by WHAH are not supported by the department's methodology. Therefore, the department agrees with Providence comments that the patient's volume assumptions used by WHAH are unsupported. Based on the source information reviewed, the department concludes **this sub-criterion is not met**

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

WHAH currently provides healthcare services to residents of Washington State including low income, racial and ethnic minorities, handicapped and other underserved groups. As a provider of in-home health services, WHAH participates in Medicare and Medicaid programs.

To determine whether all residents of a planning area would have access to an applicant's proposed services, the department requires applicants to provide a copy of its current or proposed admission policy. 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 any assurances regarding access to treatment. The admission policy must also include language to ensure all residents of the service area would have access to 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.

To demonstrate compliance with this sub-criterion, WHAH provided its draft Admission Criteria and Process policy. The draft Admission and Process document demonstrates that patients would be admitted to the facility for treatment without regard to age, color, religion, sex national origin, or handicap, and will be treated with respect and dignity. [Source: Application, Exhibit 6]

The department uses the facility's Medicare certification to determine whether the elderly would have access or continue to have access to additional services. WHAH currently provides services to Medicare eligible patients at its existing home health agency. A review of the application shows WHAH anticipates it would continue to receive Medicare reimbursements. [Source: Application, Exhibit 9]

The department uses the facility's Medicaid eligibility or contracting with Medicaid to determine whether low-income residents would have access to the proposed services. WHAH currently provides services to Medicaid eligible patients at its existing home health agency. The applicant intends to continue to provide services to Medicaid patients within the planning area. A review of the application indicates WHAH expects to continue to receive Medicaid reimbursements. [Source: Application, Exhibit 9]

A facility's charity care policy should confirm that all residents of the service area including low-income, racial and ethnic minorities, handicapped and other underserved groups have, or would have, access to healthcare services of provided by the applicant. The policy should also include the process one must use to access charity care at the facility.

WHAH states its charity care policy, like the admission policy, would not change if this project is approved. WHAH submitted a draft copy of its charity care policy dated October 2012. Based on the above information and standards, the department concludes **this sub-criterion is met**

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

Based on the source information reviewed, the department concludes Wesley Homes At Home, LLC did not meet the financial feasibility criteria in WAC 246-310-220.

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

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

To show that this project is financially feasible, WHAH provided the following assumptions summarized below. [Source: Application, Pages 13-14]

- Based on the assumption of numeric need, an ADC of 35 was projected in year 1, and this increase to 50 ADC by year three.
- Wesley residents/patients represent about 25% of its hospice admissions. By year three, this percentage will decrease to about 18.5% of total admissions.
- Approximately 93% of all its hospice activity would be routine home care, 3% respite, 3% general inpatients and 1% would continue to be home care.
- A review of other services operated by its subsidiaries, WHAH found that an average of 52 clients in past years were referred to hospice services so, the applicant asserted it could provide care these patients.
- WHAH staffs indicate there are a number of residents/patients that refuse hospice because they do not want to change caregivers. WHAH estimated there are about 10 patients in this category.

- The department's survey shows ALOS ranges from 50 to 60 days. Therefore, WHAH assumed an ALOS of 55 days.

WHAH Projected Patient Years 2014-2016

	Full Calendar Year 1-2014	Full Calendar Year 2-2015	Full Calendar Year 3-2016
Projected # Patients Admission	231	275	332
Projected # Patient Days	12,751	15,125	18,381
Average Daily Census	35	41.5	50.4

Using the assumptions stated above, the applicant provided its expense statement for the first three years of operation. If this project is approved, WHAH anticipates the hospice agency would start to provide services by January 2014. Under this timeline, year 2015 would year two and 2016 would be year three. Using the financial information provided by WHAH, the table below illustrates the projected revenue, expenses, and net income for the first three years of operation for the proposed Medicare certified hospice agency. [Source: Application, Exhibit 9]

Table 2
WHAH Projected Revenues Years 2014 through 2016

	Full Calendar Year 1-2014	Full Calendar Year 2-2015	Full Calendar Year 3-2016
Revenue Net	$1,976,233	$2,297,288	$2,791,830
Total Expenses	$1,781,191	$2,109,198	$2,538,647
Net Profit/Loss	$195,042	$188,090	$253,183

The 'Net Revenue' line item in the table above is the result of gross patient revenue minus any deductions for contractual allowances, bad debit and charity care. The 'total expenses' line item includes staff salaries/wages, other direct expenses, administrative and facility costs and all cost allocations. As shown in the table above, WHAH would be operating at a profit beginning in years 2014 through 2016. Within the application, WHAH stated it will co-locate the hospice agency with its existing home health agency. The department's review of the site control documentation provided by WHAH shows the property is owned by the applicant. [Source: Application, Page 9 and exhibit 5]

The applicant provided a draft medical director agreement for the hospice agency, but it did not identify the physician for this role. The draft agreement identifies the annual compensation for the medical director position. Additionally, the pro-forma financial income statement provided by the applicant shows the annual compensation for the medical director position. [Source: Supplemental information received January 15, 2013 Attachments 1 and 4]

During the review of this project, the department received comments related to the financial assumptions used by the applicant to show its financial feasibility. Those comments are summarized below.

Providence Health Services [Source: Public comments received February 26, 2013, Pages 13-15]
Growth in the planning area is modest and the applicant's volume assumptions are unsupported. The applicant asserted 26% of its total hospice admission in year one would come from its own residents/patients and it expects this would decrease to 18.6% by year three. The applicant assumption did not explain where the remaining 73.2% of patients in year one and 81.4% in year three would come from.

Wesley Homes at Home [Rebuttal comments received March 12, 2013]
Providence's comments understate hospice volume in King County and it inaccurately suggests growth has been modest. Providence's understatement of the historic growth within the planning area resulted in its conclusion that our projected volume and assumptions are unsupported. By applying just one year of growth to year 2011 historic volume in King County would result in 376 admissions more volume that needed to support WHAH's projected admission by the third full year of operation. WHAH's patient and service mix is reasonable and the assumptions relied upon are based on data provided by independent auditors.

Department's Evaluation
The notes the applicant provided a draft medical director agreement for the proposed hospice agency and the draft agreement identifies the annual compensation for the medical director position. The department's review of the applicant's pro-forma financial statement shows annual compensation for the medical director position. Given the applicant provided a draft medical director agreement and it did identify a physician if this project is approved, the department would require that WHAH must provide an executed medical director agreement that identifies the physician consistent with the draft provided in the application.

The applicant's revised pro-forma financial statement provided as supplemental information also identified year 2014 as the first year of operation and year 2016 as the third year of operation. In its rebuttal comments, WHAH stated it anticipates more than one regulatory delay that could prevent it from commencing the project in year 2014. Due to the delays WHAH anticipates, the applicant is now proposing to change the proposed project third year of operation to year 2017 when the department's need methodology shows need for a new hospice agency in King County. The applicant stated on page 8 of its application that it anticipates the hospice agency would commence operations in January 2014. Given this timeline, the applicants third year of operation is year 2016.

It appears WHAH is attempting to change its third year of operation to year 2017 when the methodology projected need for a new hospice agency in King County. Given the applicant's stated intent to change its start date, the department cannot conclude that the WHAH's stated patients volumes are supported by its financial projections.

As stated within this evaluation, the department expects project commencement timelines established by applicant as the baseline for projecting need and the applicant's commitment to commencing proposed projects. WHAH's assertions that its proposed project would experience anticipated delay is an attempt to delay its commencements data until there is need for a new agency in King County by year 2017. The department's need methodology does not show need for a new hospice agency in King County in year 2016. **This sub-criterion is not met.**

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

Based on the source information reviewed, the department concludes that Wesley Homes At Home, LLC met the structure and process of care criteria in WAC 246-310-230.

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

WAC 246-310 does not contain specific WAC 246-310-230(1) criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what specific staffing patterns or numbers of FTEs that should be employed for projects of this type or size.

Currently, WHAH operate a Medicare certified home health agency within the planning area. The applicant proposes that if this project is approved, the new hospice agency would share office space, management and ancillary services with the existing home health agency. WHAH anticipates approximately 13.1 FTEs would be needed in year one, and a modest increase in the number of FTE's in years two and three. The table below shows the FTEs [Source: Application, page 21]

Table 3
Wesley Homes at Home, LLC'S Hospice Projected FTEs 2014 to 2016

Category	Year 1-2014	Year 2-2015	Year 3-2016	Total FTE's
Medical Director.	Contracted Position			
Skilled Nursing (RN & LPN	4.90	0.90	1.20	7.00
Hospice Aide	3.00	0.60	0.80	4.40
Social Services	2.90	0.60	0.70	4.20
Therapy (PT & OT)	0.10	0.00	0.00	0.10
Spiritual Care	1.20	0.20	0.30	1.70
Sub Total	**12.10**	**2.30**	**3.00**	**17.40**
Administrative				
Executive Director	0.25	0.00	0.00	0.25
Director	0.25	0.00	0.00	0.25
Admin Assistance/ Billing	0.50	0.00	0.00	0.50
Sub Total	**1.00**	**0.00**	**0.00**	**1.00**
Total FTEs	**13.10**	**2.30**	**3.00**	**18.40**

The applicant stated it does not anticipate any difficulty recruiting FTE's because of the "*...strength, breath and expertise of Wesley's existing long-term care operations in King County (skilled nursing, assisted living, home health).*" [Source: Application, Page 24]

The applicant provided a draft medical director retainer contract that describes the roles and responsibilities of the medical director position, but the document did not identify a physician. [Source: Supplemental information received January 15, 2013, Attachment 1] WHAH also provided a pro forma financial statement showing compensation for the medical director position.

Given WHAH did not identify a medical director, if this project is approved, the department would require that it identify and provide for review and approval an executed medical director agreement is consistent with the draft medial director retainer contract. With agreement to the condition, the department concludes that staffing for the proposed hospice agency is available or can be recruited by the applicant. **This sub-criterion is met.**

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

WAC 246-310 does not contain specific WAC 246-310-230(2) criteria as identified in WAC 246-310-200(2)(a)(i). There are no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that a facility must meet when it is to be Medicare certified and Medicaid eligible. Therefore, using its experience and expertise the department assessed the applicant's history in meeting these standards at other facilities owned or operated by the applicant.

WHAH currently operates a Medicare certified home health agency located within the planning area. The hospice agency will share ancillary, administrative, and support staff with the home health agency. To satisfy this sub-criterion WHAH stated it will share staff between programs and/or utilized existing contractual relationships. For this reason, the applicant does not anticipate any difficulty in meeting the ancillary services demands of the proposed project. [Source: Application, Page 24] The applicant also provided a list of existing vendors and agencies with whom it currently has working relationships. [Source: Application, page 25] **This sub-criterion is met.**

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

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

As stated within this evaluation, WHAH currently operates a Medicare certified home health agency, skilled nursing center, and assisted living facilities within the planning area. The department reviewed the applicant's quality of care history for the facilities owned or operated by WHAH. As part of its review, the department must conclude that the proposed service would be operated in a manner that ensures safe and adequate care to the public.[7] For the home agency owned or operated by the applicant, the Department of Health's Investigations and Inspections Office (IIO) conducts regular surveys. Records indicate that since 2012, IIO completed two compliance surveys for the home health agency. The two-compliance survey did not reveal any compliance issues.

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

As stated earlier WHAH own or operate a skilled nursing center and this facility is survey by the Department of Social and Health Services (DSHS). Within the past three years, DSHS completed compliance surveys for the skilled nursing facility owned or operated by WHAH and its subsidiaries. The surveys did not reveal any compliance issue. To further to show compliance for this sub-criterion, WHAH provided copies of the documents listed below. [Source: Application, Exhibit 11 and Supplemental information received Attachment 6]

- Resume and copies of Washington provider credential search of the executive director and director of clinical services;
- a copy of the proposed hospice agency staff orientation and development; and
- a copy of the proposed hospice agency performance improvement program.

The applicant did not identify a medical director for the proposed hospice agency, but it provided a draft medical director agreement. Information within the application stated the applicant is the process of recruiting a medical director. [Source: Application page 5] The applicant provided a copy of its executive director resume and Washington credential search. Additionally, WHAH also provided a copy of its director of clinical services Washington. Credential search. Given WHAH's compliance history and that of its executive director and the director of clinical services, the department concludes that there is reasonable assurance that the project will be in conformance with applicable state licensing requirements and with the applicable conditions of Medicare and Medicaid. **This sub-criterion is met.**

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

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

WHAH currently provides skilled nursing, assisted living, and Medicare certified home health services to the residents of the planning area. The applicant stated this project would improve continuity of services within the planning area because it would transfer patients to other healthcare facilities owned or operated by its subsidiaries rather than transfer to other hospice providers in the planning area.

As stated within this evaluation, WHAH would like to move its third year of operation from year 2016 to year 2017. In the need section of this evaluation, the department methodology did not identify need for a new hospice agency in year 2016. The department's methodology shows need for a new hospice agency beginning in year 2017. Given there is no need for a new hospice agency in year 2016, the department cannot conclude this project would promote continuity of care and not result in unwarranted fragmentation of services within the planning area. **This sub-criterion is not 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 subsection is addressed in subsections (2) and (3). The department concludes that there is reasonable assurance that the services to be provided ensure safe and adequate care to the public and those applicable federal and state laws, rules, and regulations would be adhered to. **This sub-criterion is met.**

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

Based on the source information reviewed, the department concludes Wesley Homes At Home, LLC did not meet the cost containment criteria in WAC 246-310-240.

(1) *Superior alternatives, in terms of cost, efficiency, or effectiveness, are not available or practicable.*

To determine if a proposed project is the best alternative, the department takes a multi-step approach. Step one determines if the application has met the other criteria of WAC 246-310-210 through 230. If it has failed to meet one or more of these criteria then the project is determined not to be the best alternative and would fail this sub-criterion. If the project met WAC 246-310-210 through 230 criteria, the department would move to step two in the process and assess the other options the applicant or applicants considered prior to submitting the application under review.

If the department determines the proposed project is better or equal to other options the applicant considered before submitting their application, the determination is either made that this criterion is met (regular or expedited reviews), or in the case of projects under concurrent review, move on to step three.

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

Step One

For this project, WHAH's proposed project did not meet the review criteria under WAC 246-310-210(1); WAC 246-310-290 (6) and (7); and WAC 246-310-220 and 240. In its evaluation, the department concluded there is no need for a new hospice agency in King County in year 2016. Based on the conclusions, the department concludes the application submitted by WHAH is not the superior alternative. **This sub-criterion is not met.** As a result, steps two and three are not evaluated under this sub-criterion.

APPENDIX A

Department of Health
2012-2013 Hospice Need Methodology
December Final

Step 1. Calculate the following four statewide predicted hospice use rates using CMS and department of health data or other available data sources.

(i) The predicted percentage of cancer patients sixty-five and over who will use hospice services. This percentage is calculated by dividing the average number of hospice admissions over the last three years for patients the age of sixty-five and over with cancer by the average number of past three years statewide total deaths sixty-five and over from cancer.

(ii) The predicted percentage of cancer patients under sixty-five who will use hospice services. This percentage is calculated by dividing the average number of hospice admissions over the last three years for patients under the age of sixty-five with cancer by the current statewide total of deaths under sixty-five with cancer.

(iii) The predicted percentage of noncancer patients sixty-five and over who will use hospice services. This percentage is calculated by dividing the average number of hospice admissions over the last three years for patients age sixty-five and over with diagnoses other than cancer by the current statewide total of deaths over sixty-five with diagnoses other than cancer.

(iv) The predicted percentage of noncancer patients under sixty-five who will use hospice services. This percentage is calculated by dividing the average number of hospice admissions over the last three years for patients under the age of sixty-five with diagnoses other than cancer by the current statewide total of deaths under sixty-five with diagnoses other than cancer.

i. Hospice Admissions 65+ w/cancer

2009	6470	Average
2010	6497	6665.67
2011	7030	

# of deaths 65+ w/cancer

2009	8306	Average
2010	8244	8278.67
2011	8286	

Hospice Use Rates by age and diagnosis

65+ w/Cancer	80.52%
<65 w/Cancer	73.10%
65+ w/o Cancer	47.47%
<65 w/o Cancer	12.79%

ii. Hospice Admissions <65 w/cancer

2009	2530	Average
2010	2623	2637.33
2011	2759	

# of deaths <65 w/cancer

2009	3595	Average
2010	3591	3607.67
2011	3637	

Rates of Cancer as cause of death

65+	23.12%
<65	28.39%

iii. Hospice Admissions 65+ w/o cancer

2009	11745	Average
2010	13174	13072.00
2011	14297	

# of deaths 65+ w/o cancer

2009	27070	Average
2010	27193	27535.33
2011	28343	

Hospice use rate by age only

<65	29.92%
65+	55.11%

iv. Hospice Admissions <65 w/o cancer

2009	1125	Average
2010	1030	1164.33
2011	1338	

# of deaths <65 w/o cancer

2009	9230	Average
2010	8952	9100.33
2011	9119	

Sources: Vital Statistics report C3 for 2011

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Step 2. Calculate the average number of total resident deaths over the last three years for each planning area.

0-64					65+				
County	2009	2010	2011	Average	County	2009	2010	2011	Average
Adams	40	31	30	**34**	Adams	84	81	74	**80**
Asotin	52	44	51	**49**	Asotin	184	149	185	**173**
Benton	307	299	310	**305**	Benton	881	961	934	**925**
Chelan	116	139	137	**131**	Chelan	506	447	531	**495**
Clallam	218	165	182	**188**	Clallam	702	712	768	**727**
Clark	808	778	765	**784**	Clark	2,039	2,068	2,233	**2,113**
Columbia	11	12	5	**9**	Columbia	30	48	52	**43**
Cowlitz	246	254	266	**255**	Cowlitz	737	726	743	**735**
Douglas	63	64	49	**59**	Douglas	217	234	234	**228**
Ferry	32	26	23	**27**	Ferry	41	53	66	**53**
Franklin	112	121	113	**115**	Franklin	254	210	264	**243**
Garfield	3	2	5	**3**	Garfield	24	24	30	**26**
Grant	187	168	171	**175**	Grant	416	472	495	**461**
Grays Harbor	229	213	218	**220**	Grays Harbor	538	546	546	**543**
Island	127	130	136	**131**	Island	476	494	493	**488**
Jefferson	67	62	67	**65**	Jefferson	252	287	274	**271**
King	3,031	3,050	3,081	**3,054**	King	8,523	8,642	8,932	**8,699**
Kitsap	515	491	500	**502**	Kitsap	1,467	1,475	1,430	**1,457**
Kittitas	48	56	80	**61**	Kittitas	211	219	198	**209**
Klickitat	52	44	51	**49**	Klickitat	127	108	142	**126**
Lewis	178	176	207	**187**	Lewis	607	608	623	**613**
Lincoln	25	18	23	**22**	Lincoln	96	112	84	**97**
Mason	168	157	169	**165**	Mason	397	423	451	**424**
Okanogan	109	96	130	**112**	Okanogan	305	280	298	**294**
Pacific	77	64	71	**71**	Pacific	252	223	216	**230**
Pend Oreille	37	45	40	**41**	Pend Oreille	105	99	99	**101**
Pierce	1,715	1,690	1,718	**1,708**	Pierce	4,045	3,980	4,004	**4,010**
San Juan	34	28	26	**29**	San Juan	82	82	104	**89**
Skagit	264	227	238	**243**	Skagit	846	851	872	**856**
Skamania	36	28	29	**31**	Skamania	50	57	55	**54**
Snohomish	1,258	1,316	1,331	**1,302**	Snohomish	3,196	3,152	3,324	**3,224**
Spokane	1,024	992	1,000	**1,005**	Spokane	2,971	2,925	2,999	**2,965**
Stevens	118	110	110	**113**	Stevens	286	288	319	**298**
Thurston	453	443	479	**458**	Thurston	1,374	1,369	1,469	**1,404**
Wahkiakum	5	9	10	**8**	Wahkiakum	33	36	44	**38**
Walla Walla	118	92	106	**105**	Walla Walla	464	445	388	**432**
Whatcom	333	325	308	**322**	Whatcom	1,055	1,085	1,121	**1,087**
Whitman	50	48	39	**46**	Whitman	185	190	205	**193**
Yakima	559	530	482	**524**	Yakima	1,318	1,318	1,330	**1,322**

Department of Health

2012-2013 Hospice Numeric Need Methodology

December Final

Step 3. Multiply each hospice use rate determined in Step 1 by the planning areas average total resident deaths determined in Step 2.

0-64	2009-2011	Cancer	Non-Cancer	65+		Cancer	Non-Cancer
County	Average Deaths	Projected	Projected	County	Average	Projected	Projected
Adams	34	7	3	Adams	80	15	29
Asotin	49	10	4	Asotin	173	32	63
Benton	305	63	28	Benton	925	172	338
Chelan	131	27	12	Chelan	495	92	181
Clallam	188	39	17	Clallam	727	135	265
Clark	784	163	72	Clark	2113	393	771
Columbia	9	2	1	Columbia	43	8	16
Cowlitz	255	53	23	Cowlitz	735	137	268
Douglas	59	12	5	Douglas	228	42	83
Ferry	27	6	2	Ferry	53	10	19
Franklin	115	24	11	Franklin	243	45	89
Garfield	3	1	0	Garfield	26	5	9
Grant	175	36	16	Grant	461	86	168
Grays Hart	220	46	20	Grays Hart	543	101	198
Island	131	27	12	Island	488	91	178
Jefferson	65	14	6	Jefferson	271	50	99
King	3054	634	280	King	8699	1619	3175
Kitsap	502	104	46	Kitsap	1457	271	532
Kittitas	61	13	6	Kittitas	209	39	76
Klickitat	49	10	4	Klickitat	126	23	46
Lewis	187	39	17	Lewis	613	114	224
Lincoln	22	5	2	Lincoln	97	18	36
Mason	165	34	15	Mason	424	79	155
Okanogan	112	23	10	Okanogan	294	55	107
Pacific	71	15	6	Pacific	230	43	84
Pend Oreil	41	8	4	Pend Oreil	101	19	37
Pierce	1708	354	156	Pierce	4010	746	1464
San Juan	29	6	3	San Juan	89	17	33
Skagit	243	50	22	Skagit	856	159	313
Skamania	31	6	3	Skamania	54	10	20
Snohomish	1302	270	119	Snohomish	3224	600	1177
Spokane	1005	209	92	Spokane	2965	552	1082
Stevens	113	23	10	Stevens	298	55	109
Thurston	458	95	42	Thurston	1404	261	512
Wahkiakur	8	2	1	Wahkiakur	38	7	14
Walla Wall	105	22	10	Walla Wall	432	80	158
Whatcom	322	67	30	Whatcom	1087	202	397
Whitman	46	9	4	Whitman	193	36	71
Yakima	524	109	48	Yakima	1322	246	483

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Step 4. Add the four subtotals derived in Step 3 to project the potential volume of hospice services in each planning area.

County	Average Deaths	<65 w/Cancer Projected	<65 w/o Cancer Projected	65+ w/Cancer Projected	65+ w/o Cancer Projected	Total Projected Patients
Adams	113	7	3	15	29	54
Asotin	222	10	4	32	63	110
Benton	1231	63	28	172	338	601
Chelan	625	27	12	92	181	312
Clallam	916	39	17	135	265	457
Clark	2897	163	72	393	771	1399
Columbia	53	2	1	8	16	27
Cowlitz	991	53	23	137	268	482
Douglas	287	12	5	42	83	143
Ferry	80	6	2	10	19	37
Franklin	358	24	11	45	89	168
Garfield	29	1	0	5	9	15
Grant	636	36	16	86	168	307
Grays Harl	763	46	20	101	198	365
Island	619	27	12	91	178	308
Jefferson	336	14	6	50	99	169
King	11753	634	280	1619	3175	5708
Kitsap	1959	104	46	271	532	953
Kittitas	271	13	6	39	76	134
Klickitat	175	10	4	23	46	84
Lewis	800	39	17	114	224	394
Lincoln	119	5	2	18	36	60
Mason	588	34	15	79	155	283
Okanogan	406	23	10	55	107	196
Pacific	301	15	6	43	84	148
Pend Oreil	142	8	4	19	37	68
Pierce	5717	354	156	746	1464	2721
San Juan	119	6	3	17	33	58
Skagit	1099	50	22	159	313	545
Skamania	85	6	3	10	20	39
Snohomish	4526	270	119	600	1177	2166
Spokane	3970	209	92	552	1082	1935
Stevens	410	23	10	55	109	198
Thurston	1862	95	42	261	512	911
Wahkiakur	46	2	1	7	14	23
Walla Wall	538	22	10	80	158	270
Whatcom	1409	67	30	202	397	695
Whitman	239	9	4	36	71	120
Yakima	1846	109	48	246	483	885

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Step 5. Inflate the potential volume of hospice service by the one-year estimated population growth (using OFM data).

County	Projected Patients	2009-2011 average population	2012	2013	2014	2015	2016	2017	2012 Potential volume	2013 Potential Volume	2014 Potential volume	2015 Potential volume	2016 Potential volume	2017 Potential volume
Adams	54	18,621	19,340	19,645	19,951	20,257	20,534	20,810	56	57	58	59	60	60
Asotin	110	21,766	21,701	21,740	21,779	21,818	21,861	21,904	109	110	110	110	110	111
Benton	601	172,995	179,059	181,000	182,941	184,882	187,467	190,052	622	629	636	643	652	661
Chelan	312	73,122	73,544	74,089	74,635	75,180	75,861	76,542	314	316	318	320	323	326
Clallam	457	70,489	71,590	71,682	71,775	71,868	72,218	72,567	464	465	466	466	468	471
Clark	1399	427,502	434,098	438,466	442,833	447,201	453,338	459,474	1421	1435	1449	1464	1484	1504
Columbia	27	4,084	4,066	4,059	4,053	4,047	4,040	4,033	27	27	26	26	26	26
Cowlitz	482	103,641	103,498	104,042	104,586	105,130	105,822	106,513	481	484	486	489	492	495
Douglas	143	38,538	39,300	39,734	40,169	40,603	41,206	41,809	146	148	149	151	153	156
Ferry	37	7,696	7,578	7,592	7,605	7,619	7,636	7,654	37	37	37	37	37	37
Franklin	168	75,458	82,000	83,918	85,837	87,755	90,389	93,023	183	187	191	196	202	207
Garfield	15	2,312	2,255	2,249	2,244	2,238	2,234	2,231	15	15	15	15	15	15
Grant	307	88,704	91,801	93,141	94,482	95,822	97,473	99,124	317	322	326	331	337	343
Grays Harbor	365	72,422	73,108	73,264	73,419	73,575	73,742	73,908	369	370	370	371	372	373
Island	308	79,047	79,238	79,605	79,971	80,337	80,817	81,296	309	310	312	313	315	317
Jefferson	169	30,038	30,111	30,230	30,350	30,469	30,779	31,088	169	170	171	171	173	175
King	5708	1,929,255	1,963,862	1,980,169	1,996,475	2,012,782	2,031,988	2,051,195	5810	5858	5907	5955	6012	6069
Kitsap	953	250,589	255,493	257,672	259,852	262,032	264,735	267,438	972	980	989	997	1007	1017
Kittitas	134	40,437	41,586	41,921	42,257	42,592	43,125	43,657	138	139	140	141	143	144
Klickitat	84	20,635	20,433	20,491	20,548	20,606	20,673	20,741	83	83	84	84	84	84
Lewis	394	75,899	76,321	76,755	77,188	77,621	78,174	78,727	396	398	400	403	405	408
Lincoln	60	10,495	10,588	10,598	10,607	10,616	10,634	10,652	61	61	61	61	61	61
Mason	283	59,731	61,701	62,201	62,702	63,203	64,071	64,940	292	294	297	299	303	307
Okanogan	196	41,524	41,564	41,786	42,008	42,230	42,417	42,603	196	197	198	199	200	201
Pacific	148	21,035	20,896	20,884	20,872	20,860	20,886	20,912	147	147	147	147	147	147
Pend Oreille	68	13,149	13,116	13,174	13,231	13,289	13,370	13,450	68	68	68	69	69	69
Pierce	2721	806,108	809,913	817,256	824,600	831,944	840,868	849,792	2733	2758	2783	2808	2838	2868
San Juan	58	16,176	15,824	15,852	15,879	15,907	15,977	16,047	57	57	57	57	57	58
Skagit	545	118,679	118,790	119,735	120,679	121,624	122,949	124,274	545	549	554	558	564	570
Skamania	39	11,032	11,152	11,196	11,239	11,282	11,335	11,388	39	40	40	40	40	40
Snohomish	2166	715,335	728,144	735,549	742,953	750,358	761,289	772,221	2205	2227	2250	2272	2305	2338
Spokane	1935	468,912	478,529	482,183	485,837	489,491	494,375	499,259	1974	1990	2005	2020	2040	2060

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Stevens	198	44,247	43,823	43,970	44,116	44,262	44,452	44,642	196	197	197	198	199	200
Thurston	911	252,343	257,848	260,640	263,432	266,224	270,632	275,040	931	941	951	961	977	993
Wahkiakum	23	4,021	3,959	3,950	3,940	3,931	3,920	3,909	23	23	23	23	23	23
Walla Walla	270	59,327	59,275	59,521	59,768	60,015	60,349	60,683	270	271	272	273	274	276
Whatcom	695	198,909	204,704	206,486	208,268	210,050	213,101	216,153	716	722	728	734	745	756
Whitman	120	44,275	45,321	45,594	45,866	46,139	46,476	46,814	123	124	125	125	126	127
Yakima	885	242,700	248,475	251,097	253,719	256,341	258,942	261,543	906	916	925	935	944	954

Step 6. Subtract the current hospice capacity in each planning area from the above projected volume of hospice services to determine unmet need.
(g) Determine the number of hospice agencies in the proposed planning area which could support the unmet need with an ADC of thirty-five.

	2012 Potential volume	2013 Potential volume	2014 Potential volume	2015 Potential volume	2016 Potential volume	2017 Potential volume	Current Capacity	2012 Unmet Need admits	2013 Unmet Need admits	2014 Unmet Need admits	2015 Unmet Need admits	2016 Unmet Need admits	2017 Unmet Need admits	Statewide ALOS ##	2012 Unmet Need Patient Days	2013 Unmet Need Patient Days	2014 Unmet Need Patient Days	2015 Unmet Need Patient Days	2016 Unmet Need Patient Days	2017 Unmet Need Patient Days	2012 Unmet Need ADC	2013 Unmet Need ADC	2014 Unmet Need ADC	2015 Unmet Need ADC	2016 Unmet Need ADC	2017 Unmet Need ADC	Need for Add'l Agency	# of Add'l Agencies Needed
Adams	56	57	58	59	60	60	**25.00**	31	32	33	34	35	35	**55.00**	1,708	1,757	1,806	1,855	1,899	1,943	5	5	5	5	5	5	FALSE	FALSE
Asotin	109	110	110	110	110	111	**38.33**	71	71	72	72	72	72	**55.00**	3,914	3,925	3,936	3,946	3,958	3,970	11	11	11	11	11	11	FALSE	FALSE
Benton	622	629	636	643	652	661	**660.00**	(38)	(31)	(24)	(17)	(8)	1	**55.00**	(2,069)	(1,698)	(1,327)	(956)	(462)	33	(6)	(5)	(4)	(3)	(1)	0	FALSE	FALSE
Chelan	314	316	318	320	323	326	**262.67**	51	53	55	58	61	64	**55.00**	2,796	2,924	3,052	3,180	3,339	3,499	8	8	8	9	9	10	FALSE	FALSE
Clallam	464	465	466	466	468	471	**351.67**	113	113	114	114	117	119	**55.00**	6,196	6,229	6,262	6,295	6,420	6,545	17	17	17	17	18	18	FALSE	FALSE
Clark	1,421	1,435	1,449	1,464	1,484	1,504	**1,734.67**	(314)	(300)	(285)	(271)	(251)	(231)	**55.00**	(17,267)	(16,481)	(15,695)	(14,909)	(13,804)	(12,700)	(47)	(45)	(43)	(41)	(38)	(35)	FALSE	FALSE
Columbia	27	27	26	26	26	26	**16.00**	11	11	10	10	10	10	**55.00**	580	578	576	574	571	569	2	2	2	2	2	2	FALSE	FALSE
Cowlitz	481	484	486	489	492	495	**650.67**	(170)	(167)	(165)	(162)	(159)	(156)	**55.00**	(9,333)	(9,194)	(9,055)	(8,916)	(8,739)	(8,563)	(26)	(25)	(25)	(24)	(24)	(23)	FALSE	FALSE
Douglas	146	148	149	151	153	156	**128.67**	18	19	21	22	25	27	**55.00**	965	1,054	1,143	1,232	1,356	1,479	3	3	3	3	4	4	FALSE	FALSE
Ferry	37	37	37	37	37	37	**38.33**	(1)	(1)	(1)	(1)	(1)	(1)	**55.00**	(79)	(75)	(72)	(68)	(63)	(59)	(0)	(0)	(0)	(0)	(0)	(0)	FALSE	FALSE
Franklin	183	187	191	196	202	207	**175.00**	8	12	16	21	27	32	**55.00**	430	666	901	1,136	1,459	1,782	1	2	2	3	4	5	FALSE	FALSE
Garfield	15	15	15	15	15	15	**4.67**	10	10	10	10	10	10	**55.00**	565	563	561	559	558	556	2	2	2	2	2	2	FALSE	FALSE
Grant	317	322	326	331	337	343	**171.67**	146	150	155	159	165	171	**55.00**	8,005	8,260	8,515	8,769	9,083	9,397	22	23	23	24	25	26	FALSE	FALSE
Grays Harbor	369	370	370	371	372	373	**174.00**	195	196	196	197	198	199	**55.00**	10,709	10,753	10,796	10,839	10,885	10,931	29	29	30	30	30	30	FALSE	FALSE
Island	309	310	312	313	315	317	**136.00**	173	174	176	177	179	181	**55.00**	9,498	9,577	9,655	9,734	9,836	9,939	26	26	26	27	27	27	FALSE	FALSE
Jefferson	169	170	171	171	173	175	**139.00**	30	31	32	32	34	36	**55.00**	1,667	1,704	1,741	1,778	1,873	1,969	5	5	5	5	5	5	FALSE	FALSE
King **#	5,810	5,858	5,907	5,955	6,012	6,069	**5,820.00**	(10)	38	87	135	192	249	**55.00**	(541)	2,112	4,766	7,419	10,545	13,670	(1)	6	13	20	29	37	TRUE	1.07
Kitsap *	972	980	989	997	1007	1017	**871.67**	100	109	117	125	135	146	**55.00**	5518	5974	6430	6886	7452	8017	15	16	18	19	20	22	FALSE	FALSE
Kittitas	138	139	140	141	143	144	**84.33**	53	54	55	57	58	60	**55.00**	2925	2986	3047	3108	3205	3302	8	8	8	9	9	9	FALSE	FALSE
Klickitat	83	83	84	84	84	84	**48.00**	35	35	36	36	36	36	**55.00**	1930	1943	1956	1969	1984	1999	5	5	5	5	5	5	FALSE	FALSE
Lewis	396	398	400	403	405	408	**323.00**	73	75	77	80	82	85	**55.00**	4003	4126	4250	4374	4531	4689	11	11	12	12	12	13	FALSE	FALSE
Lincoln	61	61	61	61	61	61	**18.33**	42	42	43	43	43	43	**55.00**	2334	2337	2340	2342	2348	2354	6	6	6	6	6	6	FALSE	FALSE
Mason	292	294	297	299	303	307	**215.00**	77	79	82	84	88	92	**55.00**	4239	4369	4500	4630	4856	5082	12	12	12	13	13	14	FALSE	FALSE
Okanogan	196	197	198	199	200	201	**120.67**	75	76	77	78	79	80	**55.00**	4132	4190	4247	4305	4353	4402	11	11	12	12	12	12	FALSE	FALSE
Pacific	147	147	147	147	147	147	**65.00**	82	82	82	82	82	82	**55.00**	4516	4511	4506	4502	4512	4522	12	12	12	12	12	12	FALSE	FALSE
Pend Oreille	68	68	68	69	69	69	**43.67**	24	24	25	25	25	26	**55.00**	1319	1336	1352	1369	1391	1414	4	4	4	4	4	4	FALSE	FALSE
Pierce	2733	2758	2783	2808	2838	2868	**3,168.67**	-435	-410	-386	-361	-331	-301	**55.00**	-23935	-22572	-21209	-19845	-18189	-16532	-66	-62	-58	-54	-50	-45	FALSE	FALSE
San Juan	57	57	57	57	57	58	**34.00**	23	23	23	23	23	24	**55.00**	1251	1257	1262	1267	1281	1295	3	3	3	3	4	4	FALSE	FALSE
Skagit	545	549	554	558	564	570	**461.33**	84	88	92	97	103	109	**55.00**	4610	4848	5087	5325	5659	5994	13	13	14	15	16	16	FALSE	FALSE
Skamania *	39	40	40	40	40	40	**44.67**	-5	-5	-5	-5	-5	-4	**55.00**	-286	-278	-270	-261	-251	-241	-1	-1	-1	-1	-1	-1	FALSE	FALSE
Snohomish	2,205	2,227	2,250	2,272	2,305	2,338	**2,296.50**	(92)	(69)	(47)	(24)	9	42	**55.00**	(5,033)	(3,800)	(2,567)	(1,333)	487	2,308	(14)	(10)	(7)	(4)	1	6	FALSE	FALSE
Spokane*	1,974	1,990	2,005	2,020	2,040	2,060	**2,133.33**	(159)	(144)	(129)	(114)	(93)	(73)	**55.00**	(8,736)	(7,907)	(7,078)	(6,248)	(5,140)	(4,032)	(24)	(22)	(19)	(17)	(14)	(11)	FALSE	FALSE
Stevens	196	197	197	198	199	200	**120.00**	76	77	77	78	79	80	**55.00**	4,172	4,208	4,244	4,280	4,327	4,374	11	12	12	12	12	12	FALSE	FALSE
Thurston	931	941	951	961	977	993	**931.33**	(1)	9	20	30	46	61	**55.00**	(32)	522	1,077	1,631	2,506	3,381	(0)	1	3	4	7	9	FALSE	FALSE
Wahkiakum	23	23	23	23	23	23	**20.00**	3	3	3	3	3	3	**55.00**	154	151	148	145	141	138	0	0	0	0	0	0	FALSE	FALSE
Walla Walla	270	271	272	273	274	276	**244.00**	26	27	28	29	30	32	**55.00**	1,405	1,466	1,528	1,590	1,673	1,757	4	4	4	4	5	5	FALSE	FALSE
Whatcom	716	722	728	734	745	756	**736.00**	(20)	(14)	(8)	(2)	9	20	**55.00**	(1,119)	(777)	(434)	(91)	495	1,082	(3)	(2)	(1)	(0)	1	3	FALSE	FALSE
Whitman	123	124	125	125	126	127	**95.00**	28	29	30	30	31	32	**55.00**	1,543	1,583	1,624	1,665	1,715	1,766	4	4	4	5	5	5	FALSE	FALSE
Yakima	906	916	925	935	944	954	**823.33**	83	93	102	112	121	131	**55.00**	4,563	5,089	5,615	6,141	6,663	7,185	13	14	15	17	18	20	FALSE	FALSE
							23,424																					

*County contains one hospice in first three years of service — Each hospice in first three years is assumed 35 adc at statewide ALOS or 232 admits

** County contains two hospices in first three years of service — Each hospice in first three years is assumed 35 adc at statewide ALOS or 232 admits

Excludes capcity recorded for Swedish

Washington State ALOS as reported by CMS Table VII.15bfor 2010 as of December 2011

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