



STATE OF WASHINGTON
DEPARTMENT OF HEALTH
Olympia, Washington 98504

June 26, 2017

CERTIFIED MAIL # 7014 2120 0002 7631 1649

Sherie Stewart, Chief Operating Officer
Envision Home Health of Washington
1345 West 1600 North, #202
Orem, Utah 84057

RE: Certificate of Need Application #17-03

Dear Ms. Stewart:

We have completed review of the Certificate of Need application submitted by Envision Home Health of Washington proposing to establish Medicare and Medicaid home health services in Pierce County. Enclosed is a written evaluation of the application.

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

Washington Administrative Code 246-310-220	Financial Feasibility
Washington Administrative Code 246-310-230	Structure and Process of Care
Washington Administrative Code 246-310-240	Cost Containment

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

Appeal Option 1:

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

<u>Mailing Address:</u>	<u>Physical Address</u>
Department of Health	Department of Health
Certificate of Need Program	Certificate of Need Program
Mail Stop 47852	111 Israel Road SE
Olympia, WA 98504-7852	Tumwater, WA 98501

Appeal Option 2:

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

Mailing Address:

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

Physical Address

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

If you have any questions, 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,



Steve Bowman, PhD, MHA
Director, Office of Community Health Systems

Enclosure

EXECUTIVE SUMMARY

CORRECTED EVALUATION DATED JUNE 26, 2017 FOR THREE CERTIFICATE OF NEED APPLICATIONS, EACH PROPOSING TO ESTABLISH MEDICARE AND MEDICAID CERTIFIED HOME HEALTH SERVICES IN PIERCE COUNTY

- **CAREAGE HOME HEALTH, LLC PROPOSING TO ESTABLISH A NEW AGENCY IN PIERCE COUNTY**
- **ENVISION HOME HEALTH OF WASHINGTON PROPOSING TO EXPAND AN EXISTING HOME HEALTH AGENCY INTO PIERCE COUNTY**
- **HARVARD PARTNERS, LLC PROPOSING TO EXPAND AN EXISTING HOME HEALTH AGENCY INTO PIERCE COUNTY**

BRIEF APPLICANT AND PROJECT DESCRIPTIONS

Careage Home Health, LLC

Careage Home Health, LLC (Careage) is a privately owned Washington State corporation. Currently, Careage provides Medicare and Medicaid certified home health services to the residents of King County through its office located in Bellevue. [source: Careage website and application, p1]

With this project, Careage proposes to establish a new office in Pierce County at 1600 Marshall Circle in Dupont [98327]. [source: Application p1] If approved, Careage would begin providing Medicare and Medicaid home health services for Pierce County residents within six months of approval. [source: Application, p1 and p7]

The estimated capital expenditure for the project is \$49,800. The costs are for office equipment and furniture and associated review fees for the project. [source: Application, p23]

Envision Home Health of Washington

Envision Home Health of Washington (Envision) is a privately owned Washington State corporation. Currently, Envision provides Medicare and Medicaid certified home health services to the residents of King County through its office located in Burien. [source: Envision website and application, pp4-5]

With this project, Envision proposes to expand the service area of its King County office by providing Medicare and Medicaid home health services to the residents of Pierce County. The King County agency is located at 801 Southwest 150th Street, #102 in Burien [98166] [source: Application pp5-9] If approved, Envision would begin providing Medicare and Medicaid home health services for Pierce County residents within six months of approval. [source: October 16, 2016, first screening responses, pp1-2]

The estimated capital expenditure for the project is \$12,000. The costs are for additional office equipment and furniture needed to support the additional staff required to expand the King County agency. [source: October 16, 2016, first screening responses, p27]

Harvard Partners, LLC

Harvard Partners, LLC (Harvard Partners) is a privately owned Washington State corporation. Currently, Harvard Partners provides Medicare and Medicaid certified home health services to the residents of King County through its main site located in Kirkland and its branch site located in Seattle. Harvard Partner's also has provides home health services to private pay residents of Pierce and Snohomish counties through its Kirkland and Seattle offices. Harvard Partners also operates two offices

in Pierce and Snohomish counties that are used as docking stations for its staff. Home health services provided to Pierce and Snohomish County residents do not include Medicare and Medicaid patients. [source: Application, p5]

Harvard Partners' application proposes to expand its Medicare and Medicaid certified home health services into Pierce County from its King County office. The Pierce County docking station is currently located at 1201 Pacific Avenue, #66 in Tacoma [98402]. [source: Application, p5] Before the completion of this Certificate of Need review, Harvard Partners intends to close both its Kirkland main site and its Seattle branch site, and relocate to a main site at 1606 – 8th Avenue North in Seattle [98109]. Harvard Partners intends to manage its King, Pierce and Snohomish counties home health operations and services from this site as a single agency. Harvard Partners intends to continue operation from a single site in King County following Medicare certification for Pierce County. [source: March 16, 2017, screening response, p2]

If approved, Harvard Partners would begin providing Medicare and Medicaid home health services for Pierce County residents within six months of approval. [source: January 9, 2017, first screening responses, pp4-5]

The estimated capital expenditure for the project is \$32,000. The costs are for office equipment and furniture and associated review fees for the project. [source: Application, p34]

APPLICABILITY OF CERTIFICATE OF NEED LAW

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

CONCLUSIONS

Careage Home Health, LLC

For the reasons stated in this evaluation, the application submitted by Careage Home Health, LLC proposing to establish a Medicare and Medicaid certified home health agency in Dupont, within Pierce County, is consistent with applicable criteria of the Certificate of Need Program, provided Careage Home Health, LLC agrees to the following in its entirety.

Project Description

This Certificate of Need approves Careage Home Health, LLC to establish a Medicare and Medicaid certified home health agency in Dupont to serve the residents of Pierce County. Home health services provided at the new agency include physical therapy, skilled nursing care, ~~and~~ certified home health aide services, **occupational therapy, speech therapy, and medical social work services**. ~~Occupational therapy, speech therapy, and medical social work services will be provided through contract services.~~

Conditions:

1. Approval of the project description as stated above. Careage Home Health, LLC further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Careage Home Health, LLC shall finance the project using the financing as described in the application.

3. Careage Home Health, LLC will provide charity care in compliance with its charity care policies provided in the application.
4. Careage Home Health, LLC will maintain Medicare and Medicaid certification regardless of ownership.
5. Prior to providing Medicare and Medicaid certified home health services in Pierce County, Careage Home Health, LLC will provide a listing of key staff to the Certificate of Need Program. The listing of key staff shall include the name and professional license number.
6. Prior to providing Medicare and Medicaid home health services in Pierce County, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed medical director agreement. The executed agreement shall be consistent with the draft agreement provided in the application.
7. Prior to commencement of the project, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed lease agreement. The executed agreement shall be consistent with the draft agreement provided in the application.

Approved Costs:

The approved capital expenditure for the establishment of the Pierce County home health agency is \$49,800.

Envision Home Health of Washington

For the reasons stated in this evaluation, the application submitted by Envision Home Health of Washington proposing to establish Medicare and Medicaid home health services in Pierce County is not consistent with applicable criteria of the Certificate of Need Program, and a Certificate of Need is denied.

Harvard Partners, LLC

For the reasons stated in this evaluation, the application submitted by Harvard Partners, LLC proposing to establish Medicare and Medicaid home health services in Pierce County is not consistent with applicable criteria of the Certificate of Need Program, and a Certificate of Need is denied.

CORRECTED EVALUATION DATED JUNE 26, 2017 FOR THREE CERTIFICATE OF NEED APPLICATIONS, EACH PROPOSING TO ESTABLISH MEDICARE AND MEDICAID CERTIFIED HOME HEALTH SERVICES IN PIERCE COUNTY

- **CAREAGE HOME HEALTH, LLC PROPOSING TO ESTABLISH A NEW AGENCY IN PIERCE COUNTY**
- **ENVISION HOME HEALTH OF WASHINGTON PROPOSING TO EXPAND AN EXISTING HOME HEALTH AGENCY INTO PIERCE COUNTY**
- **HARVARD PARTNERS, LLC PROPOSING TO EXPAND AN EXISTING HOME HEALTH AGENCY INTO PIERCE COUNTY**

APPLICANT DESCRIPTIONS

Careage Home Health, LLC

Careage Home Health, LLC is one of eight privately owned corporations that operate under the ‘Careage’ name.¹ All eight corporations are active with the Washington State Secretary of State office; however three of the eight are not actively in use. The following three members have ownership of Careage Home Health, LLC. [source: January 9 2017, screening responses, p2]

Name
Gene E. Lynn
Kelly Callahan
Careage Healthcare of Washington, Inc. ²

For this application, Careage Home Health LLC is the applicant and will be referenced in this evaluation as “Careage.”

Envision Home Health of Washington

Envision Home Health of Washington is one of three privately owned corporations that have the same or overlapping membership.³ Of the three, only Envision Home Health of Washington is active with the Washington State Secretary of State office. The following eight members have ownership of Envision Home Health of Washington. [source: October 16, 2016, first screening responses, p24]

Name	Name
Rhett Anderson	Chad Fullmer, PT
Greg Atwood, RN	Darin McSpadden, OT
Wyatt Cloward, OT	Sherie Stewart, MSW
Jason Crump, PT	Derek White, PT

For this application, Envision Home Health of Washington is the applicant and will be referenced in this evaluation as “Envision.”

¹ The eight corporations are Careage at Home LLC; Careage Development Co, LLC; Careage Healthcare of California, Inc.; Careage Healthcare of Washington, Inc.; Care Home Health of Pierce & Thurston Counties, LLC; Careage Home Health, LLC [applicant]; Careage Western Corporation; and Careage Inc.

² Careage Healthcare of Washington is an S-Corp that functions as the managing member of both Careage Home Health, LLC and Careage at Home, LLC. It also fulfills this function for various other entities. [source: January 9 2017, screening responses, p2]

³ The three corporations are Envision Home Health of Washington, LLC; Envision Home Health and Hospice, LLC located in Utah; and Independence Rehab, LLC also located in Utah. [source: Application, Appendix B]

Harvard Partners, LLC

Harvard Partners, LLC is a locally owned and operated Washington State corporation. The following two owners/managers are associated with Harvard Partners. [source: Application, p5]

Name
Aleksandra M Danilov, PhD
Mirjana M. Danilov

For this application, Harvard Partners, LLC is the applicant and will be referenced in this evaluation as “Harvard Partners.”

PROJECT DESCRIPTIONS

Careage Home Health, LLC

With this project, Careage proposes to establish a new agency in Pierce County at 1600 Marshall Circle in Dupont [98327]. The new agency would be co-located with Patriots Landing, a retirement community owned and operated by Careage Healthcare of California, Inc. [source: Application p1 and January 9, 2017, screening responses, p2]

Services to be provided at the new Pierce County agency include skilled nursing care, physical therapy, occupational therapy, speech therapy, medical social work, respite services, and home health aide services. [source: Application, p5]

Given that Careage is already a provider of Medicare and Medicaid home health services in King County, Careage expects no delays to expand home health services into Pierce County. Careage expects to begin providing Medicare and Medicaid home health services for Pierce County residents within six months of approval. [source: Application, p1 and p7]

The estimated capital expenditure for the project is \$49,800, and of that amount 50% is associated with office equipment and furniture for the new agency and the remaining 50% is associated with review fees for the project. [source: Application, p23]

Envision Home Health of Washington

Envision currently operates a Medicare and Medicaid certified home health agency in King County at 801 Southwest 150th Street, #102 in Burien [98166]. Envision proposes to expand the service area of its King County office by providing Medicare and Medicaid home health services to the residents of Pierce County. [source: Application pp5-9]

Services to be provided in Pierce County include skilled nursing care, physical therapy, occupational therapy, speech therapy, medical social work, respite services, and home health aide services. [source: Application, p9]

Given that Envision is already located in King County, Envision expects no delays to expand home health services into Pierce County. If approved, Envision would begin providing Medicare and Medicaid home health services for Pierce County residents within six months of approval. [source: October 16, 2016, first screening responses, pp1-2]

The estimated capital expenditure for the project is \$12,000. The costs are for additional office equipment and furniture needed to support the additional staff required to expand the King County agency. [source: October 16, 2016, first screening responses, p27]

Harvard Partners, LLC

Harvard Partners holds a current In Home Services license from the Washington State Department of Health to provide home health services to the residents of King, Pierce, and Snohomish counties. Harvard Partners provides Medicare and Medicaid home health services to the residents of King County.⁴ [source: Application, p5]

For this project, Harvard Partners proposes to expand its Medicare and Medicaid certified home health services into Pierce County from its King County office. The Pierce County docking station is currently located at 1201 Pacific Avenue, #66 in Tacoma [98402]. [source: Application, p5] Before the completion of this Certificate of Need review, Harvard Partners intends to close both its Kirkland main site and its Seattle branch site, and relocate to a main site at 1606 – 8th Avenue North in Seattle [98109]. Harvard Partners intends to manage its King, Pierce and Snohomish counties home health operations and services from this site as a single agency. Harvard Partners intends to continue operation from a single site in King County following Medicare certification for Pierce County. [source: March 16, 2017, screening response, p2]

Services to be provided in Pierce County include home health skilled nursing, home health aide services, occupational therapy services, physical therapy services, speech therapy services, respite care, IV therapy and wound care, as well as parenteral/enteral nutrition, tracheotomy/ventilator management, oxygen therapy, and diabetes home health care. [source: Application, p7]

Given that Harvard Partners is already located in King County and providing non-Medicare and Medicaid services to the Pierce County residents, Harvard Partners expects to begin providing the Medicare and Medicaid home health services within six months of approval. [source: January 9, 2017, first screening responses, pp4-5]

The estimated capital expenditure for the project is \$32,000. The costs are for additional office and nursing supplies and Certificate of Need review fees. [source: Application, pp33-34]

APPLICABILITY OF CERTIFICATE OF NEED LAW

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

EVALUATION CRITERIA

WAC 246-310-200(1)(a)-(d) identifies the four determinations that the department must make for 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;*

⁴ In Home Services License #000001532.

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

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

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

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

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

TYPE OF REVIEW

For these three projects, the Envision application was submitted about three months prior to the Careage and Harvard applications. Since all three projects propose Medicare and Medicaid home health services in Pierce County, they were reviewed concurrently under the regular timeline outlined in WAC 246-310-160.

The concurrent review process promotes the expressed public goal of RCW 70.38 that the development or expansion of health care facilities be accomplished in a planned, orderly fashion and without unnecessary duplication. For these projects, the concurrent review allows the department flexibility in determining the best interests for Pierce County residents. The concurrent review timeline used for these three applications is summarized on the following page.

APPLICATION CHRONOLOGY

Action	Envision	Careage	Harvard
Letter of Intent Submitted	August 1, 2016	July 29, 2016	July 1, 2016
Application Submitted	August 31, 2016	October 25, 2016	October 31, 2016
Department's pre-review activities <ul style="list-style-type: none"> • DOH 1st Screening Letter • Applicant's Responses Received 	September 22, 2016 October 18, 2016	November 22, 2016 January 9, 2017	
<ul style="list-style-type: none"> • DOH 2st Screening Letter • Applicant's Responses Received 	January 31, 2017		
Beginning of Review	March 24 2017		
Public Hearing Conducted	None Requested or Conducted		
Public Comments accepted through the end of public comment	April 28, 2017		
Rebuttal Comments Submitted	May 15, 2017		
Department's Anticipated Decision Date	June 29, 2017		
Department's Actual Decision Date	June 26, 2017		

AFFECTED PERSONS

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

“...an “interested person” who:

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

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

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

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

Under concurrent review, each applicant is an affected person for the other application(s). Additionally, MultiCare Health System and Providences Health & Services each requested affected person status.

MultiCare Health System

MultiCare Health System requested interested and affected person status and to be informed of the department’s decision. MultiCare Health System operates a home health agency in Pierce County known as MultiCare Home Health, Hospice, and Palliative Care.⁵ Home health services are provided to Medicare and Medicaid residents in both King and Pierce counties. MultiCare Health System meets the definition of an “interested person” under WAC 246-310-010(34). Other than providing responses to

⁵ In Home Services License #60081744.

the departments home health utilization survey, MultiCare Health System did not provide written comments specific to any of the three applications. MultiCare Health System does not meet the definition of an “affected person” for any of these three projects.

Providence Health & Services

Providence Health & Services requested interested and affected person status and to be informed of the department’s decision. Providence Health & Services operates a home health agency located in Thurston County known as Providence Sound Homecare and Hospice.⁶ The agency serves Medicare and Medicaid patients in Lewis, Mason, Pierce, and Thurston counties. Providence Health & Services meets the definition of an “interested person” under WAC 246-310-010(34). Providence Sound Homecare and Hospice provided responses to the departments home health utilization survey and included additional comments specific to its own agency within the survey.⁷ Providence Health & Services meets the definition of an “affected person” for these three projects on behalf of its home care agency, Providence Sound Homecare and Hospice.

SOURCE INFORMATION REVIEWED

- Careage Home Health, LLC’s Certificate of Need application received October 25, 2016
- Careage Home Health, LLC’s first screening responses received November 22, 2016
- Careage Home Health, LLC’s second screening responses received March 17, 2017
- Envision Home Health of Washington’s Certificate of Need application received August 31, 2016
- Envision Home Health of Washington’s first screening responses received October 18, 2016
- Envision Home Health of Washington’s second screening responses received March 17, 2017
- Harvard Partners, LLC’s Certificate of Need application received October 31, 2016
- Harvard Partners, LLC’s first screening responses received November 22, 2016
- Harvard Partners, LLC’s second screening responses received March 16, 2017
- Public comments received by the department through the close of business on April 28, 2017
- Careage Home Health, LLC’s rebuttal documents received May 15, 2017
- Envision Home Health of Washington’s rebuttal documents received May 15, 2017
- Harvard Partners, LLC’s rebuttal documents received May 15, 2017
- 1987 Washington State Health Plan
- Office of Financial Management Population Data 2012
- Department of Health Integrated Licensing and Regulatory System database [ILRS]
- Licensing and/or survey data provided by the Department of Health’s Investigations and Inspections Office
- Licensing data provided by the Medical Quality Assurance Commission, Nursing Quality Assurance Commission, and Health Systems Quality Assurance Office of Customer Service
- Careage Home Health, LLC’s website at www.careagehealth.com
- Envision Home Health of Washington’s website at www.envhhwa.com
- Harvard Partners, LLC’s website at www.harvardpartners.org
- Patriots Land website at www.patriotslanding.com
- Certificate of Need historical files

⁶ In Home Services License #00000420.

⁷ Providence Sound Homecare and Hospice provided the following comments in its utilization survey: “*As people of Providence, we reveal God’s love for all especially the poor and vulnerable, through our compassionate services. Providence Sound Homecare and Hospice anticipates expanding our care to at least triple the current census. Thank you for the opportunity to serve the people of Pierce County.*”

CONCLUSIONS

Careage Home Health, LLC

For the reasons stated in this evaluation, the application submitted by Careage Home Health, LLC proposing to establish a Medicare and Medicaid certified home health agency in Dupont, within Pierce County, is consistent with applicable criteria of the Certificate of Need Program, provided Careage Home Health, LLC agrees to the following in its entirety.

Project Description

This Certificate of Need approves Careage Home Health, LLC to establish a Medicare and Medicaid certified home health agency in Dupont to serve the residents of Pierce County. Home health services provided at the new agency include physical therapy, skilled nursing care, ~~and~~ certified home health aide services, occupational therapy, speech therapy, and medical social work services. ~~Occupational therapy, speech therapy, and medical social work services will be provided through contract services.~~

Conditions:

1. Approval of the project description as stated above. Careage Home Health, LLC further agrees that any change to the project as described in the project description is a new project that requires a new Certificate of Need.
2. Careage Home Health, LLC shall finance the project using the financing as described in the application.
3. Careage Home Health, LLC will provide charity care in compliance with its charity care policies provided in the application.
4. Careage Home Health, LLC will maintain Medicare and Medicaid certification regardless of ownership.
5. Prior to providing Medicare and Medicaid certified home health services in Pierce County, Careage Home Health, LLC will provide a listing of key staff to the Certificate of Need Program. The listing of key staff shall include the name and professional license number.
6. Prior to providing Medicare and Medicaid home health services in Pierce County, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed medical director agreement. The executed agreement shall be consistent with the draft agreement provided in the application.
7. Prior to commencement of the project, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed lease agreement. The executed agreement shall be consistent with the draft agreement provided in the application.

Approved Costs:

The approved capital expenditure for the establishment of the Pierce County home health agency is \$49,800.

Envision Home Health of Washington

For the reasons stated in this evaluation, the application submitted by Envision Home Health of Washington proposing to establish Medicare and Medicaid home health services in Pierce County is not consistent with applicable criteria of the Certificate of Need Program, and a Certificate of Need is denied.

Harvard Partners, LLC

For the reasons stated in this evaluation, the application submitted by Harvard Partners, LLC proposing to establish Medicare and Medicaid home health services in Pierce County is not consistent with applicable criteria of the Certificate of Need Program, and a Certificate of Need is denied.

CRITERIA DETERMINATIONS

A. Need (WAC 246-310-210)

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

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Envision Home Health of Washington, LLC project **met** the applicable need criteria in WAC 246-310-210.

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Harvard Partners project **met** the applicable need criteria in WAC 246-310-210.

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

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

Home Health Numeric Methodology-1987 SHP

The SHP methodology is a five-step process that projects the number of home health visits in a planning area. The method uses the following elements:

- projected population of the planning area, broken down by age groups [0-64; 65-79; & 80+];
- estimated home health use rates per age group; and
- the number of visits per age group.

The total projected number of visits is then divided by 10,000, which is considered the ‘target minimum operating volume’ for a home health agency. The resulting number represents the maximum projected number of agencies needed in a planning area. The SHP states fractions are rounded down to the nearest whole number. [source: SHP, pB-35]

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

Careage Home Health, LLC

Careage provide a numeric methodology based on the five steps identified in the SHP and concluded that Pierce County had a net need of eight agencies in year 2020. A summary of the numeric methodology is shown in Table 1. [source: Application, p11]

**Table 1
Careage Numeric Need Methodology for Year 2020**

Estimated home health agency gross need	20.0
Subtract # of Medicare and Medicaid home health agencies	(8.0)
Net need for Medicare and Medicaid home health agencies	12.0
Subtract # of 'licensed only' home health providers	(4.0)
Total net need	8.0

As shown in Table 1 above, Careage estimated a net need for eight home health agencies by the end of projection year 2020.

Envision Home Health of Washington

Envision also provided a numeric methodology based on the five steps and concluded that Pierce County had a net need of one agency in year 2019. A summary of the numeric methodology is shown in Table 2. [source: Application, p12]

**Table 2
Envision Numeric Need Methodology for Year 2019**

Estimated home health agency gross need	19.595
Subtract # of Medicare and Medicaid and 'licensed only' home health providers	(18.0)
Total net need	1.0

As shown in Table 2 above, Envision estimated a net need for one Medicare and Medicaid home health agency by the end of projection year 2019.

Harvard Partners, LLC

For its project, Harvard Partners provided two separate numeric methodologies. One is based on four of the five steps outlined in the SHP. This methodology showed a gross need for 20 home health agencies in year 2020. [source: Application, 11-14] Harvard Partners did not complete step five which requires subtraction of the existing supply of home health agencies from the gross need. A summary of Harvard Partners numeric methodology is shown in Table 3. [source: Application, p12]

**Table 3
Harvard Partners Numeric Methodology for Year 2020
Based on State Health Plan and Current Data**

Estimated home health agency gross need	20.0
Subtract # of Medicare and Medicaid and 'licensed only' home health providers	0.0
Total net need	20.0

The second methodology provided by Harvard Partners followed the steps in the SHP, however the data sets used are most recent CMS data. Harvard Partners provided the following rationale for this methodology.

“The second methodology was created to ensure a number of figures reflect the more current CMS data than those used in the original model, some of which went back to 1987. It was for these reasons that we utilized the most recent data available from CMS and other government agencies to establish a utilization forecast that we believe accurately demonstrates the overall need for Home Health in Pierce County. For the Updated CMS Comparative Methodology as data from CMS is reported periodically and somewhat

sporadically, Harvard Partners utilized the most recent data available for each data point. While not all data reflects the same date parameters, it represents the most current and accurate data that is accessible.” [source: January 9, 2017, screening response, p6]

For each step of the methodology, Harvard Partners used the most recent CMS data available. For steps one and two, data used was calendar year 2014. For step 3, calendar year 2013 data was used; and for step four, calendar year 2010 data was used. Harvard Partners did not complete step five which requires subtraction of the existing supply of home health agencies from the gross need. [source: January 9, 2017, screening response, pp6-8]

Table 4 shows a summary of Harvard Partners methodology using the CMS data points described above. [source: Application, p17 and January 9, 2017, screening response, Appendix 9]

Table 4
Harvard Partners Numeric Need Methodology for Year 2020
Based on CMS Data

Estimated home health agency gross need-Medicare Only	26.0
Estimated home health agency gross need-All Types	36.0
Subtract # of Medicare and Medicaid and ‘licensed only’ home health providers	0.0
Total net need	36.0

As shown in Tables 3 and 4 above, Harvard Partners projected gross a need of 26 agencies using the data and steps outlined in the SHP. Using available CMS data, Harvard Partners projected a gross need of 36 agencies in year 2020.

Public Comments

During the review of these projects, the department received public comments that focus on the existing agencies that serve Pierce County and the numeric methodology. Excerpts from the comments are below.

Careage Public Comment

“The vast majority of licensed only agencies do not provide the full range of home health services and do not provide home health services to the vast majority of patients eligible for these services. Counting these agencies means that there is a risk of significantly underestimating need. The Program is aware of this fact and has indicated that it is prepared to make findings, consistent with WAC 246-310-210(1) even absent numeric need that existing providers are not available and accessible.

This is likely the reason that the Program regularly conducts surveys of providers. While Careage has not yet been provided copies of the Program's most recent Pierce County survey, we did conduct our own. We know, and have documented, that the majority of licensed only providers identified by the Program as operating in Pierce County, don't actually serve the County, don't provide home health services, or serve such a small number of patients (by business design) that it is unreasonable to make an assumption (per the methodology) that they provide 10,000 visits per year.

After researching or directly contacting 100% of the 42 agencies, we ended up discounting or removing from the list a total of 30 that we determined were not providing home health services. This left four agencies in our count of "licensed only" supply, and a total of 12 agencies, including

the eight Medicare certified. With this supply, Careage calculated a numeric net need for eight additional Medicare certified agencies in the County.”

Careage provided an Attachment to its comments that summarizes its assertion that some existing agencies are not providing home health services in Pierce County. A recreation of Careage’s revised Table 12 provided in its attachment is below.

***Pierce County Licensed In-Home Services Agencies
Not Counted in Supply***

Agency Name	Certified?	Notes/Limitations	Source
<i>CLOSED OR NOT ABLE TO CONFIRM EXISTENCE</i>			
<i>Restoration Health Services</i>	<i>No</i>	<i>Has closed since department published list</i>	<i>DOH Website</i>
<i>Kays HH Services</i>	<i>No</i>	<i>No website, generic voicemail, no response after repeated attempts to contact</i>	<i>Attempted Agency phone confirmation</i>
<i>DOES NOT SERVE PIERCE COUNTY</i>			
<i>Care Plus HH</i>	<i>No</i>	<i>Does not serve Pierce County</i>	<i>Website</i>
<i>Martha and Mary</i>	<i>No</i>	<i>Provides personal care/ AD Ls only - does not serve Pierce County</i>	<i>Website</i>
<i>Elite Nursing</i>	<i>No</i>	<i>Staffing agency only-does not serve Pierce County</i>	<i>Website and follow up phone call</i>
<i>Right at Home</i>	<i>No</i>	<i>Provides personal care/ADLs only, does not serve Pierce County</i>	<i>Website</i>
<i>Nogah Home Care</i>	<i>No</i>	<i>Provides personal care/ADLS only – only serves a 50-mial radius from office location in Seattle</i>	<i>Website and agency phone confirmation</i>
<i>DOES NOT PROVIDE NURSING SERVICES</i>			
<i>ResCare HomeCare</i>	<i>No</i>	<i>Provides personal care/ADLs only</i>	<i>Website</i>
<i>Devine HH Care</i>	<i>No</i>	<i>Provides personal care/ADLs only</i>	<i>Website and agency phone confirmation</i>
<i>Ro Health</i>	<i>No</i>	<i>Provides personal care/ADLs only. Nurses supervise aides/mange care, do not provide direct services</i>	<i>Website and agency phone confirmation</i>
<i>Beam</i>	<i>No</i>	<i>Provides personal care/ADLs only</i>	<i>Website</i>
<i>Health People</i>	<i>No</i>	<i>Provides personal care/ADLs only. Self-reported as not having sufficient staff. Nurses supervise aides/mange care, do not provide direct services</i>	<i>Website and agency phone confirmation</i>

<i>Amicable Health Care</i>	<i>No</i>	<i>Provides personal care/ADLs only. No nurses or therapists on staff.</i>	<i>Website and agency phone confirmation</i>
<i>Chesterfield Health Services</i>	<i>No</i>	<i>Provides personal care/ADLs only</i>	<i>Website</i>
<i>Care Force</i>	<i>No</i>	<i>Provides personal care/ADLs only</i>	<i>Website. Phone confirmation</i>
<i>Andelcare</i>	<i>No</i>	<i>Provides personal care/ADLs only. Nurses provide supervision</i>	<i>Website</i>
<i>Family Resource Home Care</i>	<i>No</i>	<i>Provides personal care/ADLs only</i>	<i>Website</i>
<i>Sound Health Medical</i>	<i>No</i>	<i>Provide durable medical equipment only</i>	<i>Website</i>
<i>Unicare</i>	<i>No</i>	<i>Staffing agency only</i>	<i>Agency phone confirmation</i>
<i>Personal Best Services</i>	<i>No</i>	<i>Staffing agency only</i>	<i>Website</i>
<i>CHC Services</i>	<i>No</i>	<i>Majority of services provided are personal care/ADLs</i>	<i>Website</i>
<i>PROVIDES SERVICES FOR SPECIALIZED DIAGNOSES/PATIENTS ONLY</i>			
<i>Rehab Without Walls</i>	<i>No</i>	<i>Provides tailored services for specific diagnoses only.</i>	<i>Website</i>
<i>Alliance Nursing</i>	<i>No</i>	<i>Provides private duty nursing for patients with medically intensive needs only</i>	<i>Website</i>
<i>New Care Concepts</i>	<i>No</i>	<i>Provides private duty nursing for medically complex patients only</i>	<i>Website</i>
<i>Catherine Dambrosio PHD RN and Associates</i>	<i>No</i>	<i>Provides private duty nursing for pediatric medically complex patients only</i>	<i>Website</i>
<i>PROVIDES SERVICES FOR SPECIALIZED DIAGNOSES/PATIENTS ONLY</i>			
<i>Advanced Health Care</i>	<i>No</i>	<i>Provides private duty nursing and assistance with daily living only. No therapies.</i>	<i>Website</i>
<i>Advisacare</i>	<i>No</i>	<i>Provides private duty nursing and assistance with daily living only. No therapies.</i>	<i>Website</i>
<i>Fedelta Care Solutions</i>	<i>No</i>	<i>Provides private duty nursing and assistance with daily living only. No therapies.</i>	<i>Website</i>
<i>Harvard Partners</i>	<i>No</i>	<i>Provides private duty nursing. No home care or home therapy services available in Pierce County.</i>	<i>Website and agency phone confirmation</i>

[source: Careage, April 28, 2017, public comment, pp2-4, and Attachment 1]

CHI National Home Care Public Comment

"In the application of Careage and the screening response of Envision, both entities ask the Department to depart from the traditional definition of home health agencies utilized by the Department to determine an area's "supply" Rather than including all licensed home health agencies that provide home health services in an area, these applications ask the Department to conduct an analysis of the services provided by each home health agency to determine relevancy to the "supply" methodology. CHI National Home Care believes that such a departure from long-standing practice would create an undue burden for CON applicants, the Department, and current providers seeking to challenge a CON application. For instance, the proposed definition of Envision and Careage would require each interested party and the Department to attempt to independently verify the services provided by all "licensed-only" home health providers to determine inclusion in the "supply" methodology.

In its screening response, Envision argues that only "similar providers" should be included for "supply" calculations, but submits that licensed-only agencies may be included as "similar providers" so long as the licensed-only provider provides nursing services plus at least one other therapy or home health aide services. Envision contends that currently, "the inventory of existing supply cannot be accessed directly by an applicant" and the available data is both inaccurate and unreliable. However, the alternative approach proposed by Envision and Careage requires all interested parties to rely on data that is similarly not readily available, not reported under regulation, and not maintained by the Department. For example, in conducting due diligence relevant to its screening response, Envision based its determination of "similar" services on a review of each applicable agency's web site. Alternatively, Careage conducted diligence both through web site review and attempted phone conversations.

CHI National Home Care agrees that the current regulations, although consistent with the SHP and WAC, hamper the Department, CON applicant, and current providers in their efforts to clearly and fairly apply the home health "need" methodology. However, CHI Health at Home believes that rather than suddenly implementing a new definition of available and accessible home health entities in a planning area without prior notice and opportunity for stakeholders to comment, consideration of a new definition of countable home health agencies should only occur through the legislative process or the administrative rule-making process.

All three applicants indicate that there is currently significant unmet need for home health services in Pierce County based on their proposed new definition of home health agencies. As discussed above, their new definition is inconsistent with long-standing Department practice and inaccurately inflates need. In addition, actual experience in the planning area shows there is no unmet need for home health services in Pierce County.

CHI National Home Care is a Certified Home health provider in Pierce County. Since its change in operational staff in November 2015, CHI National Home Care has not observed any unmet needs for home health services. If CHI National Home Care is unable to admit any patient seeking home health services within 24 to 48 hours, the referral is passed to one of the many agencies throughout the county available to service the patient.

CHI National Home Care currently maintains a census of 205, and with current staffing levels, is able to accommodate a capacity of 250. Additionally, CHI National Home Care is able to operationally place additional staff within Pierce County whenever the need for care increases. To ensure each patient seeking home care services is provided with timely and appropriate care, CHI

National Home Care works consistently with 8 other Medicare Certified Home Health agencies in Pierce County. CHI National Home Care has experienced that these 9 agencies currently servicing Pierce County are able to accommodate the needs of all Hospital and non-hospital referred patients.”

[source: CHI National Home Care April 28, 2017, public comment, pp2-3]

Rebuttal Comments

Careage Home Health provided the following rebuttal comments related to the numeric methodology.

- *The home health provider survey data that the Certificate of Need Program (the Program) included with the public comment substantiates numeric need. The few comments raised by existing providers in the survey responses are refuted.*

Prior to our CN application submittal, the Program provided to us a list of 42 agencies (8 Medicare certified and 34 licensed only) that included the home health agency service category on their respective in-home services license and that indicated they served Pierce County. The analysis we included in our application and public comment which included a 100% survey of each entity, identified the number of agencies potentially serving Pierce County at 35 providers, and comparable providers at 8-12.

In contrast, page 12 of the Envision CN application notes that the Department of Health provided them a list of 17 home health agencies serving Pierce County. Harvard Partners stated that it was provided a list of 46 agencies. For comparison, note that the latest CN decision for Pierce County (Catholic Health Initiative National Home Care, August 23, 2013) identified 13 total (Medicare certified and licensed only) home health providers in Pierce County.

As it typically does, the Program conducted a survey of providers and included the results with the public comment it distributed. According to the Program, 42 surveys were sent, and 17 responses were received (9 of these were from agencies included in our original count of supply).

In Table 1 below, we have utilized the survey results to update the previous tables provided in our CN Application, Screening, and Public Comment submittals identifying the agencies that should/should not be counted in supply.]

...For the agencies Careage originally counted in supply in Section 1:

- *Of the 8 certified providers, all providers responded to the survey except Group Health (now Kaiser), which can only serve enrollees.*
- *Of the 4 licensed only agencies, 2 did not respond to the survey (although one was Envision who provided data in their CN application) and 1 claimed they could not determine the number of visits provided. Based on these findings, Careage has removed 2 of these agencies from its count of supply: Serengeti (did not respond to survey) and VOTO Health Care (stated could not determine number of visits provided).*
- *Careage has also added Harvard Partners to the licensed only agencies counted in supply based on their survey results and data in their CN application (highlighted in Table 1, Section 2)*
- *These changes result in a total supply of 11 agencies in Pierce County.*

Of the 29 agencies not counted in supply in Section 2, only 7 responded to the survey:

- *2 confirmed they do not serve Pierce County at all.*
- *2 confirmed they didn't provide any home health visits in Pierce County in 2016.*
- *1 was Harvard Partners who is now counted in the supply based on the survey results.*
- *3 do not provide comparable services and average only 65 total visits per year (far below the 10,000 visit threshold).*
- *In addition, A-One Medical Services (not included in our original list) responded to the survey and confirmed they did not provide any home health visits in Pierce County in 2016.*

From Careage's perspective, and based on our review of past CN's, the lack of any response means that the agency should not be included in supply. Further, of those agencies Careage has not included in supply, Table 1 clearly identifies the rationale behind why each agency should not be counted.

Based on the review of all the surveys, Careage again concludes that the current supply is 8-11 agencies, resulting in a numeric need for 9-12 agencies in Pierce County (based on a gross need of 20 agencies in 2020). It is as evident that the licensed only providers (particularly those not counted in supply) are not available and accessible.

These findings are further supported in Table 2 below summarizing the existing provider comments in the Program's survey responses. These agencies identify the current capacity of Pierce County as somewhere between 6-10 agencies. Additionally, none of these agencies provided any data to substantiate their claims that there is no need and therefore should be discounted.

[source: May 15, 2017, Careage rebuttal, pp2-7]

- *The letter of CHI Franciscan Health (CHI), the only agency to submit separate comments of opposition, suggests that the applicants are asking the Program to "change" the manner in which it counts supply. Careage is not requesting any change, and in fact, our methodology is identical to the rationale put forth by CHI in its 2012 CN to establish a home health agency in Pierce County. The CHI letter is simply inaccurate.*

CHI states that the 1987 State Health Plan population-based formula has been utilized for nearly 30 years by the Department to determine "need", and that once need is determined, such need is compared against the current supply to determine the area's net need. We concur.

CHI then suggests that Careage and Envision are somehow "asking" the Program to depart from its traditional definition of home health agencies to determine supply. Specifically, CHI states that we are asking the "Department to conduct an analysis of the services by each home health agency to determine relevance to supply", which they suggest is a departure from the Program's past practice. This is simply inaccurate. Once need has been evaluated, Careage, Envision and the Program agree that the next step is to evaluate whether or not the existing providers are available and accessible. In fact, CHI's own 2012 application stated:

We understand that the Department includes the licensed only agencies, however, by definition, these agencies are not "available" to the patients we propose to serve because they do not provide care to Medicare and Medicaid patients.

As can be determined from this excerpt, Careage's application is consistent with CHI's application and the Program's evaluation. We developed our application to be consistent with the Program's most recent Pierce County decision, which was the CHI decision, and we used the CHI need methodology and its agency inclusion/exclusion as our template.

[source: May 15, 2017, Careage rebuttal, p2 and p8]

Envision Home Health provided the following rebuttal comments related to the numeric methodology.

Envision relies on longstanding Department guidance for numeric need estimation

Envision's response to CHI's public comment includes agreement with one of CHI's key points. Envision agrees that, without prior notice, DOH should not make changes to a longstanding approach to determination of numeric "need" for additional home health agencies in a county. In every home health agency application review of which Envision is aware, DOH has specified the basis of its finding of numeric need. Quoted from the Department's 2014 approval of Envision's application to establish a Medicare-certified home health agency in King County:

WAC 246-310 does not contain service or facility standards for home health agencies. To obtain Certificate of Need approval, EHHH-Washington 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.). Consistent with WAC 246-310-200(2)(b), the home health agency projection methodology and standards found in the 1987 State Health Plan, Volume II, Section (4)(d) is used to assist in the evaluation of home health applications. emphasis provided

...CHI is mistaken in its conclusion that Envision seeks an alternate to the existing language of the 1987 SHP. Rather than requesting a change to the longstanding method, Envision chose to closely read Section (4)(d) of the SHP Volume II and incorporated all its provisions, as required by the Department's adherence to it. The detailed "standards" that guide the "methodology" provide substantial direction to anyone wishing to accurately compare a planning area's numeric need for home health services with the planning area's supply of providers.

[emphasis in original] [source: May 15, 2017, Envision rebuttal, pp1-2]

CHI objects to Envisions use of the detailed SHP standards required of and integral to the estimation of numeric need

For many years, a simple application of the 1987 SHP numeric need estimate methodology has supported approval of additional Medicare agencies by the Department. During that time, neither the CON applicants nor the Department have needed to reference the additional "standards" defining a "home health agency" that must be used in applying the "methodology." Even after 2012, when the Department began counting licensed---only home health agencies as part of home health agency supply, a simple run of the methodology continued to show need for additional Certificate of Need approvals in planning areas across Washington. But, recent growth in agency numbers now requires application of the more detailed of the SHP's 1987 home health agency projection methodology and standards.

Please see Attachment A for a copy of the 1987 State Health Plan, Volume II, Section (4)(d) shows that an agency being credited in the need estimate methodology with providing home health capacity must meet certain standards:

- a. the services provided by the home health agency must be "intermittent or part time." This prohibits the counting of any agency that limits its services to covering full shifts in the*

client's home. This requirement eliminates the count of a client receiving care for a full work shift as an "admission" and eliminates those shifts as "visits." A number of licensed only agencies operate, not on a visit basis, but as staffing agencies, placing personnel in the home for full---time shifts of care.

- b. the agency must be able to "serve the area without further state approval."
- c. "home health services means the provision of nursing services along with at least one other therapeutic service or with a supervised home health aide service ...as approved by a physician." This combination of requirements mirrors the Medicare home health Conditions of Participation. No insurance plans in the region will cover such combinations of clinical care unless the agency is Medicare-certified. And, regarding the requirement the services be "approved by a physician," it is the rare licensed---only agency that can invest in the infrastructure and staffing to seek and obtain physician approval and to track ongoing physician orders for each of the persons it serves.

Footnote #1 to Envisions rebuttal comments:

Payers adopt credentialing rules for each type of provider. For clinical home health services, payers simply adopt Medicare-certification as the credentialing requirement in place of developing their own complex requirements. As a result, an agency that provides the listed services but is not Medicare-certified cannot meet the payers' credentialing standards or be paid.

In Pierce County, it appears the total of licensed-only agencies plus Medicare approved agencies may now be approaching the number of agencies "needed" according to the customary and more simple calculation of the Interim Home Health Agency Need Estimation Method from the 1987 SHP. This may be the first planning area in which this condition has been found. Nevertheless, the authors of the 1987 SHP provide clear guidance in such a circumstance and the "standards" that accompany the "methodology" which Certificate of Need decisions have referenced for many years now must come into play.

While Envision agrees with CHI that the resulting data situation is problematic, Envision did take on the task of applying those 1987 SHP standards to the list of Pierce County agencies provided by DOH in April 2016. Envision's pre-survey result shows the need for 10 additional home health agencies in Pierce County. In light of the 1987 SHP requirement that an agency must respond to the Department's data request in order to be counted in supply, Envision has provided a "Post Survey Update of Numeric Need Estimate" at Attachment B. Where Envision reads the 1987 SHP for more detailed guidance than has been required heretofore, CHI mistakenly sees Envision recommending the Department change a long-standing practice.

In summary, CHI is incorrect

Envision agrees with CHI that long standing Department practice should not be changed without appropriate deliberation and notice. Envision's need estimates are based firmly in the letter of the 1987 SHP language which the Department references in each decision and thereby could be said to carry the legal weight of an adopted regulation.

[emphasis in original] [source: May 15, 2017, Envision rebuttal, pp2-4]

Harvard Partners did not provide rebuttal comments related to the numeric methodology.

Department Evaluation

Based on the department’s internal data base⁸ and historical records, 43 agencies claim to provide home health services in Pierce County. On February 3, 2017, the department sent a utilization survey to each of the 43 agencies. The survey requested historical admissions and visits for year 2016. Table 5 shows a listing of the 43 agencies.

**Table 5
Agencies Providing Home Health Services in Pierce County**

Agency Name	Location City	Location County
Advanced Health Care	Tacoma	Pierce
AdvisaCare	Fife	Pierce
Alliance Nursing	Woodinville	King
Amicable Health Care	SeaTac	King
Andel Care	Bellevue	King
A-One Home Care	Everett	Snohomish
Assured Home Health	Federal Way	King
Beam	Olympia	Thurston
Careage Home Health (Applicant)	Bellevue	King
Careforce	Lynnwood	Snohomish
Care Plus Home Health	Port Orchard	Kitsap
Catherine Dambrosio & Assoc	Shoreline	King
CHC Services	Mountlake Terrace	Snohomish
Chesterfield Health Services	Seattle	King
CHI Franciscan at Home	University Place	Pierce
Envision HH of Wash (Applicant)	Burien	King
Family Resource Home Care	Seattle	King
Fedelta Care Solutions	Seattle	King
Group Health HH and Hospice	Seattle	King
Harvard Partners (Applicant)	Kirkland	King
Health People	Bellevue	King
Home Angels	Lynnwood	Snohomish
Kays Home Health Services	Auburn	King
Kindred at Home	Tacoma	Pierce
Martha and Mary	Port Orchard	Kitsap
MultiCare Home Health	Tacoma	Pierce
New Care Concepts	Seattle	King
Nogah Home Care	Seattle	King
Personal Best Services	Auburn	King
Providence Sound Homecare	Olympia	Thurston
Puget Sound Home Health	Tacoma	Pierce

⁸ Integrated Licensing and Regulatory System (ILRS).

Table 5 (continued)
Agencies Providing Home Health Services in Pierce County

Rehab Without Walls	Lynnwood	Snohomish
Renton Devine Home Homecare	Renton	King
Rescare Home Care	Seattle	King
Restoration Health Services	Federal Way	King
Right at Home	Seattle	King
Ro Health	Seattle	King
Serengeti Care	Auburn	King
Signature Home Health	Federal Way	King
Sound Health Medical	Tacoma	Pierce
Unicare LLC	Lakewood	Snohomish
VOTO Healthcare	Auburn	King
Wesley Home Community Health	Des Moines	King

Based on the utilization survey responses, the department determined the following six agencies do not provide home health services and will not be counted in the methodology. It is noted that none of the six agencies listed below hold Medicare or Medicaid certification for Pierce County

- Family Resource Center
- Health People
- Home Angels
- Rehab without Walls
- ResCare Home Care
- Sound Health Medical

Also based on utilization survey responses, if the agency stated that it provided home health services, but did not provide those services in Pierce County for year 2016, the department will not count the agency in this methodology. Based on this criteria, the following seven agencies will also not be counted in the methodology. None of the seven agencies listed below hold Medicare or Medicaid certification for Pierce County.

- A-One Home Care
- Beam
- Careforce
- Fedelta Care Solutions
- Personal Best Services⁹
- Unicare LLC¹⁰
- VOTO Healthcare

Table 6 shows the Pierce County agencies, excluding the 13 agencies identified above, for a total of 30 agencies.

⁹ In its survey response, Personal Best stated that it serves 100% veterans. In 2016, Personal Best served 3 Pierce County veterans for a total of 12 visits.

¹⁰ In its survey response, Unicare, LLC noted that it served 1 patient in Pierce County for a total of 3 visits for year 2016.

**Table 6
Agencies Providing Home Health Services in Pierce County-Revised**

Agency Name	Location City	Location County
Advanced Health Care	Tacoma	Pierce
AdvisaCare	Fife	Pierce
Alliance Nursing	Woodinville	King
Amicable Health Care	SeaTac	King
Andel Care	Bellevue	King
Assured Home Health	Federal Way	King
Careage Home Health (Applicant)	Bellevue	King
Careforce	Lynnwood	Snohomish
Care Plus Home Health	Port Orchard	Kitsap
Catherine Dambrosio & Assoc	Shoreline	King
CHC Services	Mountlake Terrace	Snohomish
Chesterfield Health Services	Seattle	King
CHI Franciscan at Home	University Place	Pierce
Envision HH of Wash (Applicant)	Burien	King
Group Health HH and Hospice	Seattle	King
Harvard Partners (Applicant)	Kirkland	King
Kays Home Health Services	Auburn	King
Kindred at Home	Tacoma	Pierce
Martha and Mary	Port Orchard	Kitsap
MultiCare Home Health	Tacoma	Pierce
New Care Concepts	Seattle	King
Nogah Home Care	Seattle	King
Providence Sound Homecare	Olympia	Thurston
Puget Sound Home Health	Tacoma	Pierce
Renton Devine Home Homecare	Renton	King
Restoration Health Services	Federal Way	King
Right at Home	Seattle	King
Ro Health	Seattle	King
Serengeti Care	Auburn	King
Signature Home Health	Federal Way	King
Unicare LLC	Lakewood	Snohomish
Wesley Home Community Health	Des Moines	King

Within its public comment, Careage provided its rationale of why the department should exclude a number of the agencies listed above. Within its rebuttal comments, Envision also provided its rationale of why the department should exclude a number of the agencies listed above. For reader ease, the department will first address the listing and rationale provided by Careage. Below is Careage’s rationale for specific agencies and the department’s conclusion.

Two Agencies Closed or Unable to Confirm Existence

- *Kays Home Health Services*
- *Restoration Health Services and*

Neither of the two agencies listed above completed a utilization survey. Kays Home Health Service did not have an active phone number listed on its website. The department was able to confirm that Restoration Health Services closed. Neither of the two agencies hold Medicare or Medicaid certification for Pierce County. The department concurs with Careage that these two agencies should be excluded in the numeric methodology.

Five Agencies Do Not Serve Pierce County

- *Care Plus Home Health*
- *Elite Nursing*
- *Martha and Mary*
- *Nogah Home Care*
- *Right at Home*

Three of the five agencies identified above did not complete a utilization survey¹¹. As a result, the department concludes they do not provide home health services in Pierce County. One agency—Elite Nursing¹²—is not listed in the department’s table. This agency is located in Yakima County and it is unlikely that the agency serves Pierce County. Elite Nursing is excluded in the numeric methodology.

The remaining agency—Right at Home—completed a utilization survey stating that it served 10 patients with 180 visits in 2016. The department’s internal database identifies this agency is owned by Northwest Homecare and Staffing Services, which is a home care agency that also provides staff for other home services.

None of the five agencies hold Medicare or Medicaid certification for Pierce County. Based on this information, the department concurs that all five agencies should be excluded in the numeric methodology.

Fourteen Agencies Do Not Provide Nursing Services

- *Amicable Health Care*
- *AndelCare*
- *Beam*
- *Care Force*
- *CHC Services*
- *Chesterfield Health Services*
- *Family Resource Home Care*
- *Health People*
- *Personal Best Services*
- *Renton Divine Homecare, LLC*
- *ResCare Home Care*
- *Ro Health*
- *Sound Health Medical*
- *Unicare, LLC*

¹¹ Care Plus Home Health, Martha and Mary, and Nogah Home Care.

¹² IHS #60617837.

Of the 14 agencies listed above, 8 were already excluded by the department.¹³ For the remaining six agencies, none completed a utilization survey¹⁴. As a result, the department concludes they do not provide home health services in Pierce County. None of the six agencies hold Medicare or Medicaid certification for Pierce County. As a result, all 14 agencies are excluded from the numeric methodology.

Four Agencies Provide Services for Specialized Diagnoses/Patients Only

- *Alliance Nursing*
- *Catherine Dambrosio and Associates*
- *New Care Concepts*
- *Rehab without Walls*

Of the four agencies, one—Rehab Without Walls—was already excluded by the department. For the remaining three agencies, none completed a utilization survey. None of the three agencies hold Medicare or Medicaid certification for Pierce County. The department concludes they do not provide home health services in Pierce County and will be excluded from the numeric methodology.

Four Agencies Provide Private Duty Nursing Only

- *Advanced Health Care*
- *Advisacare*
- *Fedelta Care Solutions*
- *Harvard Partners*

Of the four agencies above, one—Fedelta Care Solutions—was previously excluded by the department. Two did not complete a utilization survey, therefore, the department concludes they do not provide home health services in Pierce County.¹⁵ The remaining agency—Harvard Partners—is an applicant for this review. While the agency does not provide Medicare and Medicaid home health services in Pierce County, historical data was provided and the agency will be counted in the methodology.

Based on the information above, Table 7 shows the remaining 13 agencies and whether each is Medicare and Medicaid certified for home health services in Pierce County.

¹³ Beam, Careforce, Family Resource Home Care, Health People, Personal Best Services, ResCare Home Care, Sound Health Medical, and Unicare.

¹⁴ Amicable Health Care, AndelCare, CHC Services, Chesterfield Health Services, Renton Divine Homecare, and Ro Health.

¹⁵ Advanced Health Care and Advisacare.

Table 7
Agencies Counted in the Pierce County Home Health Methodology

Agency Name	Location City	Location County	M/M Pierce County
Assured Home Health	Federal Way	King	Yes
<i>Careage Home Health (Applicant)</i>	<i>Bellevue</i>	<i>King</i>	<i>No</i>
CHI Franciscan at Home	University Place	Pierce	Yes
<i>Envision HH of Wash (Applicant)</i>	<i>Burien</i>	<i>King</i>	<i>No</i>
Group Health HH and Hospice	Seattle	King	Yes
<i>Harvard Partners (Applicant)</i>	<i>Kirkland</i>	<i>King</i>	<i>No</i>
Kindred at Home	Tacoma	Pierce	Yes
MultiCare Home Health	Tacoma	Pierce	Yes
Providence Sound Homecare	Olympia	Thurston	Yes
Puget Sound Home Health	Tacoma	Pierce	Yes
Serengeti Care	Auburn	King	No
Signature Home Health	Federal Way	King	Yes
Wesley Home Community Health	Des Moines	King	Yes

As shown in the Table 7, three of the agencies—shown in italics above—are the applicants for this review. These agencies will be counted in the numeric methodology as existing supply.

Within its rebuttal comments, Envision asserted that the 1987 State Health Plan precludes the count of agencies that are not currently Medicare and Medicaid certified for the county under review. If this rationale is applied to this project, Serengeti Care—shown in bold above—would not be counted in the methodology. The specific statement provided in the State Health Plan is restated below.

“...Please see Attachment A for a copy of the 1987 State Health Plan, Volume II, Section (4)(d) shows that an agency being credited in the need estimate methodology with providing home health capacity must meet certain standards:

...b. the agency must be able to “serve the area without further state approval.”

The department concurs with Envision that (b) above implies that agencies that are not currently Medicare and Medicaid certified for Pierce County should not be included in the numeric methodology as existing supply. However, if an agency provides licensed only home health services in Pierce County, the agency should not be completely ignored in the supply because the agency does serve patients in the planning area. If these agencies are ignored in the supply, the result is an overstatement of numeric need for additional agencies. Serengeti Care did not complete a utilization survey. For these projects, the department will count Serengeti Care in the existing supply of home health agencies for Pierce County.

Within its application, Harvard Partners asserted that the utilization factors used in the department’s methodology are outdated and should be replaced by most recent CMS or other government agency data. Harvard Partners provided a numeric methodology using the most recent data, which included data for years 2010, 2013, and 2014.

The department concurs that the numeric methodology outlined in the State Health Plan was created in 1987. However, the numeric methodology continues to be a reliable tool for projecting home

health need in Washington State counties. Typically, the department does not change well-established practices during the course of a review without first notifying applicants of upcoming changes. Without proper notification, a significant change in the factors used in the home health numeric methodology during a review could be viewed as unfair.

Envision prepared its application in early 2016 and submitted it in August 2016, Envision based its projections on current year 2015 and projected to year 2019. Careage and Harvard Partners submitted their applications in October 2016. They based their applications on current year 2015 and projected to year 2020.

Each of the three applicants project to be providing Medicare and Medicaid home health services in Pierce County by the end of year 2017. Taking each applicant’s operational timeline into consideration, time spent for this concurrent review, and the completed utilization data, for the department methodology current year is 2016; projected year is 2020.

Table 8 is a summary of the factors used in the department’s numeric home health methodology for Pierce County.

**Table 8
Department’s Numeric Methodology Assumptions and Data**

Assumption	Data Used
Planning Area	Pierce County
Population Estimates and Forecasts	Age Group: 0 – 85+ OFM Population Data released year 2012, medium series: Current Year 2016 – 840,868 Projected Year 2020 – 876,565
Utilization by Age Cohort	Age 0-64 = 0.005 Age 65 – 79 = 0.044 Age 80+ = 0.183
Number of Visits by Age Cohort	Age 0-64 = 10 visits Age 65 – 79 = 14 visits Age 80+ = 21 visits
Existing Number of Providers	13 providers based on Table 7

A summary of the department’s numeric methodology is presented in Table 9. The methodology and supporting data is provided in Appendix A attached to this evaluation.

Table 9
Summary of Department of Health
Pierce County Home Health Need Projection

	2016	2017	2018	2019	2020
Total Number of Patient Visits	183,8970.97	187,897.12	191,927.12	195,953.27	199,979.43
Divided by 10,000	18.39	18.79	19.19	19.60	20.00
Rounded Down	18	18	19	19	20
Existing Number of Agencies	13	13	13	13	13
Net Need	5	5	6	6	6

As shown in the table above, need for an additional five home health providers is projected in current year 2016, which increases to six in projection year 2020. Based solely on the numeric methodology, need for additional home health agencies is demonstrated.

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

Careage Home Health, LLC

“Careage Home Health’s project is not an unnecessary duplication of services in that it will meet a significant unmet need for providers in Pierce County. It will also target the unique needs of the retired and active military populations.

The most common ‘unique’ needs of the military that may relate to home health services include physical disabilities related to their military service and/or post- traumatic stress disorders.

In addition, while not specific to health care per se, there is also a special camaraderie among the military that results in a preference or affinity for services or facilities that focus or have special expertise in serving current or retired military personnel. Careage, Inc. elected to establish Patriots Landing, a retirement community dedicated to serving former military personnel for this very reason.

Careage Home Health believes that the camaraderie and the experiences of military retirees is so important that we have made Kenneth Farmer, MD, a former Army physician who retired as a Major General, our Chief Executive Officer. Dr. Farmer was also the former Commanding General of the Army’s Western Regional Medical Command and Director of the Puget Sound Multi-Service Market. He also served as Executive Vice President and Chief Operating Officer of a company that oversaw the military’s TRICARE program in this market for many years. Careage Home Health will rely on Dr. Farmer’s experience and expertise to ensure our home health program meets the unique needs of the military (retired and active).”

[source: Application p21 and January 9, 2017, screening response, p6]

Public Comment

During the review of this project, the following individuals provided letters of support for the Careage application.

- City of Dupont

As the Mayor of the City of DuPont, I lend my strong support from four perspectives - Careage's outstanding service to our city as a corporate citizen for more than a decade, their reputation for excellence, the importance of home health care services to our community, and finally the value of a company that understands and particularly focuses on serving the military retiree and Veteran constituency. ...I am aware that home health care is an increasingly important aspect of the healthcare delivery system in our country. Careage Home Health has an impressive nine year history of service in King County, has grown every year and maintained a high standard of quality. They are exactly the kind of proven player that we want in our community.

[source: Mike Courts, Mayor]

- South Sound Military & Communities Partnership

The South Sound Military and Communities Partnership advocates for the needs of military affiliated community members. Home health services are increasingly important to the South Puget Sound with the numbers of Veterans and military affiliated community members transitioning from Joint Base Lewis-McChord service to permanently living in the South Puget Sound area. Challenges in transportation, health care availability and specialty care availability illustrates why Careage's Pierce County operation based at Patriots Landing in DuPont provides a very accessible health care option to the large military population in Pierce County. The home health agency will complement the cmTent services of the revered Patriots Landing. The South Sound Military and Communities Partnership appreciates Careage's continued dedication to Veterans and their families. Careage demonstrates outstanding understanding and respect of the unique military population.

[source: Colonel William Adamson]

- Patriots Landing

I have been employed at Patriots Landing for one and a half years, and in that time have worked alongside multiple residents with referrals for Home Health services. As the Director of Resident Care, I have been called to assist residents in obtaining a Home Health referral, initiation of services, as well as with questions regarding the Home Health rehabilitation experience. In this time, the first concern I have had is the timeliness with which the referrals are being responded to. While I do understand scheduling, and staffing issues, I have experienced many delays in service, beginning with the enrollment consult. It is not unusual for residents, specifically those returning from hospitalization and rehabilitation facilities to wait ten days to two weeks for commencement of services. Unfortunately, in that time, they have suffered physical setbacks that would likely have been avoided with an earlier commencement.

Unfortunately, with a delay in services, we in the healthcare industry see the rates of return to hospitals much higher than they would need to be if these services were more promptly began. Recently, I was working with a resident who had noticed a marked decline in her balance, gait and ability to ambulate with assistive devices. She, with the assistance of her son, contacted her Primary Care Physician and requested a referral for Home Health services, to include physical and occupational therapy. The response from the Physician was

expedient and the resident was told she would be contacted by the Home Health agency to schedule her intake. I was called to the resident's apartment when a week had passed and she had not received a phone call. I encouraged her to call the agency, and I called the agency, on her behalf, in the event that there had been a miscommunication. The answer we both received was that the agency did not have any immediate available times to begin services, as there were scheduling issues. Services did eventually commence, however, the therapists would call to schedule their appointments, but rather than arrive at the scheduled times, would come to her apartment randomly, with excuses such as, "I was in the neighborhood," and "I was overbooked." Unfortunately, at times this conflicted with personal care, Physician's appointments, etc. She would then be told that it was being charted that she refused therapy.

Experiences such as this have become common, and there are many other circumstances I would be happy to share. The repercussions of agencies that are unable to provide a timely and thorough service are devastating. The physical decline, paired with the emotional state that these residents are often in when they are allowed to fall between the cracks is very discouraging. It is my request, as someone who has worked both in the Skilled Nursing Facilities and Assisted living/Independent living facilities, that Careage Home Health be granted a certificate of need. I do not hesitate to say, not only the residents of Patriots Landing, but our community as a whole, would benefit from this service.

[source: Gregory Mundell, Director of Resident Care]

- Department of Veteran Affairs

Based on what I understand, Careage Home Health operation will be based at Patriots Landing in DuPont, making it very accessible to the large military population in Pierce County. Careage Home Health will complement the current services of Patriots Landing and based on their historical commitment to serving military and my understanding in the unique cultural nuances of this population, they are qualified to care for veterans and the military. They will be designed to aid and facilitate the healing process of eligible veterans recuperating at home. Their customer based will include everyone in need of home health services in Pierce County. On behalf of your Washington Department of Veterans Affairs, I highly recommend that Careage Home Health not only be granted but expedited their Certificate of Need Application. We want to underscore not only our commitment to partnership but to our own role in improving the overall results that advance our agency's mission of "Serving Those Who Served".

[source: Lourdes Alvarado-Ramos, Director]

Rebuttal Comments

None

The department's evaluation of Careage's application under this sub-criterion will be discussed concurrently with the Envision and Harvard Partners projects.

Envision Home Health of Washington

"The health care system is becoming increasingly reliant on the use of in home services to cost-effectively support post-acute patients after injury, surgery, and/or hospitalization. Following the provisions of the ACA, CMS has established standards regarding re-admission of hospital patients that require greater attention to rehabilitation and healing at home. CMS is penalizing hospitals

with high re-admission rates by reducing the reimbursement level for Medicare patients until the hospital's performance reaches a required federal standard for readmissions. In a similar vein, those patients who go briefly to post-acute skilled nursing facilities also require follow-up care and therapies at home and many require immediate admission to and treatment by in home providers.

This practice highlights the need for keeping patients clinically stable immediately after discharge and requires rapid admission to home health care of patients determined by their physicians to require such care. Not only must the patient be admitted to the agency but the patient must receive the appropriate level and frequency of care prescribed by the physician. Patients who do not receive adequate home health services may experience a number of issues. Just a few of these include:

- Poor management of required post hospital medications; patient non-compliance or errors*
- Unnecessary falls due to inadequate attention to safety issues*
- Lack of progress in rehabilitation, e.g., required therapies for joint replacement*
- Inadequate monitoring for post-acute complications and worsening of conditions*
- Poor adherence to post-acute dietary instructions, e.g. low salt diet for CHF”*

[source: Envision application, pp12-13]

Public Comments

During this review, the department received six letters of support for Envision’s application. The letters of support and specific excerpts from the letters are below.

- *104th Avenue Medical Clinic*

I am board-certified in internal medicine and geriatrics. My patient demographics as a physician in Kent, include both King and Pierce County. As a geriatric specialist, many of my patients are at a high risk for illness and injury. I often refer them to home health to assist with keeping them safe and healthy at home and prevent ED visits and possible hospitalizations. Timely admissions to home health is very important to me and I often receive feedback that patients are not seen by their home health provider for several days after my referral has been accepted. This is very concerning to me as late home health admissions can put patients at higher risk of ED visits/MD visits/hospitalizations. I have had the occasion to work with Envision in King County. I would welcome the opportunity to expand the relationship with them into Pierce County and I anticipate referring 1-2 patients to home health per week. It would be very beneficial to have another option to refer to in Pierce County. I support the continued ability to work with Envision Home Health.

[source: Ranu Choudhary, MD]

- *Avalon Care Center-Federal Way*

I am a Board Certified Physician, licensed in the State of WA for 12 years. I serve as Post Acute Care provider in Skilled Nursing Facilities (SNF) in both King and Pierce Counties. It becomes more important to refer patients to home health upon discharge from our facilities, so that patients will get adequate care to avoid re-admission to hospital and/or SNF. This process often comes with delays at meeting patient needs due to long wait times for admission assessments for home health. Timely start of home health care is essential to preventing decline in my patients' health and facilitating positive transitions and outcomes. I would be referring patients with a variety of diagnoses ranging from metastatic cancer to end stage Parkinson's disease. I serve a large geriatric population and would anticipate referring 4-6 patients to home health per week. Based on my experience, I believe that Pierce County would benefit greatly from the addition from Envision Home Health. I know that our

organization would welcome the opportunity to work with Envision and would not hesitate to refer patients in need of home health services.

[source: Xin Wang, MD]

- *Crown Health*

As a medical assistant for Crown Health, I coordinate all home health services for our clients. We have a strong demographic group in the Pierce County area who utilize home health services. I often struggle to find a home health agency that is able to see our clients timely within 24-48 hours. I am often told that it could be up to one week for services to begin. I am confident that Pierce County could benefit from another home health agency and we would not hesitate to recommend or take advantage of the potential services provided by Envision Home Health upon their approval. I would estimate that approximately one third of our total resident population benefit from home health services and I would anticipate reaching to Envision Home Health to offer up 3-5 referrals per week at a minimum. I think my residents would be admitted more timely and receive high quality services by using Envision Home Health.

[source: Becky Hollis, CM]

- *Judson Park*

I am a social worker with a primary role of discharge planning in the transitional care of a skilled nursing facility in South King County. Our patients reside in both King and Pierce County as our location is close to the border of both counties. We have a strong relationship with Envision Home Health in King County and would welcome the opportunity to extend that relationship for our patients discharging home to Pierce County. There seems to be less options for home health providers in Pierce County and wait times to admit a patient to home health can often be as long as one week. Discharge dates are planned events to ensure family support and a safe coordination of care as part of the discharge plan. Delays in home health admissions affect our ability to meet the needs of our patients and their families. There may also be a financial impact for the patient should they not be able to discharge timely. I support Envision Home Health expanding to Pierce County. I would expect that based on our demographics, I would have 1-2 patients to refer to Envision Home Health weekly.

[source: Desiree Vallejo]

- *Meridian Surgery Center*

I am a board-certified surgeon In general surgery, specializing in hernia surgery. I am licensed in the State of WA and I am the owner in the above named surgery center in Pierce County. At times I am required to refer my patients to Home health services to ensure a safe return home and with the ability to manage their daily needs following a surgery or a procedure. Timely admissions to home care is very important to me and I often receive feedback that patients are not seen by their home health provider for several days. I serve a large population with my practice and in my relationship with MultiCare and CHI Franciscan. I know that DC plans from the facilities can be delayed due to and would anticipate referring 4-6 patients to home health per month. I would refer directly to Envision if they were able to provide service in Pierce County as choices appear limited in this area and it would be helpful to have another provider to work with. I know that our organization would welcome the opportunity to work with Envision and would not hesitate to refer patients In need of home health services.

[source: Robert Wright, MD]

- Puget Sound Orthopedics

I am a board-certified surgeon specializing in podiatry and surgery of the foot and ankle, with a special focus on foot and ankle reconstruction. I am licensed in the State of WA and I am a partner in the above named orthopedic practice in Pierce County. Many of my patients discharge directly to home following surgical procedures and mobility is compromised. Home health services are vital to a safe return home and to ensure that they are able to manage their daily needs with precautions and restrictions placed on them. Timely admissions to home care is very important to me and I often receive feedback that patients are not seen by their home health provider for days. I serve a large geriatric population and would anticipate referring 2-4 patients to home health per week and would refer directly to Envision if they were able to provide service in Pierce County. Based on my experience, I believe that Pierce County would benefit greatly from the addition from Envision Home Health as a home health option for referral sources. I know that our organization would welcome the opportunity to work with Envision and would not hesitate to refer patients in need of home health services.

[source: Philip Yearian, DPM]

Rebuttal Comments

None

The department's evaluation of Envision's application under this sub-criterion will be discussed concurrently with the Careage and Harvard Partners projects.

Harvard Partners, LLC

“One of the primary purposes of Home Health throughout the continuum of health care is to reduce hospitalizations and the substantial costs associated with in-patient care by providing preventative and rehabilitative services to patients before their health needs become severe enough to warrant hospitalization. Therefore, it is not only in the best interests of the patient population of Pierce County, in particular the underserved minority and rural demographics who historically have had their health needs overlooked, but the entire health care system benefits from the presence of adequate Home Health access. Without sufficient Home Health, costs to hospitals, and other in-patient facilities, and as a result to Medicare itself, increase, and due to the rapidly growing need for health services, their ability to provide quality services to patients may become compromised.

Lack of Home Health Care negatively effects the patient population, as their health care costs will increase, and their chances of rehospitalizations and development of severe medical problems increase significantly without the preventative benefits that Home Health offers. This is especially true for rural minority and low-income populations, where hospitalization and the costs associated with them pose more of a financial strain.”

[source: Harvard Partners application, pp18-19]

Public Comments

During this review, the department received six letters of support for Envision's application. The letters of support and specific excerpts from the letters are below.

- *North Auburn Rehabilitation and Health Center*
The purpose of this letter is to convey my support in Harvard Partners, and my belief that the residents of Pierce County would be well served by the Medicare Certified Home Health services that Harvard Partners provides.
[source: Cara Hanneman, Social Services Assistant]
- *Tacoma Nursing and Rehabilitation*
My name is Constance M. Winstead: Director of Social Services, here at Tacoma Nursing and Rehabilitation. I am writing this letter to express my support of Harvard Partners in their efforts of providing Home Health Care in Pierce County. In my experience with Harvard Partners, and my understanding of the Home Healthcare need in Pierce, they are uniquely qualified and capable of serving the population like myself. Harvard Partners understands and take great pride in timely and excellent service to clients.
[source: Constance Winstead, BS]
- *Burien Nursing and Rehabilitation*
My name is Jahyraika Boykins and I am the Director of Social Services at Burien Nursing and Rehabilitation. I am writing this letter to express my support of Harvard Partners in their efforts of providing Home Health Care in Pierce County. In my experience with Harvard Partners, and my understanding of the Home Healthcare need in Pierce, they are uniquely qualified and capable of serving the population.
[source: Jahyraika Boykins]
- *Renton Nursing and Rehabilitation Center*
My name is TJ Clinton and I am the Social Services Coordinator of Renton Nursing and Rehabilitation. I am writing this letter to express my support of Harvard Partners in their efforts of providing Home Health Care in Pierce County. In my experience with Harvard Partners, and my understanding of the Home Healthcare need in Pierce, they are uniquely qualified and capable of serving the population.
[source: TJ Clinton, SSC]
- *Manor Care of Tacoma*
My name is Brandi Farmer and I am the Social Services Director of Manor Care of Tacoma. I am writing this letter to express my support of Harvard Partners in their efforts of providing Home Health Care in Pierce County. In my experience with Harvard Partners, and my understanding of the Home Healthcare need in Pierce, they are uniquely qualified and capable of serving the population.
[source: Brandi Farmer, Social Services Director]
- *United States Senator Maria Cantwell*
I write in in the interest of Harvard Partners' efforts to expand home health services to Medicare and Medicaid beneficiaries in Pierce and Snohomish Counties. I ask that you give Harvard Partners' upcoming application for home health Certificates of Need in those counties your fair and full consideration.

Harvard Partners is an independent, family-owned home health care provider that has served residents of Seattle and greater King County since 2001. Harvard Partners' services include nursing, physical therapy, occupational and speech therapy, and home care. Harvard Partners is Medicare-certified and accredited by the Joint Commission.

Harvard Partners' proposed expansion would increase access to convenient and resource-efficient care for Medicare and Medicaid beneficiaries in Pierce and Snohomish Counties. In each county, the population is aging and the share of residents covered by Medicare and Medicaid (Apple Health) is growing significantly. The Snohomish Health District estimates that its share of residents aged 65 and older will grow from 10 percent in 2010 to 30 percent in 2030, while U.S. Census data show that Pierce County's elderly population grew more than two percentage points in the five years between 2010 and 2015. These trends indicate future demand for home and community-based services, which can help patients effectively manage chronic conditions and age in place.

Harvard Partners' proposed service expansion would provide Medicare and Medicaid beneficiaries in Pierce and Snohomish Counties with increased access to convenient care in the community. I ask for your full and fair consideration of Harvard Partners' upcoming Certificates of Need for home health services in Pierce and Snohomish Counties.

[source: Maria Cantwell, US Senator]

Rebuttal Comments

None

A section of the department's utilization survey allows for existing providers to include comments. Five agencies provided comments in the survey, however only three related to this sub-criterion. None of the comments focused on any one applicant. The comments are restated below.

Assured Home Health, Federal Way

"We are very concerned about the CON applications for an additional home health agency in Pierce County. First, we believe that the county is already adequately served by the existing providers in Pierce County. We understand that there are at least 10 skilled home health agencies serving Pierce County currently, and there are no known access to care problems in the county. Our agency has expanded our services in the county over the past 3 years with our average daily census increasing from 80 in 2014 to 140 in 2016."

Kindred at Home, Tacoma

"Currently, there are 6 HH agencies operating in Pierce County. Our agency admits 65-75% of all patient referrals in 24 hours and the remainder in 48 hours with NO CAPACITY ISSUES. This has been especially true since CHI Franciscan reactivated their CON for Pierce County at which time our volume experienced a decline. We are concerned that any additional CON's will negatively impact our volume again." [emphasis in original]

Signature Home Health (renamed Prime Home Health), Federal Way

"We are actively growing our branch to enable us to accept even more patients. No other agencies are needed at this time in this area. If we were able to have hospice, we would be even more capable to bring on even more patients. We are actively pursuing hospice."

The department provided the completed utilization surveys to each applicant during public comment. Both Careage and Envision provided rebuttal on the survey comments referenced above.

Careage Home Health Survey Comment Rebuttal

Careage provided a table in rebuttal that responds to all comments provided in the survey. Below is a re-creation of the table with the rebuttal comments that focus on this review criteria. [source: Careage May 15, 2017, rebuttal, p7]

Agency	Agencies in “Supply”	Response
<i>Assured Home Health</i>	10	<ul style="list-style-type: none"> • No data was provided to support their claim that the county is adequately served. • Access issues have been well documented in the record.
<i>Kindred at Home</i>	6	<ul style="list-style-type: none"> • No data was provided to support Kindred’s argument that their volume would be negatively impacted by approval of an additional agency. • Kindred is currently the largest provider of home health services in Pierce County (nearly 53,000 visits; more than 33% more than the next largest provider).
<i>Providence Sound Home Care and Hospice</i>	N/A	<ul style="list-style-type: none"> • Providence has provided home health services in Pierce County for 17 years and has only achieved a census of 25 patients (227 visits). • It is unclear how they intend to now triple their census per their survey comments. However, even if this growth was achieved, at 681 visits they would still be far below the 10,000 visit threshold.
<i>Signature Home Health</i>	N/A	<ul style="list-style-type: none"> • No data was provided substantiating their claim that there is no need for additional providers. • The need for additional agencies is well documented in the record. • Their comments around Hospice are irrelevant since Hospice services require a separate CN process.
<i>Puget Sound Home Health</i>	9	No concerns about the applications under review were raised.

Envision Home Health of Washington

Below is a restatement of Envision’s rebuttal identified by provider. [source: Envision May 15, 2017, rebuttal, pp9-10]

“Envision Responds to Assured Home Health – LHC, Assured Home Health’s owner and the Louisiana company that purchased Life Care at Home in 2014, provides comments that betray an unfamiliarity with the local Pierce County market it serves. The VP for Western States, writing from his office in Portland, believes that the “10” existing skilled agencies already adequately serve Pierce County residents. Unfortunately Assured’s confidence that the market is well served is not grounded in fact any more than its count of Pierce skilled agencies. Envision has provided substantial documentation of the delayed start of home health services that is typical in Pierce County. Letters from providers and Medicare Compare agency ratings on timeliness of care all tell the same story of long waits to the first home health visit.”

“Envision Responds to Kindred – As part of its survey response, Kindred expresses concern that its volume of 52,000 visits may be impacted by one or more new entrants. The SHP Interim Home

Health Care Need Estimate is not expected to protect the volumes of an agency with over 50,000 visits. The 1987 SHP method assumes 10,000 visits is a financially viable operation and volumes above that are not protected. Above 10,000 visits per agency, Envision believe that public policy supports competition for market share that is based on quality and responsiveness to the referral base of the planning area.”

“Envision Responds to Signature Home Health – In its survey response, Signature Home Health provides only an estimate of its 2016 volumes. This is a concern if, in its review, the Department wishes to base any of its decision on an accurate total of all existing visits for the year.”

“Envision Responds to VOTO – In its survey response, VOTO is unable to determine the number of 2016 visits. This is a concern if, in its review, the Department wishes to base any of its decision on an accurate total of all existing visits for the year.”

“Envision Responds to All Public Comment - There is no unmet need for Pierce County home health services – A number of public comments claim that all the need for home health services in Pierce Planning area is already being met. Such comments include these:

...actual experience in the planning area shows there is no unmet need for home health services in Pierce County.

These 9 agencies currently servicing Pierce County are able to accommodate the needs of all Hospital and non-hospital referred patients.

Envision’s Burien office serving King County gets at least two calls a week from providers looking for a home health agency in Pierce County that can see their patients within a reasonable time. They are being told by Pierce agencies that their patients must wait a week to ten days before a first visit can be made.

Envision has provided substantial written statements by providers who want to start referring to Envision because they cannot get their referred patients seen on a timely basis. The Medicare Compare data on Pierce County agency “timely” visits shows nearly 1 in 10 patients is not seen within the standard 48 hours set by Medicare. When so many patients are discharged from acute care and need immediate attention and/or orientation to safe practices in the home after surgery, delayed care is not high quality care.”

Department Evaluation and Superiority Review

Each of the three applicants provided practical and reasonable rationale for submitting an application to provide Medicare and Medicaid home health services in Pierce County.

Careage is proposing its agency would be located in space within Patriots Landing locate in Dupont. Patriots Landing is a retirement community whose residents are primarily retired military. [source: Patriots Landing website] Careage asserts that providing home health services to the retired and active military populations should be considered a unique factor for its project. However, if its application is approved, Careage would be required to be available to all residents of the county, not just active military or veterans. The four letters of support that focus on this sub-criterion support Careage in its efforts to establish a Medicare and Medicaid home health agency.

Envision is proposing its Pierce County home health services would be provided through its King County agency located in Burien. Since home health services are provided in the patient's home or current residence, the physical location of the home health agency is not a determining factor in this review.

Envision asserts that home health services are a cost effective support for post-acute patients after injury, surgery, or hospitalization. Envision further states that patients who do not receive home health services may require longer hospitalization before discharge. These patients may also take longer to recover because they are not prompted by healthcare providers for follow up care or rehabilitation.

It is true that home health services are an integral part of a healthcare continuum for many patients. The goal of home health care is to treat a patient's illness or injury, so the patient may regain independence and become as self-sufficient as possible. Since home health includes a wide range of health care services that can be provided in a home, from a patient perspective, it is usually less expensive and more convenient. In some cases, home health services can be as effective as similar care in an institutional setting. The six letters of support that focus on this sub-criterion support Envision in its efforts to provide Medicare and Medicaid home health services in Pierce County.

Harvard Partners is also proposing its Pierce County home health services would be provided through its King County agency. Harvard Partners currently has a main office in Kirkland and a branch office in Seattle.

Harvard Partners also asserts that home health services are a cost effective support for patients after injury, surgery, or hospitalization. Harvard Partners asserts that the entire healthcare system benefits from the home health services in a county because it could reduce the chance for patient re-hospitalization. Harvard Partners recognizes that low-income and rural minority patients could especially benefit from lower cost home health services.

The department has already acknowledged that home health services are an integral part of a healthcare continuum for many patients. Further, the department also acknowledges that home health services is usually less expensive and more convenient.

The six letters of support that focus on this sub-criterion support Harvard Partners in its efforts to provide Medicare and Medicaid home health services in Pierce County. Five of the six letters are from a representative of a Pierce County nursing home. US Senator Maria Cantwell also provided support of the application.

To further assess the availability and accessibility of the existing providers, the department reviewed the projected number of home health visits and the 2016 existing number of visits. Table 10 is a summary of the number of visits provided for year 2016 by the 13 agencies counted in the department's numeric methodology.

**Table 10
Pierce County Number of Visits for Year 2016**

Agency Name	M/M Pierce County	Year 2016 # of Visits
Assured Home Health	Yes	11,150
Careage Home Health (Applicant)	No	Unknown
CHI Franciscan at Home	Yes	15,445
Envision HH of Wash (Applicant)	No	56
Group Health HH and Hospice	Yes	Unknown
Harvard Partners (Applicant)	No	624
Kindred at Home	Yes	52,823
MultiCare Home Health	Yes	30,814
Providence Sound Homecare	Yes	227
Puget Sound Home Health (Symbol)	Yes	39,868
Serengeti Care	No	Unknown
Signature Home Health	Yes	13,600
Wesley Home Community Health	Yes	3,821
Total 2016 # of Visits		168,428

As shown in Table 10, approximately 168,428 home health visits were provided in Pierce County, with the majority of the visits provided by 6 of the 13 agencies. Table 11 focuses on the 6 agencies.

**Table 11
Six Pierce County Providers Number of Visits for Year 2016**

Agency	2016 # of Visits
Assured Home Health	11,150
CHI Franciscan	15,445
Kindred at Home	52,823
MultiCare Home Health and Hospice	30,814
Signature Home Health	13,600
Symbol/Puget Sound Home Health	39,868
Total Visits year 2016	163,700

The six agencies provided a combined total of 163,700 visits, or 97% of the total visits in Pierce County. Comments by both Kindred at Home and Assured Home Health indicate that they could expand their agency by hiring additional staff to serve the increase in Pierce County patients. While expanding staff at an existing agency is one solution, it is not the only solution. Envision is correct that the CN Program's role is not to prevent growth of existing agencies or prevent new providers from entering the home health market.

It is important to note that the numeric methodology assumes that all 13 agencies counted for Pierce County are providing at least 10,000 visits annually, which would equate to 130,000. With more than 168,000 visits in 2016, Pierce County may be able to accommodate more than the 13 existing agencies.

Table 12 below takes the projected number of visits based on the department's methodology projections for years 2017 through 2020, and subtracts the year 2016 combined number of visits for

the existing agencies. Since three agencies did not provide year 2016 data, the department assumed that two of the three—Group Health Home Health and Serengeti Care—each served 5,000 visits in each of the four projection years. Since Careage is one of the applicants, the department did not assign them a number of visits for 2016.

Table 12
Estimated Un-Served Visits for Years 2017 through 2020

Year	SHP Projected Number of Visits	Minus Existing Agency Visits	Un-served # of Visits
2017	187,897	178,428	9,469
2018	191,926	178,428	13,499
2019	195,953	178,428	17,525
2020	199,979	178,428	21,551

Table 12 not only assumes that Group Health Home Health, and Serengeti Care provided 5,000 visits in 2016, it also assumes that all 13 existing agencies would provide at least the same number of visits in the projection years as they did in 2016. Under this assumption, Table 12 projects 13,499 un-served visits in projection year 2018, which increases to 21,551 by the end of year 2020.

Table 13 subtracts the combined number of visits projected by each of the three applicants from the projected un-served number of visits for each of the three projection years shown in Table 12.

Table 13
Estimated Un-Services Visits for Year 2018 through 2020

Year	Un-served # of Visits	Minus Careage # of Visits	Minus Envision # of Visits	Minus Harvard Partners # of Visits	Un-served # of Visits
2018	13,499	4,656	2,017	3,421	3,405
2019	17,525	9,293	4,033	6,156	(1,957)
2020	21,551	13,964	6,050	11,095	(9,558)

Table 13 shows 9,558 surplus of visits in year 2020, which means Pierce County may not be able to support three new agencies. Table 13 shows that the existing Medicare certified home health agencies could maintain patients and visits with one or two additional providers in the planning area, and still not negatively affect the existing or new provider capacity. Three new agencies may be more than the county can maintain and expect all providers to remain viable.

The department also concluded that the numeric methodology supported need for additional home health agencies in Pierce County. The numeric methodology and tables above demonstrate that one or two of the applicants could be approved. Each of the three applicants provided reasonable rationale for their respective projects. Based on the information above, the department concludes that each applicant demonstrated need for their proposed project. Careage, Envision, and Harvard Partners **meet this sub-criterion**. Further, each application is equivalent to the other.

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

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

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

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

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

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

Careage Home Health, LLC

Careage provided copies of the following policies currently used at its King County home health agency that would also be used for the new Pierce County agency. [source: Application, Exhibit 7 and January 9, 2017, screening response, Attachment 9]

Admission Policy – updated August 2014

Charity Care Policy – updated January 2017

In addition to the policies provided above, Careage provided the following statements related to this sub-criterion. [source: Application, p21]

“Careage’s facilities and services have a long established history of developing and providing services that meet the healthcare needs of its patients. Careage’s Pierce County Home Health agency will be no different and is committed to providing services to all patients regardless of income, race sex, or physical or mental limitations.”

Careage currently provides Medicare and Medicaid certified home health services in King County and provided its projected sources of revenue by payer for its proposed home health agency in Pierce County. Below is the current payer mix for King County and the projected payer mix for Pierce County. [source: January 9, 2017, screening response, pp6-7]

Careage Home Health Payer Mix

Revenue Source	King County	Pierce County
Medicare	65.8%	65.8%
Medicaid	7.2%	7.2%
Insurance/Private Pay	27.0%	27.0%
Total	100.0%	100.0%

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Careage has been providing home health services to the residents of King County through existing agency. Healthcare services have been available to low-income, racial and ethnic minorities, handicapped and other underserved groups. Additionally, its parent corporation, Careage Healthcare of Washington has been a healthcare provider in Washington State for many years.

The Admission Policy describes the process Careage uses to admit a patient to its home health agency and outlines rights and responsibilities for both Careage and the patient. The Admission Policy includes language to ensure all patients would be admitted for treatment without discrimination. The policy states: “*CHH will not discriminate on the basis of age, race, gender, creed, color, disability, sexual orientation, national origin, or immigration stats when making an eligibility determination.*”

Careage’s current Medicare revenues for its King County agency are approximately 66% of total revenues. Careage does not expect any change for its Pierce County agency. Additionally, financial data provided in the application shows Medicare revenues.

Focusing on Medicaid revenues, Careage expects no change from the approximately 7% currently provided at the King County agency. The financial data provided in the application also shows Medicaid revenues. Insurance and private pay are also expected to remain at the same 27% as the King County agency.

Careage also provided a copy of its charity care policy currently used at the King County home health agency. The policy would also be used at the proposed Pierce County 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. The policy also includes the same non-discrimination language that is included in the Admission Policy referenced above. The pro forma financial documents provided in the application include a charity care 'line item' as a deduction of revenue.

Based on the information provided in the application, the department concludes **Careage meets this sub-criterion.**

Envision Home Health of Washington

Envision provided copies of the following agency-wide policies used at its King County home health agency that would also be used for the new Pierce County services. [source: Application, Appendix K and January 7, 2017, screening response, Exhibit SR-6]

- Admission Policy
- Patient Admission Criteria
- Admission Information
- Non-Discrimination Policy
- Intake Service Policy
- Medicare Reimbursement Criteria
- Human Rights Assurance
- Patient with Special Communication Needs
- Agency Code of Ethics Policy
- Charity Care Policy – revised August 2013

Envision currently provides Medicare and Medicaid certified home health services in King County and provided its current sources of revenue by payer for King County and projected sources of revenue by payer for Pierce County. Below is the payer mix for both counties. [source: Application, p27; and October 18, 2016, screening response, p12]

Revenue Source	King County	Pierce County
Medicare Traditional/HMO	93%	70%
Medicaid Traditional/HMO	2%	10%
Commercial/Other	5%	20%
Total	100%	100%

Envision provided the following statements regarding its King County payer mix shown above. [source: October 18, 2016, screening response, pp12-13]

“Note to table: Envision does not have a full calendar year of operations with all payers in place. As a result, the historical/actual Commercial and Medicaid percentages shown here are lower than anticipated going forward. Commercial contracting took place over time during the initial year following Medicare certification and Envision became Medicaid approved in May, 2016.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Envision has been providing home health services to the residents of King County through existing agency. Healthcare services have been available to low-income, racial and ethnic minorities, handicapped and other underserved groups.

The Admission Policy describes the process Envision uses to admit a patient to its home health agency and outlines rights and responsibilities for both Envision and the patient. The Admission Policy includes language to ensure all patients would be admitted for treatment without discrimination. The policy states: *“Care in the home will be available to all patients who can benefit regardless of race, color, religion, national origin, sex, sexual preference, disability, age, socioeconomic level, marital status, source of payment or diagnostic status.”*

Envision’s current Medicare revenues for its King County agency are approximately 90% of total revenues. The agency has been providing Medicare and Medicaid home health services in King County since June 2015. As a result, Envision did not have a full calendar year of operation before submitted this application. With this in mind, Envision projected its Medicare revenues would decrease to 70% for the combined King and Pierce County agency. Envision’s financial data provided in the application shows Medicare revenues.

Focusing on Medicaid revenues, the King County agency currently receives 2% of its revenue from Medicaid. For the same reasons discussed above, Envision projected its Medicaid revenues to increase to 10% with the added Pierce County operations. The financial data provided in the application also shows Medicaid revenues. Insurance and private pay are expected to increase from the current 5% to 20% with the Pierce County operations.

Envision also provided a copy of its charity care policy currently used at the King County home health agency and would continue to be used with the addition of Pierce County services. The policy provides the circumstances that a patient may qualify for charity care and outlines the process to be used to obtain charity care. The policy also includes the same non-discrimination language that is included in the Admission Policy referenced above. The pro forma financial documents provided in the application include a charity care 'line item' as a deduction of revenue.

Based on the information provided in the application, the department concludes **Envision meets this sub-criterion.**

Harvard Partners, LLC

Harvard Partners provided copies of the following agency-wide policies used at its King County home health agency that would also be used for Pierce County services. [source: Application, pp31-31 and Appendices 18, 19, 20, & 27]

Charity Care Policy	Patient Admission Criteria
Admission Policy / Process	Transfer and Referral Policy

Harvard Partners currently provides Medicare and Medicaid certified home health services in King County and provided its current sources of revenue by payer for King County and projected sources of revenue by payer for Pierce County. Below is the payer mix for both counties. [source: January 9, 2017, screening response, p14]

Revenue Source	King County	Pierce County
Medicare	65%	65%
Medicaid	5%	5%
Private Insurance	25%	25%
Private Pay	5%	5%
Total	100%	100%

Harvard Partners provided the following statements regarding its King and Pierce counties payer mix shown above. [source: January 9, 2017, screening response, p14]

- *The Payer Mix for King County is identical to the projected payer mix for Pierce.*
- *Operations in King County represents the comprehensive and cohesive efforts of Harvard Partners treating Medicare, Medicaid and Private Pay/ Insurance patients using the standards*

of care and treatment methodology that we have found to effective and plan to standardize across all of our patients. For these reasons, we expect the payer mix in King to be a reliable projector for operations in Pierce County.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Harvard Partners has been providing home health services to the residents of King County through existing agency. Healthcare services have been available to low-income, racial and ethnic minorities, handicapped and other underserved groups.

The Admission Policy describes the process Harvard Partners uses to admit a patient to its home health agency and outlines rights and responsibilities for both Harvard Partners and the patient. The Admission Policy includes language to ensure all patients would be admitted for treatment without discrimination. The policy states: *“Care in the home will be available to all patients who can benefit regardless of race, color, religion, national origin, sex, sexual preference, disability, age, socioeconomic level, marital status, source of payment or diagnostic status.”*

Harvard Partners’ current Medicare revenues for its King County agency are approximately 65% of total revenues. Harvard Partners does not expect any change in this percentage if Pierce County operations are included. Additionally, financial data provided in the application shows Medicare revenues.

Focusing on Medicaid revenues, Harvard Partners expects no change from the approximately 5% currently provided at the King County agency. The financial data provided in the application also shows Medicaid revenues. Insurance and private pay are also expected to remain at the same 30% as the King County agency.

Harvard Partners also provided a copy of its charity care policy currently used at the King County home health agency and would continue to be used with the addition of Pierce County services. The policy provides the circumstances that a patient may qualify for charity care and outlines the process to be used to obtain charity care. The pro forma financial documents provided in the application include a charity care 'line item' as a deduction of revenue.

Based on the information provided in the application, the department concludes **Harvard Partners meets this sub-criterion.**

Department Superiority Review

In conclusion, all three applicants **meet this sub-criterion.** Further, each application is equivalent to the other.

(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.

Department Evaluation

This sub-criterion is not applicable to these three applications.

(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.

Department Evaluation

This sub-criterion is not applicable to these three applications.

(c) The special needs and circumstances of osteopathic hospitals and non-allopathic services.

Department Evaluation

This sub-criterion is not applicable to these three 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.

Department Evaluation

This sub-criterion is not applicable to these three applications.

(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 is not applicable to these three 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-criterion is not applicable to these three applications.

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

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Careage Home Health, LLC project **met** the applicable need criteria in WAC 246-310-220.

Based on the source information reviewed, the department determines that the Envision Home Health of Washington, LLC project **did not meet** the applicable need criteria in WAC 246-310-220.

Based on the source information reviewed, the department determines that the Harvard Partners project **did not meet** the applicable need 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.

Careage Home Health, LLC

The assumptions used by Careage to determine the projected number of patients and visits for the Pierce County home health agency are below. [source: Application, p7; pp15-16; and January 9, 2017, screening response, p4]

- *Careage Home Health will commence services in Pierce County within six months of CN approval. Year 2018 is projected year one.*
- *Distribution of visits by discipline is based on our 2016 experience in King County.*
- *These patient[s by visit] estimates have been projected using the actual number of visits by discipline that each King County patient received, on average, in 2015.*
- *Careage Home Health's estimated market share, based on total projected visits, is approximately:
Year 2018 – 2.4%
Year 2019 – 4.7%
Year 2020 – 7.0%*
- *Consistent with our 2016 experience in King County, we assumed an average of 16.6 visits per person.*

Careage provided the following rationale for basing its Pierce County projections on its current King County operations. [source: January 9, 2017, screening response, p5]

“Careage Home Health presently operates a mature home health agency in King County. Given the adjacency of Pierce County to King County and given the similar payers, we have been told by several of our managed care and insurance providers that King County utilization and visit mix is a good proxy for Pierce County. While we anticipate that our Pierce County agency will also serve the military (active and retired), the visit mix in King County seemed to be a reasonable assumption for this population as well. In an effort to be conservative, we also used our current average King County visits per patient (16.6).”

Using the assumptions stated above, Careage projected the number of patients and visits by discipline for its Pierce County home health agency. The projections are shown in Tables 14 and 15. [source: Application, p10 and January 9, 2017, screening response, p4]

**Table 14
Careage Home Health-Pierce County
Projected Patients for Years 2018 through 2020**

	CY 2018	CY 2019	CY 2020
Skilled Nursing	157	314	422
Home Health Aide	24	48	702
Medical Social Services	30	52	77
Physical Therapy	262	522	783
Occupational Therapy	144	287	431
Speech Therapy	69	80	124
Total Visits	280	560	841

**Table 15
Careage Home Health-Pierce County
Projected Visits for Years 2018 through 2020**

	CY 2018	CY 2019	CY 2020
Skilled Nursing	1,213	2,420	3,639
Home Health Aide	210	425	635
Medical Social Services	43	74	110
Physical Therapy	2,210	4,412	6,620
Occupational Therapy	831	1,651	2,481
Speech Therapy	149	311	479
Total Visits	4,656	9,293	13,964

The assumptions Careage used to project revenue, expenses, and net income for the Pierce County home health agency for projection years 2018 through 2020 are below. [source: January 9, 2017, screening response, pp16-17]

- *Careage Home Health used its existing King County financial information to prepare the revenue and expense statement for Pierce County. Table 4 provides additional detail on the pro forma assumptions.*

Applicant's Table 4

<i>Line Item</i>	<i>Assumption</i>
<i>Revenue</i>	<i>Charges per visit detailed in Table 15 included in Attachment 6. No inflation assumed.</i>
<i>Contractual Adjustments</i>	<i>Based on King County. Approximately 16% of gross revenue.</i>
<i>Charity/Indigent Care</i>	<i>Assumed to be approximately 1.54% of total revenue.</i>
<i>Bad Debt</i>	<i>Assumed to be 15.0% of total revenue.</i>
<i>Salaries and Benefits</i>	<i>Salaries are based on current King County rates. Benefits are assumed to be 16.5%.</i>
<i>Medical Director</i>	<i>\$12,000 per year per draft medical director contract.</i>
<i>Medical Supplies</i>	<i>Based on King County and assumed to average \$11.40 per skilled nursing visit.</i>
<i>Purchased Services</i>	<i>Based on King County experience and assumed to be an average of \$5,000/month by 2020.</i>
<i>Bank Service Charges</i>	<i>Based on King County experience and assumed to be an average of \$100/month by 2020.</i>
<i>Minor Office Equipment</i>	<i>Based on King County experience and assumed to be an average of \$200/month.</i>
<i>Marketing/Promotional/ Recruiting</i>	<i>Based on King County experience and assumed to be an average of \$3,600/month by 2020.</i>

<i>Prof Fees/Training</i>	<i>Based on King County experience and assumed to be an average of \$200/month.</i>
<i>Dues/Subscriptions</i>	<i>Based on King County experience and assumed to be an average of \$300/month.</i>
<i>Telephones</i>	<i>Based on King County experience and assumed to be an average of \$800/month by 2020.</i>
<i>Computer Expense/ Data Processing</i>	<i>Based on King County experience and assumed to be an average of \$350/month by 2020.</i>
<i>License/Taxes/Permits</i>	<i>Based on King County experience and assumed to be an average of \$200/month.</i>
<i>Postage and Printing</i>	<i>Based on King County experience and assumed to be an average of \$35/month.</i>
<i>Office Supplies</i>	<i>Based on King County experience and assumed to be an average of \$800/month by 2020.</i>
<i>Management Fee</i>	<i>5% of revenue</i>
<i>Depreciation</i>	<i>Based on capital costs and balance sheet.</i>
<i>Allocation from King County</i>	<i>Assumed to be \$5,000 per month for (marketing, administrative support).</i>
<i>Startup costs</i>	<i>\$20,000 in Year 1 only for startup staffing, lease expenses, etc.</i>
<i>Office Lease</i>	<i>Per lease agreement</i>
<i>Travel and meals</i>	<i>Based on King County experience and assumed to be an average of \$500/month by 2020.</i>
<i>Insurance/Taxes/ Other miscellaneous</i>	<i>Based on King County experience and tax rates</i>

- *Payer mix is based on King County current payer mix.*

Careage Home Health Payer Mix

Revenue Source	King County	Pierce County
<i>Medicare</i>	<i>65.8%</i>	<i>65.8%</i>
<i>Medicaid</i>	<i>7.2%</i>	<i>7.2%</i>
<i>Insurance/Private Pay</i>	<i>27.0%</i>	<i>27.0%</i>
Total	100.0%	100.0%

[source: January 9, 2017, screening response, pp6-7]

Based on the assumptions above, Careage provided its projected revenue, expenses, and net income for the Pierce County agency for projection years 2018 through 2020. Projections are shown in Table 16. [source: March 17, 2017, screening response, Attachment 1]

**Table 16
Careage Home Health-Pierce County
Projected Years 2018 through 2020**

	CY 2018	CY 2019	CY 2020
Net Revenue	\$925,918	\$1,852,085	\$2,777,791
Total Expenses	\$1,027,761	\$1,870,335	\$2,566,191
Net Profit / (Loss)	(\$101,843)	(\$18,250)	\$211,600

Careage also provided its projected revenue, expenses, and net income for the Careage Home Health, Inc. that would be operating in both King and Pierce counties. Table 17 shows projection years 2018 through 2020.

Table 17
Careage Home Health, Inc.
King and Pierce County Operations for Projected Years 2018 through 2020

	CY 2018	CY 2019	CY 2020
Net Revenue	\$8,664,077	\$9,782,634	\$10,907,123
Total Expenses	\$7,429,374	\$8,377,965	\$9,183,289
Net Profit / (Loss)	\$1,234,703	\$1,404,669	\$1,723,834

Careage also provided the projected balance sheets for both the Pierce County operations and the King and Pierce counties combined. Table 18 below shows year 2020, the third year of operation for the Pierce County agency. [source: March 17, 2017, screening response, Attachment 1]

Table 18
Careage Home Health-Pierce County for Year 2020

Assets		Liabilities	
Current Assets	\$285,234	Current Liabilities	\$218,647
Board Designated Assets	\$ 0	Other Liabilities	\$0
Property/Plant/Equipment	\$19,920	Long Term Debt	\$0
Other Assets	\$5,000	Equity	\$91,507
Total Assets	\$310,154	Total Liabilities and Equity	\$310,154

Table 19 shows year 2020, the third year of operation for the Pierce County agency and operating with King County. [source: March 17, 2017, screening response, Attachment 2]

Table 19
Careage Home Health-King and Pierce County Combined for Year 2020

Assets		Liabilities	
Current Assets	\$4,051,018	Current Liabilities	\$813,269
Board Designated Assets	\$ 0	Other Liabilities	\$0
Property/Plant/Equipment	\$165,223	Long Term Debt	\$0
Other Assets	\$598,014	Equity	\$813,269
Total Assets	\$4,814,255	Total Liabilities and Equity	\$4,814,254

Public Comments

None

Rebuttal Comments

None

Department Evaluation

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 two 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.¹⁶

The purpose of the balance sheet is to review the financial status of the home health agency at a specific point in time. The balance sheet shows what the home health 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.

For the Careage project, the department reviewed the assumptions used by Careage to determine the projected number of patients and visits by discipline for the Pierce County agency. Careage based its discipline mix and projected number of patients on its existing operations in King County. Projected number of visits is also based on its existing King County operations and assumes 16.6 visits per patient. After reviewing Careage's assumptions, the department concludes they are reasonable.

Careage based its revenue and expenses for its Pierce County agency on the assumptions referenced above and provided its projected revenue and expense (income) statements. Careage also used its current operations in King County as a base-line for the revenue, expenses, and payer mix. From its experience in King County Careage expected a slow ramp up in year 2018, which results in a \$101,843 loss in year one. By the end of year three, Careage expects to be operating at a profit for the Pierce County agency. Since the King and Pierce County agencies would be operated under the Careage Home Health Inc. entity, Careage also provided its projected revenues and expenses for the agency as a whole. Those projections show a net profit in years 2018 through 2020.

Careage provided a draft lease agreement for the site in Dupont. The draft agreement is between Patriots Land Operations, LLC (the lessor) and Careage Home Health, LLC (lessee). The draft identifies roles and responsibilities for each. The lease is effective for five years from the date of signature. All costs associated with the lease are substantiated in the revenue and expense statement.

Careage also provided a draft medical director agreement with Eric Troyer, MD. The draft agreement identifies roles and responsibilities for each. The agreement is effective for one year from the date of signature, with automatic renewals. All costs associated with the medical director services are substantiated in the revenue and expense statement.

If this project is approved the department would attach two conditions related to the draft documents. The conditions are stated below.

Prior to providing Medicare and Medicaid home health services in Pierce County, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed medical director agreement. The executed agreement shall be consistent with the draft agreement provided in the application.

¹⁶ One purpose behind the income statement is to allow key decision makers to evaluate the company's current situation and make changes as needed. Creditors use these statements to make a decision on loans it might make to the company. Stock investors use these statements to determine whether the company represents a good investment.

Prior to commencement of the project, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed lease agreement. The executed agreement shall be consistent with the draft agreement provided in the application.

The department also reviewed the projected balance sheets for Careage’s Pierce County operations and the agency with both King and Pierce counties. Projected balance sheets provided by Careage in the review shows the agency is expected to have very little debt, which results in a financially healthy agency.

Based on the information above and provided the applicant agrees to the two conditions, the department concludes that the immediate and long-range operating costs of the project can be met. **This sub-criterion is met.**

Envision Home Health of Washington

The assumptions used by Envision to determine the projected number of patients and visits for the Pierce County home health agency are below. [source: Application, pp16-17; October 18, 2016, screening response, pp6-7]

- *Use Rate: Envision-HHW’s forecast relied on the age-specific use rates that are incorporated in the Washington CON home health need method. This use rate and OFM projected population were combined to project the total size of the market out to Envision’s-HHW’s third year of operation.*
- *Market Share: Envision-HHW-s forecast assumes market shares per agency based on Washington’s CON home health need method. Calculation of total need using the use rates in the DOH home health need method shows that a substantial portion of the market is unserved. This means that Envision HHW’s forecast was not constrained by the risk of reducing market shares of other providers. Washington’s CON need method attributes 10,000 visits to each existing agency. In order to arrive at a conservative forecast, Envision-HHW therefore artificially constrained its growth projections and relative market position to stay below that average agency volume.*
- *Conservative Approach: Envision-HHW took a conservative approach to growth in the number of admissions when adopting volume projections out to 2019. Although it certainly expects more rapid growth, this conservative approach was adopted in order to clearly demonstrate the project’s financial feasibility. Accordingly, rather than projecting the DOH-assumed volume of 10,000 visits in Year 3, this lower volume scenario provides for a more rigorous test of the financial feasibility of adding Pierce County coverage to the existing King County agency’s service area.*
- *Projected Growth for Pierce County: The projected number of admissions per year are based on an average of:*
 - *3 quarters of 2017 = 72 admissions = an average of 8 admissions/month*
 - *2018 = 120 admissions= an average of 10 admissions/month*
 - *2019 = 240 admissions= an average of 20 admissions/month*
 - *2020 - 360 admissions = an average of 30 admissions/month*
- *Intensity of Service: For the Pierce County expansion, Envision-HHW has adopted a pattern similar to that seen in its King County services, i.e., number of visits and mix of disciplines.*
 - *Total visits per unduplicated patient: 16.8*
 - *Mix of disciplines per average unduplicated patient:*

Skilled Nursing	34.0%
Physical Therapy	38.0%

<i>Occupational Therapy</i>	<i>25.0%</i>
<i>Speech Therapy</i>	<i>0.6%</i>
<i>Medical Social Work</i>	<i>0.7%</i>
<i>Home Health Aid</i>	<i>1.0%</i>

- *Visits per admission: The relationship in all three scenarios between visits and admissions assumes that there are 16.81 visits per admission. This is based on the King County actual experience to date.*
- *Comparing demand and supply, King and Pierce Counties: One basis for Envision-HHW's Pierce volume projections is an analysis of the relative supply of Medicare agencies in King County and Pierce County. Each county's supply was compared to the DOH projected visits for Envision-HHW's third year of operation there and a ratio of the number of agencies to Medicare visits was used to reflect on the two counties' relative demand and supply.*
 - *There are 15 Medicare-certified home health agencies in King County and a projected 469,460 visits in 2017.*
 - *There are 5 agencies Medicare-certified to serve Pierce County and a projected 195,953 visits in 2019.*
 - *The ratio of Medicare agencies to DOH total projected visits in King County is 1:31,297.*
 - *The ratio of Medicare agencies to DOH total projected visits in Pierce County is 1:39,190.*

Considering this comparison, and in light of the fact that Envision-HHW's King County agency has successfully been meeting its projected volume of admissions, it is reasonable to assume that the new Pierce agency should also readily meet its projected volumes.

- *Slow response to referrals by some Pierce County providers: To further assess the need for its projected volume, Envision-HHW reviewed Medicare statistics regarding timeliness of patient visits by existing Medicare-certified agencies serving Pierce County. The following table shows the percent of each agency's Medicare home health patients whose care was initiated in a timely manner. The higher the percentage, the better, as a measure of the agency's process of care. In the national context, the norm seen in Washington is quite low among the states; only Alaska and the Virgin Islands have more patients than does Washington who are waiting too long for initiation of home health care. By adding to the list of Pierce County agencies with better response times, Envision-HHW will help area providers offer more effective care to their patients. An agency that can satisfy this requirement easily generates additional referrals by satisfied providers and corresponding growth in patient volumes.*

<i>Percent Patient Care Initiated Timely, by Medicare Agency</i>		
<i>Pierce County HHA</i>	<i>Office Location</i>	<i>%</i>
<i>CHI Franciscan Health at Home</i>	<i>University Place</i>	<i>97.5</i>
<i>Gentiva Health Services</i>	<i>Tacoma</i>	<i>95.8</i>
<i>Signature Home Health</i>	<i>Federal Way</i>	<i>89.7</i>
<i>Wesley Homes at Home, LLC</i>	<i>Des Moines</i>	<i>86.4</i>
<i>MultiCare Good Samaritan Home Health</i>	<i>Tacoma</i>	<i>82.4</i>
<i>Group Health Home Health & Hospice</i>	<i>Seattle</i>	<i>81.2</i>

Timeliness Rating of Envision, King County

<i>Envision Home Health</i>	<i>Burien</i>	<i>95.3</i>
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Washington Average	83.8
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Washington State average on this measure is the 3rd from the bottom of all states and territories, ahead of only Alaska and the Virgin Islands.

- Conversations with Pierce County providers have further revealed frustrations with their getting timely response to home health patient referrals. Many providers have given Envision-HHW representatives estimates of the number of referrals they would like to start making to Envision-HHW. Some even came to our interviews with specific patient referrals they wanted to make in Pierce County, which Envision-HHW staff could not yet accept.

Using the assumptions stated above, Envision projected the number of patients and visits by discipline for its Pierce County home health agency. The table below is a recreation of the projection table provided by Envision. [source: October 18, 2016, screening response, p9]

Envision Home Health of Washington – Pierce, Partial Year 2017 and 2018-2020											
	<i>Annual Visits by Discipline</i>						<i>No. Patients Receiving Each Type of Visit</i>				
	2017	2018	2019	2020	Visit Mix		2017	2018	2019	2020	All Years
<i>Total Visits</i>	1,513	2,017	4,033	6,050	100%	<i>Total Patients</i>	90	120	240	360	<i>% Receiving</i>
<i>RN</i>	516	688	1,375	2,063	34.1%	<i>RN</i>	89	118	237	355	99%
<i>PT</i>	574	765	1,529	2,294	37.9%	<i>PT</i>	68	90	181	271	75%
<i>OT</i>	389	518	1,036	1,554	25.7%	<i>OT</i>	56	75	150	224	62%
<i>Speech</i>	10	13	26	39	0.6%	<i>Speech</i>	3	3	7	10	3%
<i>MSW</i>	11	14	28	43	0.7%	<i>MSW</i>	7	9	19	29	8%
<i>HHA</i>	14	19	39	58	1.0%	<i>HHA</i>	4	5	10	15	2%

The assumptions used by Envision to project revenue, expenses, and net income for the Piece County home health agency for projection years 2017 through 2020 are below. [source: Application, p27; October 18, 2016, screening response, p11, p13...]

- Year 2017 is nine months of operation.
- Year 2018 is full year one; 2020 is full year three.
- Payer mix is based on King County current payer mix.

Envision Home Health Payer Mix

Revenue Source	King County	Pierce County
<i>Medicare</i>	70%	70%
<i>Medicaid</i>	10%	10%
<i>Insurance/Private Pay</i>	20%	20%
Total	100.0%	100.0%

- Charity care is estimated at 2.5% of Medicare
- All patient care costs are for Pierce County agency only
- Employee benefits are calculated at 25% salaries
- Medical Director is calculated at \$14,400 annual based on contract

- Expenses for supplies and other administrative costs are calculated using King County agency experience
- Space costs are calculated based on the lease agreement and the percentage allocated to Pierce County

Based on the assumptions above, Envision provided its projected revenue, expenses, and net income for the Pierce County agency for projection years 2017 through 2020. Projections are shown in Table 20. [source: March 17, 2017, screening response, p21]

Table 20
Envision Home Health-Pierce County
Projected Years 2017 through 2020

	CY 2017	CY 2018	CY 2019	CY 2020
Net Revenue	\$262,419	\$656,047	\$874,729	\$1,312,094
Total Expenses	\$340,022	\$633,078	\$788,882	\$1,058,236
Net Profit / (Loss)	(\$79,717)	\$20,855	\$83,733	\$251,744

Envision also provided its projected revenue, expenses, and net income for the Envision Home Health of Washington that would be operating in both King and Pierce counties. Table 21 shows projection years 2017 through 2020. [source: March 17, 2017, screening response]

Table 21
Envision Home Health, Inc.
King and Pierce County Operations for Projected Years 2017 through 2020

	CY 2017	CY 2018	CY 2019	CY 2020
Net Revenue	\$1,862,662	\$2,256,290	\$2,474,973	\$2,912,337
Total Expenses	\$1,780,919	\$2,021,425	\$2,155,846	\$2,386,650
Net Profit / (Loss)	\$75,505	\$228,627	\$312,889	\$519,449

Envision also provided the projected balance sheets for both the Pierce County operations and the King and Pierce counties combined. Table 22 shows year 2020, the third year of operation for the Pierce County operations. Table 23 shows year 2020 for the entire operations of Envision Home Health of Washington. [source: March 17, 2017, screening response]

Table 22
Envision Home Health-Pierce County for Year 2020

Assets		Liabilities	
Current Assets	\$305, 256	Current Liabilities	\$49,097
Board Designated Assets	\$ 0	Other Liabilities	\$0
Property/Plant/Equipment	\$3,544	Long Term Debt	\$0
Other Assets	\$ 0	Equity	\$49,097
Total Assets	\$308,800	Total Liabilities and Equity	\$321,484

**Table 23
Envision Home Health-King and Pierce County Combined for Year 2020**

Assets		Liabilities	
Current Assets	\$1,507,361	Current Liabilities	\$110,451
Board Designated Assets	\$ 0	Other Liabilities	\$0
Property/Plant/Equipment	\$3,544	Long Term Debt	\$0
Other Assets	\$ 0	Equity	\$110,451
Total Assets	\$1,510,905	Total Liabilities and Equity	\$1,548,333

Public Comments

None

Rebuttal Comments

None

Department Evaluation

To evaluate this sub-criterion, the department first reviewed the assumptions used by Envision to determine the projected number of patients and visits by discipline for the Pierce County agency. Envision based its discipline mix and projected number of patients on its existing operations in King County. Projected number of visits is also based on its existing King County operations and assumes 16.8 visits per patient. After reviewing Envision’s assumptions, the department concludes they are reasonable.

Envision based its revenue and expenses for its Pierce County agency on the assumptions referenced above. Envision also used its current operations in King County as a base-line for the revenue, expenses, and payer mix. From its experience in King County, Envision expected a slow ramp up in year 2018, which results in a \$79,717 loss in year one. By the end of year three, Envision expects to be operating at a profit for the Pierce County agency. Since the King and Pierce County agencies would be operated under the Envision Home Health of Washington entity, Envision also provided its projected revenues and expenses for the agency as a whole. Those projections show a net profit in years 2018 through 2020.

Envision provided a copy of its executed lease agreement and its amendment for the site at 801 Southwest 150th Street in Burien in King County. The initial and amendment lease agreement is between Burien Medical Offices, LLC (the lessor) and Envision Home Health of Washington, LLC (lessee). The initial agreement identifies roles and responsibilities for each. The initial lease was signed on January 1, 2014, is effective for one year. The agreement allows for three one-year renewals for years 2015, 2016, and 2017. The amendment to the lease agreement was signed on September 26, 2016, and is effective through year 2021. All costs associated with the lease are identified in the agreements and substantiated in the revenue and expense statement.

Envision also provided an executed medical director agreement with James Buttitta, MD. The agreement identifies roles and responsibilities for each. The agreement is effective for three years from the date of signature. Five annual automatic renewals are allowed under the current agreement. All costs associated with the medical director services are identified and substantiated in the revenue and expense statement.

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

Table 22 and Table 23 above show the projected balance sheets provided by Envision for its Pierce County agency and Envision Home Health of Washington as a whole. The balance sheets do not balance. For the Pierce County agency, the balance sheet is off by \$12,684 and the Envision Home Health of Washington balance sheet is off by \$37,428. While the differences may not appear to be significant, the department is unable to use the balance sheets for their intended purpose. For example, when the current assets subtotal is compared to the current liabilities subtotal, the department should be able estimate whether the agency has access to sufficient funds in the short term to pay off its short-term obligations. Additionally, the department should be able to compare the total amount of debt to the total amount of equity listed on the balance sheet, to see if the resulting debt/equity ratio indicates a high level of borrowing. This information is useful for new agencies entering a highly competitive market. Since Envision's balance sheet does not properly balance, the department unable to perform the required comparisons and cannot determine the projected financial health of the applicant.

As a result, the department concludes that the immediate and long-range operating costs of Envision's project cannot be determined. **This sub-criterion is not met.**

Harvard Partners, LLC

The assumptions used by Harvard Partners to determine the projected number of patients and visits for Pierce County are below. [source: January 9, 2017, screening response, pp3-4 and pp11-12]

- *Assumptions for projections in Pierce County are that Harvard Partners will, for the first few years, see an annual increase in total unduplicated patients of between 75-85% per year.*
- *We have calculated our projected number and breakdown of patients in Pierce County based on our current experience operating as a Medicare Certified Home Health Agency in King County, and the current standards of obtaining and treating patients therein, as well as our current operations in Pierce as a Licensed only agency.*
- *In King County alone, our most recent standards and methods of operation have seen an almost 100% increase between Calendar Year 2015, and 2106, as such we feel 80% to be a reasonable predictor.*
- *Already in Pierce County, in the several months since becoming licensed, we have obtained patients, this is expected to increase as we continue to make our efforts there more comprehensive, and as we expand service types and obtain Medicare Certification.*
- *This increase in market share, is likewise based on our experiences and efforts in King, Snohomish and Pierce County as we establish rapport and business relations with Home Health referral sources and expand the areas our services are available.*
- *While the projected growth in Pierce County is significant in terms of the number of unduplicated patients serviced by the company (80% increase between years for the first 3 years) the overall increase in market share that represents is much more modest increment in regards to total number of Home Health patients in Pierce. As such, we find this to be a reasonable and realistic projection.*

- *Operations in King County represents the comprehensive and cohesive efforts of Harvard Partners treating Medicare, Medicaid and Private Pay/ Insurance patients using the standards of care and treatment methodology that we have found to effective and plan to standardize across all of our patients. For these reasons, we expect the utilization rates in King to be a reliable projector for operations in Pierce County.*
- *As Harvard Partners continues to grow and develop as a company, we continue to develop strategies and techniques which best ensure our patient's well being and recovery. One way these shifts in strategy manifests, is in the average number of visits per patients per year that we service.*
- *There existed a period of time (2014-2015) which we sought to increase the scope of care and frequency of visits in order to provide more comprehensive care and allow for better patient recovery and subsequent drop in rehospitalizations.*
- *While these efforts were successful, as of 2016, the metrics for which we base our care and number of visits was further adjusted to continue to promote improvements in care standards. As the company continues to develop and our methodology for providing care stabilizes, the average Patient/Visit ratio has coalesced into figures nearly identical to the CMS average of 38*
- *This figure of 38 represents both the CMS average the current patient/visit ratio (rounded up from 37.8 to a whole number) reflecting the patient care standards and metrics currently in place. As these figures represent the most current care metrics, and we foresee no significant change, and as such we choose to utilize 38 visits per patients as our forecasted patient/visit average.*

Using the assumptions stated above, Harvard Partners projected the number of patients and visits by discipline for Pierce County. The projections are shown in Table 24 and Table 25 below.

[source: Application, pp27-28]

**Table 24
Harvard Partners-Pierce County
Projected Patients for Years 2017 through 2020**

	Partial Year 2017	Year 1 2018	Year 2 CY 2019	Year 3 CY 2020
Total Patients	32	90	162	292

**Table 25
Harvard Partners-Pierce County
Projected Visits for Years 2018 through 2020**

	Partial Year 2017	Year 1 2018	Year 2 CY 2019	Year 3 CY 2020
Registered Nurses	219	617	1,110	2,000
Physical Therapy	660	1,881	3,386	6,103
Occupational Therapy	243	684	1,231	2,219
Speech Therapy	48	135	243	438
Medical Social Worker	5	14	24	43
Home Health Aide	32	90	162	292
Total Visits	1,216	3,421	6,156	11,095

The assumptions Harvard Partners used to project revenue, expenses, and net income for the Pierce County home health services for projection years 2017 through 2020 are below. [source: January 9, 2017, screening response, pp12-14 and March 16, 2017, screening response, pp2-3 and pp6-11]

- *All assumptions are based off projected amounts of costs per visits, expected growth in FTE, number of visits/patients per year, charity care, payer mix, growth, rental costs and any other projection detailed throughout the initial application and screening responses provided by Harvard Partners. All assumptions are based off the most recent and updated projections submitted by Harvard Partners to the Certificate of Need program as part of the CoN process for Pierce County.*
- *Instead of including any allocated costs, the pro forma details the whole agency operations, which can be compared to the Pierce pro Format to determine the distribution between Pierce and Non Pierce revenue and costs.*
- *Gross Revenue: All revenue before Revenue Deductions*
- *Net Revenue: Gross Revenue minus Revenue Deductions*
- *Total Costs: Total Expenses and Administrative cost combined with Total Patient Care Cost*
- *Net Total: Net Revenue minus Total Costs*
- *Medical Director is honorary and unpaid*
- *Charity care is estimated at 4.6% of gross revenue and 3.0% of Medicare revenues*
- *Patient care costs include patient care staff salaries, benefits, contract labor (PT & OT)*
- *No allocated costs are included because by Summer 2017, before the completion of the Certificate of Need process for Pierce County, and commencement of Medicare services therein, Harvard Partners will relocate to 1606 8th Ave North, Seattle WA 91809. This site will manage all operations and services in King, Pierce and Snohomish counties as a single agency and will continue to do so following Medicare certification for Pierce County.*
- *Harvard Partners will maintain small, docking stations in Pierce and Snohomish Counties. These will have no staff or employees located therein.*
- *We will not be reporting any Bad Debt in the first year of operation because our claims usually take over 60 days or more to process. We have an active appeal system for recovering unpaid dept. We will wait until all the year one appeals are processed and paid. At that time we may have a final denial, reflected in year two, as reported. Due to this follow up system, excellent compliance practices and clinical documentation, our denial rate is very low. Bad Debt figures are reflective of the historic claim denial percentage.*
- *The Rent/Lease for the Pierce County Pro Forma reflects the rental cost of the 1201 Pacific Ave #600 Docking station as per the attached Lease agreement (\$2,940 annual)*
- *Additionally, the rent/lease item for Pierce County Pro Forma also includes projected costs associated with per diem rental of Day Office/Conference Room with Regus at the 1201 Pacific Ave #600 location, as the attached Virtual Office Lease Agreement only allows for a set number of hours usage a month. Any usage above those granted in the Lease agreement, as well as any conference room usage, will be subject to a basic per diem rate as needed. There is no agreement or lease related to this cost, as it is solely a service available from Regus to all interested parties as needed, regardless if they have and any kind of lease agreement. These per diem/hourly Day office/Conference room costs will be used solely as part of our Docking Station functions at the 1201 Pacific Ave #600 location.*

- *The projected annual costs for these per diem Day Office/Conference Room is \$22,480 for all calendar years represented on the previously supplied Pro Forma sheets. These projections are based on expected use of the Docking Station in Pierce County, and would cover any use as needed, above that granted as part the Virtual Office Agreement.*
- *To clarify, the Rent/Lease items of the Pierce County Pro Forma covers both the Virtual Office Lease (\$2,940) as well as projections of per diem Day office/Conference Room costs (\$22,480). This allows for a flexible usage, which, considering the intermittent nature of a Docking Station, is an ideal setup for our needs, as we are granted all the capabilities of the Virtual Office Lease, including the allotted day office use per month. Additionally, any further office/conference room use, that might be needed for Docking Station or meeting purposes, can be done so at a flexible rate as needed.*
- *Instead of including an allocated cost line for Pierce County operations within the Agency, any expenses related to the costs of Pierce County operations are referenced among the other expense items on the Pro Forma Revenue/Expense, including FTE salaries, rent and the other administrative costs.*
- *Harvard Partners will be using the entire building located at 1606 8th Ave North, Seattle WA 91809 for managing care through the entire Harvard Partners service area including Pierce County. This building has been purchased by Alvest Management Group LLC. The same Mother/Daughter partnership of owners, Mirjana Danilov and Aleksandra Danilov, that own Harvard Partners own Alvest Management Group LLC. Alvest Management Group LLC is a legal Real Estate body formed by the owners to limit Harvard Partners' liability. It is for real estate purposes only. It will not be providing any management services.*
- *Below is the payer mix for Pierce County.*

Revenue Source	Pierce County
<i>Medicare</i>	<i>65%</i>
<i>Medicaid</i>	<i>5%</i>
<i>Private Insurance</i>	<i>25%</i>
<i>Private Pay</i>	<i>5%</i>
Total	100%

Based on the assumptions above, Harvard Partners provided its projected revenue, expenses, and net income for its Pierce County operations for projection years 2018 through 2020. [source: January 9, 2017, screening response, Appendices 5 & 14]

Table 26
Harvard Partners-Pierce County
Projected Years 2018 through 2020

	CY 2018	CY 2019	CY 2020
Net Revenue	\$720,407	\$1,295,148	\$2,333,086
Total Expenses	\$715,926	\$1,152,008	\$2,048,161
Net Profit / (Loss)	\$4,481	\$143,140	\$284,925

Harvard Partners also provided its projected revenue, expenses, and net income for the Harvard Partners operations that would include King, Pierce, and Snohomish counties. Table 27 shows projection years 2018 through 2020. [source: January 9, 2017, screening response, Appendices 5 & 14 and March 17, 2017, screening response, p11]

Table 27
Harvard Partners-King Pierce and Snohomish Counties
Operations for Projected Years 2018 through 2020

	CY 2018	CY 2019	CY 2020
Net Revenue	\$6,463,780	\$8,366,008	\$10,306,852
Total Expenses	\$5,943,400	\$7,778,000	\$9,711,000
Net Profit / (Loss)	\$520,380	\$588,008	\$595,852

Harvard Partners provided the following clarification about its Pierce County projected operations and the pro forma balance sheet. [source: March 16, 2017, screening response, pp12-13]

- *By Summer 2017, before the completion of the Certificate of Need process for Pierce County, and commencement of Medicare services therein, Harvard Partners will relocate to 1606 8th Ave North, Seattle WA 91809. This site will manage all operations and services in King, Pierce and Snohomish counties as a single agency and will continue to do so following Medicare certification for Pierce County.*
- *As such, separate Pro Forma Balance Sheets for Pierce County are not needed.*

Harvard Partners provided the projected balance sheets for King, Pierce, and Snohomish counties combined. Table 28 shows year 2020, the third year of operation for the Pierce County operations. [source: January 9, 2017, screening response, Appendix 15]

Table 28
Harvard Partners- King Pierce and Snohomish Operations
Project Balance Sheet for Year 2020

Assets		Liabilities	
Current Assets	\$368,000	Current Liabilities	\$0
Board Designated Assets	\$ 0	Other Liabilities	\$0
Property/Plant/Equipment	\$125,000	Long Term Debt	\$0
Other Assets	\$ 0	Equity	\$493,000
Total Assets	\$493,000	Total Liabilities and Equity	\$493,000

Public Comments

Careage submitted comments focusing on two factors related to this sub-criterion:

- Site control; and
- Overstated visits per patient.

The comments are restated below by topic.

Site Control

"CNs are issued to a specific address. In its CN application, Harvard Partners stated:

... our office presence in Pierce located at 1201 Pacific Avenue #600 Tacoma WA 98402, will serve as the primary access location of our company and our services in Pierce County ... Upon Certificate of Need Approval, and subsequent Medicare Certification, we will expand our office in Pierce accordingly to reflect, and accommodate this needed growth.

[Footnote #4 of Careage's public comment: *Harvard Partners Certificate of Need application, October 2016, p.8.*]

Harvard Partners went on to emphasize the importance of a physical presence in the community:

In order to fully provide services to a population, the agency needs to have a concentrated and definable presence in the location itself.

[Footnote #5 of Careage's public comment: *Harvard Partners Certificate of Need application, October 2016, p.31.*]

In its first screening response, Harvard Partners stated the following about an in-county office:

Harvard Partners is of the belief that in order to best serve a location and its population, a company must have a comprehensive presence, and staff that have an understanding and knowledge of the area. Factors like ease of supply access, rapport with health facilities, knowledge of route and scheduling managements, reduction of commutes and the complications of traffic, all are addressed by maintaining an office presence, and staff located within, or close proximity to Pierce County.

[Footnote #6 of Careage's public comment: *Harvard Partners first screening response, January 2017, p.10.*]

Despite acknowledging the importance of a presence in the County, Harvard Partners, in its March 2017 second screening response included the following 'clarification':

By Summer 2017, before the completion of the Certificate of Need process for Pierce County, and commencement of Medicare services therein, Harvard Partners will relocate to 1606 8th Ave North, Seattle WA 91809 (sic). This site will manage all operations and services in King, Pierce and Snohomish Counties as a single agency and will continue to do so following Medicare certification for Pierce County.

Harvard Partners will maintain small, docking stations in Pierce and Snohomish Counties. These will have no staff/employees or supplies located therein. Clinical, Sales, or Administrative Staff that do utilize these docking stations will bring their own equipment (cell phone/laptop) to be used. The costs with these docking stations can be seen in the Pro Forma Expense and Revenues statements submitted in Harvard Partner's first Screening Responses for Pierce County Medicare Expansion in the "rent" line.

[Footnote #7 of Careage's public comment: *Harvard Partners March 15, 2017 Second Screening Response, p.2.*]

Based on the above, Harvard Partners has effectively changed its address from 1201 Pacific Avenue #600 Tacoma WA 98402 to 1606 – 8th Ave North, Seattle WA 91809. Careage believes this to be an

amendment to the CN application submitted by Harvard Partners. WAC 246-310-100 states that for applications being reviewed concurrently, amendments can only be made during the first 45 days of the concurrent review process (see WAC 246-310-(6)(b)). Clearly, the changes made by Harvard Partners were well beyond the timeline allowed in WAC. As such, the CN Program must deny the application for submittal of new information.”

[source: Careage public comment, pp5-7]

Overstated Visits per Patient

“In its application and in direct contrast to the assumptions used by Careage and Envision (and in fact, every other application that requested a CN for home health between 2010 and 2017 in Washington (see Table 1)) no applicant has assumed more than 30 visits per patient. In fact, as Table 1 demonstrates, the vast majority of applicants, including Harvard Partners, assumed fewer than 17 visits per patient. In this concurrent review, Harvard Partners has assumed 38 visits per patient (more than double the 16.8 visits assumed by Careage).”

Within the comments, Careage provided the following footnote:

“Envision assumed 30 visits per patient in their King County application but for Pierce County have only assumed 16.8 (based on their actual experience).”

Table 1 referenced in Careage’s comments is recreated below.

Average Visits Per Patient for CN Approved Home Health Agencies 2010 - 2017

<i>Applicant</i>	<i>Date of Evaluation</i>	<i>Approved/Denied</i>	<i>Source (Page #)</i>	<i>Year 3 Average Visits/Admission</i>
<i>Encore Home Health</i>	<i>March 2017</i>	<i>Approved</i>	<i>Page 13</i>	<i>13.5</i>
<i>ADMA Health Care Inc.</i>	<i>March 2016</i>	<i>Denied</i>	<i>Page 21</i>	<i>30</i>
<i>Chesterfield Services, Inc.</i>	<i>June 2015</i>	<i>Denied</i>	<i>Page 12</i>	<i>28</i>
<i>Sunnyside Community Hospital & Clinics (Yakima)</i>	<i>May 2015</i>	<i>Approved</i>	<i>Page 11</i>	<i>15.8</i>
<i>Sunnyside Community Hospital & Clinics (Benton)</i>	<i>May 2015</i>	<i>Approved</i>	<i>Page 14</i>	<i>16</i>
<i>Envision Home Health</i>	<i>April 2014</i>	<i>Approved</i>	<i>Page 11</i>	<i>30</i>
<i>CHI National Home Care</i>	<i>August 2013</i>	<i>Approved</i>	<i>Page 12</i>	<i>13</i>
<i>VOTO Health Care</i>	<i>August 2012</i>	<i>Approved</i>	<i>Page 12</i>	<i>15</i>
<i>Brookdale Senior Living</i>	<i>June 2012</i>	<i>Approved</i>	<i>Page 18</i>	<i>15.193</i>
<i>Franciscan Health System (King County)</i>	<i>April 2012</i>	<i>Approved</i>	<i>Page 19</i>	<i>13</i>
<i>Franciscan Health System (Kitsap County)</i>	<i>March 2012</i>	<i>Denied</i>	<i>Page 14</i>	<i>13</i>
<i>Franciscan Health System (Pierce County)</i>	<i>March 2012</i>	<i>Denied</i>	<i>Page 16</i>	<i>13</i>
<i>The Kline Galland Center</i>	<i>March 2012</i>	<i>Approved</i>	<i>Page 18</i>	<i>15</i>
<i>Amenity Home Health Care, Inc.</i>	<i>2010</i>	<i>Approved</i>	<i>Page 18</i>	<i>17</i>
<i>Harvard Partners</i>	<i>2010</i>	<i>Approved</i>	<i>Page 18</i>	<i>17</i>

“This number of visits per patient is also significantly higher than CMS' 2014 reported data for Washington State which indicates a range of 11 .6 to 26.7 for average visits per patient.

Given that Harvard Partners pro forma financials are predicated on achieving an unrealistic average of 38 visits/patient, the financial feasibility of the project cannot be determined.

In addition, and in review of Harvard Partners' historical financial statements, Careage has found that they simply lack financial integrity. This can be concluded upon review of the balance sheet

and equity. The equity does not roll forward from year to year as one would expect. And, the 2015 profit and loss statement shows a net income of only \$23,122 on \$2.4million in revenue. The 2013 profit and loss statement does not include a 'wages' line item and the 2015 profit and loss statement includes a line item not previously seen labeled "guaranteed payments".

Therefore, the Program will be unable to determine if Harvard Partners has the financial resources needed to undertake this project.”

Within the comments above, Careage provided the following footnote:

“This range excludes the LUP A (low utilization payment adjustment). This occurs when there are four or fewer visits during a 60 day period.”

[source: Careage public comment, pp7-9]

Rebuttal Comments

Harvard Partners provided the following rebuttal comments on the two topics raised above.

Site Control

“Similar to how Careage had to clarify that they don’t consider charity care to be both an expense and a revenue, Harvard Partners made use of the screening process to fully detail and articulate our planned business operations as it pertains to location and our demonstration of site control. As our second (and final) screening response clearly outlines, and as the CoN Beginning of Review Notice acknowledges, our proposed office for Medicare Services in Pierce County will be the 1606 8th Ave N location in Seattle.

Any reference in the CoN application to the 1201 Pacific Ave #600, Tacoma, has in our second screening response, been explicitly designated as a docking station. Additionally, any reference in the CoN Application and Pierce County Home Health Survey, which makes mention of plans to expand our physical presence in Pierce County, has, as of our second screening response, already taken place as seen in our upgrade from our Mailbox Plus agreement with Regus, to our superior Virtual Office agreement, which allows our employees physical use of the location as a docking station.

We continue to be, as stated in our first screening response, and noted by Careage in their public comment;

“ ...of the belief that in order to best serve a location and its population, a company must have a comprehensive presence, and staff that have an understanding and knowledge of the area. Factors like ease of supply access, rapport with health facilities, knowledge of route and scheduling managements, reduction of commutes and the complications of traffic, all are addressed by maintaining an office presence, and staff located within, or close proximity to Pierce County.”

It is for these very reasons why we believe our proposed arrangement of having the Seattle office and Tacoma docking station to be such an effective arrangement. It allows for our field employees, including clinicians and sales representatives, to be located within Pierce County, and to use the Tacoma docking station to assist them in their work and reduce their number of commutes to the Seattle headquarters. Furthermore, our actual office in Seattle, as it is in “close proximity to Pierce County” will effectively serve as the location from where administrative, scheduling and all other operations will be managed.

Careage notes that:

“Careage believes this to be an amendment to the CN application being reviewed concurrently”

While Harvard Partners notes Careage’s opinion on the matter, WAC 246-310-100 (Amendment of Certificate of Need Applications) is quite clear:

- 1. The following changes to an application may be considered by the department an amendment of an application*
 - a. The addition of a new service or elimination of a service included in the original application.*
 - b. The expansion or reduction of a service included in the original application.*
 - c. An increase in the bed capacity.*
 - d. A change in the capital cost of the project or the method of financing the project.*
 - e. A significant change in the rationale used to justify the project.*
 - f. A change in the applicant.*

As Harvard Partners’ clarification of 1606 8th Ave N, being the designated address clearly does not fall into any of the above definitions, Careage’s claims that it constitutes an amended application is without warrant, and that they demonstrate a failure to understand the nuances of what the law actually states.”

[source: May 15, 2017, Harvard Partners rebuttal, pp3-4]

Overstated Visits per Patient

“While Careage did not provide any link, nor include the exact data they were referencing, Harvard Partners was able to locate the CMS data in question, and, while it did in fact show a range for 2014 WA Home Health Agencies between 11.6 and 26.7 visits, the data column is clearly labeled as being Average Number of Total Visits per Episode, not Average Visits per Patient as Careage noted.

For the sake of clarification, CMS describes Episodes, and their role in the Prospective Payment System (PPS) as follows;

“The unit of payment under the HH PPS is a national 60-day episode rate.... the 60-day episode rate includes costs for the six home health disciplines and the costs for routine and nonroutine medical supplies”

“If a patient continues to be eligible for the home health benefit, the HH PPS permits continuous episode recertifications.”

As a Home Health Patient, can, and usually does, receive treatment lasting multiple 60 day episodes, for Careage to suggest that this data in any way accurately reflects “average visits per patient” demonstrates a gross misunderstanding on their part of the Home Health process.

According to data from the Federal Medicare Payment Advisory Commission (MedPAC), in 2014 Medicare Home Health Patients, on average, had 1.9 Episodes of care. By this standard, the range of data Careage claimed to be 11.6 to 26.7 average visits per patient (when it referenced visits per Episode), translates to 22.04 to 50.73. Compared to this new, more accurate, range, Harvard Partners’ projected average of 38 visits per patient, is well within the realm of being reasonable and practical. In fact, by these parameters, Careage’s own projections of 16.8 visits per patient are below the lowest visit/patient rate reported in all of Washington.

Furthermore, as part of our initial Pierce County CoN application, in Appendix 14 (CMS Data Compendium), we submitted data directly from Medicare showing a 3 year average of 38 visits per

patient per year. For Careage to claim that 38 visits is somehow unrealistic, is to ignore data directly from Medicare showing otherwise.

Harvard Partners has provided overwhelming evidence that a projected average of 38 visits per patient is realistic and practical. Therefore, any pro forma financials utilizing 38 visits are sound, and that the financial feasibility of the project can be determined.

A significant number of Harvard Partners' patients are medically complicated and require high frequencies of integrated care. It's not unusual for insurance companies, skilled nursing facilities, and hospitals to call Harvard Partners because they couldn't find a provider willing to take a patient. We proudly accept high need patients, as they have the most to gain from the Home Health process, in terms of need for recovery and in terms of preventing unneeded costs from rehospitalization.

Due to the nature of the Prospective Payer System (PPS) more visits, does not necessarily mean a higher cost to Medicare, as the payment amounts are structured in tiers based on visits per episode. As 20 visits per episode represents the highest tier, any episode visit count over 20 visits receives the same reimbursement, meaning that while the HHA has to pay for the treatment and reimburse the clinicians, there is no additional cost to Medicare

Harvard Partners has been providing Home Health services for over 15 years. We are confused by Careage's argument which states that we "lack financial integrity". It is clearly evident from the financials, Harvard Partners is a service driven, not profit driven agency. The reasoning and examples given by Careage are vague. Please see letter of Financial Commitment and the Bank Certificate submitted in the initial application.

Harvard Partners' financial statements are easy to read. They are reviewed by our Certified Public Accountant (CPA) and by Medicare as part of our cost reports. Harvard Partners believes in revenue re-investment to our Medicare, Insurance, Medicaid and Charity Care patient services. Harvard Partners uniquely has no outstanding loans. Our Balance Sheets and Cost Reports show stable, debt free, risk averse cash based business practices.

Cash based accounting is easy to understand. "Net Ordinary Income" in a financial statement, reflects the amount of cash that remains after accounting for all expenses and income. Harvard Partners' Financial Statements show year after year positive cash flow and money being reinvested in the company to support our patients and job creation. Above all, the Financial Statements prove Harvard Partners is a service centered company experiencing steady growth.

Equity rolls forward creating a group of debit and credit transactions that transfer the year-end balance for each Balance Sheet to the new fiscal year. Equity was calculated for the new fiscal year's fund balance by adding revenues to the old fund balance, subtracting expenditures from the old fund balance, subtracting the old fund balance, transferring the reserve for balance to the prior year reserve for the account, and fund equity overrides.

It is very clear from the Profit and Loss statement that the 2015 is accounted as an LLC's partnership "guaranteed payments". Years prior the LLC was accounted for as a regular LLC partnership.

In 2014 we moved from only Contract Employment to adding Wage Employment. We understand that it is rare for a company to operate debt free and to be dedicated to reinvesting in their own growth and improvement. For us, this is the very definition of financial integrity.

[source: May 15, 2017, Harvard Partners rebuttal, pp4-7]

Department Evaluation

To evaluate this sub-criterion, the department first reviewed the assumptions used by Harvard Partners to determine the projected number of patients and visits by discipline for the Pierce County agency. Harvard Partners based its discipline mix and projected number of patients on its existing operations in King County. Harvard Partners based its projected number of visits per patient of 38 on both its King County operations and on historical CMS data used by Harvard Partners in one of its two numeric methodologies. The historical CMS data reflects a three year period from 2008 to 2010.

Careage raised concerns regarding Harvard Partners projected number of visits per patient. To evaluate the concerns, the department reviewed the year 2016 current number of visits per Pierce County patient provided by the existing agencies in Pierce County. The calculation was made using the 2016 utilization survey responses provided by each of the agencies. The calculations are shown in Table 29 below.

Table 29
Existing Agencies 2016 Total Number of Visits and Patients

Agency	Total Visits	Total Patients	Visits / Patient
Assured Home Health	11,150	430	25.9
CHI Franciscan at Home	15,445	893	17.3
Harvard Partners (Applicant)	624	14	44.6
Kindred at Home	52,823	2,407	21.9
MultiCare Home Health	30,814	2,426	12.7
Providence Sound Homecare	227	25	9.1
Puget Sound Home Health (Symbol)	39,868	1,967	20.3
Signature Home Health	13,600	600	22.7
Wesley Home Community Health	3,821	245	15.6
Total	168,372	9,007	18.7

As shown in Table 29, the year 2016 average number of visits for Pierce County was 18.7 visits per patient. While both Careage and Envision project 16.6 and 16.8 visits per patient, respectively, Harvard Partners projected 38 visits per patient, which equates to more twice the projections of Careage and Envision and significantly higher than the average in Pierce County. Table 29 above shows Harvard Partners averaged 44.5 visits per Pierce County patient. The next highest number of visits—from Assured Home Health—is 25.9.

Harvard Partners submitted an application in April 2009 for its King County agency. In that application, Harvard Partners based its projections on the assumption that the agency would provide an average of 17 visits per patient. [source: December 1, 2010, evaluation for Harvard Partners, LLC and Amenity Home Health Care, Inc., p18] This assumption is more in line with the historical averages identified by the existing agencies for Pierce County and the average assumed by both Careage and Envision.

The department also reviewed the year 2014 MedPac data provided by Harvard Partners in its rebuttal responses. Focusing on Washington State providers, the average number of visits per

episode was 16.9. Based on the information reviewed, the department concludes Harvard Partners projected 38 visits per patient cannot be substantiated as reasonable.

Harvard Partners based its revenue and expenses for its Pierce County agency on the assumptions referenced above. Harvard Partners also used its current operations in King County as a base-line for the revenue, expenses, and payer mix. From its experience in King County, Harvard Partners expected a slow ramp up in year 2018, which results in a \$4,481 net profit in year one. By the end of year three, Harvard Partners expects to be operating at a \$284,925 profit for the Pierce County agency. Since the Medicare certified home health services would be provided in both King and Pierce counties and licensed only home health would be provided in Snohomish County from one agency, Harvard Partners also provided its projected revenues and expenses for the agency as a whole. Those projections show a net profit in years 2018 through 2020. However, as stated above, the revenue and expense statements are based on the assumption that Harvard Partners would provide an average of 38 visits per patient in, at least, both King and Pierce counties. This assumptions was determined to be unsubstantiated in this review. On that basis, the department concludes that Harvard Partners revenue and expense statement also cannot be substantiated.

The department also reviewed the projected balance sheets for Harvard Partners' Pierce County operations and the agency with King, Pierce, and Snohomish counties. As previously stated, the purpose of the balance sheet is to review the financial status of the home health agency at a specific point in time. The balance sheet shows what the home health agency owns (assets) and how much it owes (liabilities), as well as the amount invested in the business (equity). The balance sheets provided by Harvard Partners is also based on the underlying assumption of 38 visits per patient. On that basis, the department concludes that Harvard Partners balance sheets also cannot be substantiated.

Careage raised concerns regarding Harvard Partners site and whether it had site control. Documentation provided in the application demonstrates that Harvard Partners has site control for both its King County office and its Pierce County 'virtual' office. Careage also raised concerns regarding whether Harvard Partners changed its site during the course of this review which resulted in an amendment to this application. To evaluate this concern, the department reviewed information provided in Harvard Partners application and both screening responses. Below are excerpts from those documents.

Application, page 8 and Appendix 4

"Our current offices located at 4910 111th Ave NE, Kirkland, WA 98033 as well as 2211 Elliott Ave #200, Seattle WA 98121 and our office presence in Pierce located 1201 Pacific Ave #600 Tacoma WA 98402, will serve as the primary access location of our company and our services in Pierce County, as they are well within the acceptable distance set forward by Medicare and Washington State Laws. Upon Certificate of Need Approval, and subsequent Medicare Certification, we will expand our office presence in Pierce accordingly to reflect, and accommodate this needed growth."

The site description above is confusing, at best. Three sites are identified: one each in Kirkland, Seattle, and Tacoma. In fact, in its November 22, 2016, screening of the application, staff provided the following notation of the application:

"During my screening, I noted that the formatting of the application is not exactly consistent with the application form for the sections of "Applicant Description" and "Project Description." As a result, some of the answers to the questions in these two

sections may be in the application, but not readily apparent. I apologize for any redundancy that may occur.”

Based on information in the application, the agency would be located in Tacoma, within Pierce County. A rental agreement was provided as Appendix 4 within the application. Department questions regarding the rental agreement are below:

Cost Containment

56. Page 48 states that the only option considered is do nothing or status quo. An alternative not discussed is expanding services into Pierce County using the King County office. Please provide detailed discussion on this alternative.

Appendix 4 – Rental Agreement

57. Please clarify that the total amount for the rented office space is \$1,308 annually.

58. The agreement expires on September 30, 2017. To be valid, the lease must be for at least one year with options to renew for not less than a total of three years. The document included in this appendix cannot be considered a valid lease for this project.

In response to questions above, Harvard Partners provided the following clarification.

Applicant’s first screening response, pages 17-18 and Screening Appendix 6

- Harvard Partners wishes to clarify that under our current plans of operation, expanding services into Pierce using the King County office is the status quo, as primary operations will be managed from the King County headquarters.*
- As mentioned earlier, Harvard Partners plans to implement a Pierce county office presence to act as a local source for a number of functions such as supply storage and sales/Human resource management, that will still be managed by the headquarters located in King County.*
- In regards to the clarification of the current status quo of operating Pierce County from the King County office, Harvard Partners has considered establishing a Pierce County operations that acts fully autonomous from King County operations, but due to the relative close proximity of King and Pierce Counties, and the overall size of the company and administrative staff, it is more cost efficient, and manageable to keep operations in both Counties, and in doing so allows us to provide the best possible care to our patients and administration of our staff.*
- The annual of cost of \$1,308 refers to the virtual office in Pierce County. This allows us conference room use and the location as a mailing address.*

In response to the department’s question about the September 30, 2017, expiration date of the agreement, Harvard Partners provided the following statements.

- Harvard Partners will operate primarily out of headquarters in King County, which, while currently located at 2211 Elliot Ave Seattle WA 98121, will be relocated to 1610 8th Ave North, Seattle, by the commencement of Medicare Certified services in Pierce.*
- As mentioned earlier, Harvard Partners currently maintains a Virtual Office rental agreement in Pierce County, however, by the first full Calendar year of Medicare Certified operations in Pierce County, we will establish a physical office presence within Pierce County itself. [emphasis added]*
- To that end, we have attached the Owners' Policy for the 1610 8th Ave N location showing the Aleksandra Danilov's and Mirjana Danilov's ownership of the location, as well as a draft*

agreement of offices in Pierce County which include single drawing lines, approximately to scale of these locations.

- *The costs associated with the draft rental agreement are reflected in the updated projected expenses included in these screening responses.*
- *Harvard Partners wishes to note, that while the owners Policy is attributed to Alvest Management Group LLC, the owners are Aleksandra Danilov and Mirjana Danilov, who own and manage Harvard Partners, and that the location will be used to manage Harvard Partners operations.*

Again, it appeared from the information in the screening response that the agency would be located in Tacoma, within Pierce County. However, appendix 6 included in the screening responses raised further questions about the site. Staff had a total of 10 questions in its second screening specific to the site for the project. In response, Harvard Partners provided the following information in its second screening responses.

Applicant's second screening response, pages 6 - 9 and Second Screening Appendices 3 and 4

- *By Summer 2017, before the completion of the Certificate of Need process for Pierce County, and commencement of Medicare services therein, Harvard Partners will relocate to 1606 8th Ave North, Seattle WA 91809. This site will manage all operations and services in King, Pierce and Snohomish counties as a single agency and will continue to do so following Medicare certification for Pierce County.*
- *Harvard Partners will maintain small, docking stations in Pierce and Snohomish Counties. These will have no staff or employees located therein.*
- *By Summer 2017, before the completion of the Certificate of Need process for Pierce County, and commencement of Medicare services therein, Harvard Partners will relocate to 1606 8th Ave North, Seattle WA 91809. This site will manage all operations and services in King, Pierce and Snohomish counties as a single agency and will continue to do so following Medicare certification for Pierce County.*
- *Harvard Partners will not be relocating anywhere in Pierce. The lease originally submitted in the initial Pierce County CoN application was for a Mailbox Plus Virtual Office Agreement (which is the name lease agreement type as defined by Regus) at 1201 Pacific Ave #600 Tacoma WA 98402 which allows that address to be used as a mailing location.*
- *As mentioned "by the first full Calendar year of Medicare Certified operations in Pierce County, we will establish a physical office presence within Pierce County itself." What was intended by that phrase was our intention to establish the docking station location at 1201 Pacific Ave #600 Tacoma WA 98402, not a separate agency.*
- *To that Harvard Partners has since upgraded the Mailbox Plus- Virtual Office Plan to a Standard Virtual Office, which will serve as the docking station and allow for employees to stop in and access email/the internet on their laptops, access to a work space (rooms 609 and 607) and community meeting room (Room 622) This docking station is currently utilized and will continue to do so following Medicare certification for Pierce County.*
- *Please find attached the upgraded lease agreement for the Standard Virtual Office agreement for a lease term that runs throughout the end of 2020.*
- *For the sake of clarity, Harvard Partners wishes to elaborate on the term "Virtual Office" as well as the differentiate between the original Tacoma lease submitted with the initial CoN application, and the one submitted in this screening response.*
 - *Virtual Office Agreement is the category of rental agreement as defined by Regus.*

- *Within the Virtual Office Agreement there exists several tiers of service packages (see the “Virtual Office Type” on the leases submitted), including Mailbox Plus (the lease originally submitted in the initial CoN application) and Standard Virtual Office (the lease submitted in this screening response which will serve as the docking station)*
- *On the line drawings submitted in this lease agreement, the rooms utilized for the docking station use are 607 and 609, as well as room 622 which serves as the community meeting room.*
- *Please disregard any previous lease within the physical confines of Pierce County as well as any mentions of relocation therein, as the Virtual Office lease attached in this screening response is what is pertinent to planned operations and is what is referenced on the Pro Forma sheets.*

The question raised by Careage of whether Harvard Partners changed its site during this review is answered by the information above. The department concludes it is clear that the site changed from the Pierce County site identified in the application to the King County site that Harvard Partners will move to before obtaining Medicare and Medicaid approval if this project is approved.

- 1) The application indicated that the agency would be located at 1201 Pacific Avenue, #600 in Tacoma [98402] within Pierce County.
- 2) The first screening response clarified that the Tacoma site was an office, yet also indicated that services would be provided primarily from the King County agency in Seattle. These responses also stated that the existing King County agency would be relocated from its site at 2211 Elliot Avenue in Seattle [98121] to a new site at 1610 8th Avenue North in Seattle, before the agency obtained Medicare and Medicaid certification in Pierce County.
- 3) The second screening response clarified that all operations and services in King, Pierce and Snohomish counties would be operated as a single agency located at 1610 8th Avenue North in Seattle. The operation would continue this way following Medicare certification for Pierce County.

Based on the above information, the department concurs with Careage that the site for the Harvard Partners project changed during the review of its project. Harvard Partners argues that the information regarding the site was simply clarification based on staff screening questions. Two of the three questions asked by the department in its first screening focused on the site in Pierce County. One question asked why Harvard Partners did not consider the option of operating the home health agency from its King County site. It was in the second screening responses that Harvard Partners provided the following supplemental documents:

- Lease Agreement with Alvest Management for the site at 1606 8th Avenue North in Seattle.
- Revised Lease Agreement for the Pierce County docking station at 1201 Pacific Avenue, #600 in Tacoma. The revised lease shows that the space is upgraded from Virtual Office Plan to a Standard Virtual Office.
- Revised Revenue and Expense Statement and Balance Sheet that incorporates the costs associated with the documents above.

The information provided in Harvard Partners screening responses did not answer the questions asked. Instead, Harvard Partners provided new information. When all information is viewed in its entirety, Harvard Partners project changed from establishing an agency in Pierce County to providing home health services in Pierce County from its King County agency. However, the King County agency would relocate before this project is completed.

If, during a review of a project, the site changes, the department considers the change to be an amendment and requires the applicant to submit an amendment fee. The department then begins its

screening of the amendment application. Specific to these Pierce County home health projects, Harvard Partners amended its application by changing the King County site. The application should have been bifurcated from this concurrent review to allow the applicant to request revised documents as necessary if the site change resulted in changes to the capital expenditure for the Pierce County project, staffing model, ancillary and support agreements, or any other review criteria.

The Careage and Envision applications could have continued down the concurrent review path while the Harvard Partners application was reviewed separately. Since this action did not occur, the department must conclude that financial data provided in Harvard Partners application cannot be substantiated. As a result, the department concludes that the immediate and long-range operating costs of Harvard Partner’s project cannot be determined. **This sub-criterion is not met.**

Department Superiority Review

Each applicant provided its financial documentation for review. Careage’s application met all of the requirements of this sub-criterion. Both Envision and Harvard Partners projects did not meet this sub-criterion. The department concludes that the Careage Home Health application is superior.

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

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

Careage Home Health, LLC

Careage projected an estimated capital expenditure of \$49,800 for the establishment of Pierce County agency. The costs are for additional furniture and office supplies, licenses, and Certificate of Need review fees. There are no construction costs required for this project. [source: Application, p23]

Careage provided the following information related to the capital costs and its impact to costs and charges.

“Given that Careage Home Health already has a well-establish home health agency in King County, the incremental costs of expanding to Pierce County are low (for example, we do not have to duplicate the infrastructure). This allows for some economies of scale.” [source: Application, p23]

“Because we are an existing agency simply extending our certification in Pierce County, our start up are costs are minimal. Start up costs were assumed to include two months of staff pre-opening wages, and rent and utility charges (2 months, \$20,000).” [source: January 9, 2017, screening response, p7]

Careage provided a table showing projected costs and charges per visit by discipline for year 2020 and a table showing projects costs and charges by payer source for year 2020. The tables are recreated below. [source: Application, p28]

	<i>Cost per Visit</i>	<i>Charges per Visit</i>
<i>Skilled Nursing</i>	<i>\$150.68</i>	<i>\$240.00</i>

<i>Physical Therapy</i>	<i>\$132.65</i>	<i>\$255.00</i>
<i>Speech Therapy</i>	<i>\$136.26</i>	<i>\$255.00</i>
<i>Occupational Therapy</i>	<i>\$144.37</i>	<i>\$255.00</i>
<i>MSW/Other</i>	<i>\$128.15</i>	<i>\$300.00</i>
<i>Home Health Aide</i>	<i>\$43.42</i>	<i>\$110.00</i>

	<i>Cost</i>	<i>Charges</i>
<i>Medicare</i>	<i>\$1,285,117</i>	<i>\$2,239,190</i>
<i>Medicaid</i>	<i>\$141,159</i>	<i>\$250,050</i>
<i>Private Pay/Insurance</i>	<i>\$486,963</i>	<i>\$921,236</i>
<i>Total</i>	<i>\$1,913,239</i>	<i>\$3,410,476</i>

Public Comments

None

Rebuttal Comments

None

The department’s evaluation of Careage’s application under this sub-criterion will be discussed concurrently with the Envision and Harvard Partners projects.

Envision Home Health of Washington

For its application, Envision projected an estimated capital expenditure of \$12,000 for the establishment of Pierce County home health services. The costs are for additional office supplies and furniture needed for the Pierce County agency. There are no construction costs required for this project. [source: Application, p24]

Envision provided the following information related to the capital costs and its impact to costs and charges. [source: Application, p24]

“Increased use of, and access to, home health care by Medicare patients and others is a key element of health care reform. As part of that reform, Medicare is now financially penalizing hospitals that experience high rates of re-admission and is financially rewarding those that can demonstrate lower than average such rates. This approach rests on the core concept that each patient should receive care in the least restrictive and least expensive level of care appropriate to that patient's clinical requirements. Available and accessible home health services are central to a hospital or physician's program of serving patients in this manner. Through a broad strategy of admitting and keeping only the sickest patients, hospitals and third party payers, including Medicare, expect to reduce the need for excess facility utilization that results in both unnecessary capital expense and operating costs. Having identified significant accessibility gaps in Pierce County home health care, Envision-HHW will be able to contribute significantly to the effort to reduce capital and operating expenses by shifting the site of care for more individuals to that patient's home.”

Envision provide the following information related to start-up costs necessary for the Pierce County services. [source: October 18, 2016, screening response, p11]

- “On the one hand, many typical start-up costs are avoided or limited by Pierce's being an expansion of an existing agency.
- On the other hand, in order to isolate the Pierce operation for this purposes of this analysis, cash flows from operating expenses and lags in reimbursement (accounts payable) are reflected as if it is a separate operation.

Typical start-up costs not included due to its being an expansion of an existing agency to be housed in offices of that existing agency:

1. Hiring staff before start-up of operations
2. Any capital cost of tenant improvements
3. Capital cost of furnishing and equipping a completely new office location.
4. Costs of initial accreditation and licensing; these are already in place.”

Envision provided the following table showing current costs and charges per visit, for year 2016 for the King County agency. [source: October 18, 2016, screening response, p13]

<i>Discipline</i>	<i>Costs (a)</i>	<i>Charges (b)</i>
<i>RN</i>	\$135.51	\$170.68
<i>PT</i>	\$148.15	\$171.90
<i>OT</i>	\$149.16	\$173.07
<i>Speech</i>	\$161.01	\$186.82
<i>MSW</i>	\$217.22	\$252.05
<i>Aide</i>	\$61.37	\$71.20

Envision provided the following explanation for the costs and charges shown above. [October 18, 2016, screening response, p14]

- Costs Per Visit by Discipline, King County are calculated using King County's total expenses since start up. These are shown at Appendix 0, Envision-HHW Historical Financial Statements, 2014-2016, of the original application. This amount is divided by a factor combining Envision's visit mix and a CMS relative weight by visit type. Please see Attachment SR-2, Worksheets for Estimating Costs & Charges per Visit, for a detailed worksheet containing the calculations that result in the "Costs" column above.*
- Charges: As discussed above, most Medicare home health services are reimbursed on a "per episode" basis. And, since it is not usually required, there is also not a standard method of determining charges per visit for this service.*

Envision provided the following table showing year 2020 costs and charges per visitor the agency providing services to both King and Pierce counties. [source: October 18, 2016, screening response, p15]

<i>Discipline</i>	<i>Costs (a)</i>	<i>Charges (b)</i>
<i>RN</i>	\$165.20	\$180.10
<i>PT</i>	\$108.59	\$196.87
<i>OT</i>	\$181.81	\$198.20
<i>Speech</i>	\$196.27	\$213.97
<i>MSW</i>	\$264.80	\$288.67

<i>Aide</i>	<i>\$74.80</i>	<i>\$81.55</i>
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Envision provided the following explanation for the projected costs and charges shown above. [October 18, 2016, screening response, p15]

- a) *Anticipated Costs Per Visit by Discipline" are calculated using 2020 projected Pierce County total operating costs and dividing those by a factor combining visit mix and relative weights by visit type. Please see Attachment SR-2, Worksheets for Estimating Costs & Charges per Visit, for a detailed worksheet containing the calculations that result in the "Costs" column above.*
- b) *Charges: As discussed above, most Medicare home health services are reimbursed on a "per episode" basis. And, since it is not usually required, there is also not a standard method of determining charges per visit for this service. Nevertheless, in response to Question 16, please see Attachment SR-2, Worksheets for Estimating Costs & Charges per Visit, for a detailed worksheet containing the calculations that result in the "Charges" column above. These calculations provide the applicant's selected approach to estimating "per visit" charges by discipline for Pierce County. If the Department of Health prefers, and can provide the applicant with a different methodology, the applicant will revise these tables accordingly.*

Public Comments

None

Rebuttal Comments

None

The department’s evaluation of Envision’s application under this sub-criterion will be discussed concurrently with the Careage and Harvard Partners projects.

Harvard Partners, LLC

For its application, Harvard Partners projected an estimated capital expenditure of \$32,000 for the establishment of Pierce County home health services. The costs are for additional office and nursing supplies and Certificate of Need review fees. There are no construction costs required for this project. [source: Application, pp33-34]

Harvard Partners provided the following information related to the capital costs and its impact to costs and charges. [source: Application, p34]

“Harvard Partners anticipates that 65% of its revenue in Pierce County will come from Medicare. Medicare Home Health is reimbursed on a prospective payment basis. Since the majority of the payer source would be from Medicare, and the PPS model it uses, there will be no expected impact on the operating costs and charges for Home Health in the Pierce County Service Area.”

Harvard Partners provided the following table showing current costs and charges per visit, for year 2016 for the King County agency. [source: Application, pp41-42]

<i>Discipline</i>	<i>Costs (a)</i>	<i>Charges (b)</i>
<i>Skilled RN/LPN Nursing Visits</i>	<i>\$105.00</i>	<i>\$220.00</i>
<i>Home Health Aide Visits</i>	<i>\$12.20/hr</i>	<i>\$24.00/hr</i>

<i>Physical Therapy Visits</i>	<i>\$101.00</i>	<i>\$220.00</i>
<i>Occupational Therapy Visits</i>	<i>\$101.00</i>	<i>\$220.00</i>
<i>Speech Therapy Visits</i>	<i>\$105.00</i>	<i>\$220.00</i>
<i>Medical Social Services</i>	<i>\$105.00</i>	<i>\$220.00</i>

Harvard Partners provided the following information related to projected costs and charges for Pierce County shown in the table below. [source: Application, pp42-43]

“By 2020 the costs and salaries are expected to increase by 5%. Charges are not expected to change.”

Year 2020 Costs and Charges

<i>Discipline</i>	<i>Costs (a)</i>	<i>Charges (b)</i>
<i>Skilled RN/LPN Nursing Visits</i>	<i>\$110.00</i>	<i>\$220.00</i>
<i>Home Health Aide Visits</i>	<i>\$13.00/hr</i>	<i>\$24.00/hr</i>
<i>Physical Therapy Visits</i>	<i>\$106.00</i>	<i>\$220.00</i>
<i>Occupational Therapy Visits</i>	<i>\$106.00</i>	<i>\$220.00</i>
<i>Speech Therapy Visits</i>	<i>\$110.00</i>	<i>\$220.00</i>
<i>Medical Social Services</i>	<i>\$110.00</i>	<i>\$220.00</i>

Public Comments

None

Rebuttal Comments

None

Department Evaluation and Superiority Review

The capital costs identified for each of the three applications is under \$50,000 as shown below.

**Table 30
Capital Cost Comparison**

Application	Estimated Capital Expenditure
Careage Home Health, LLC	\$49,800
Envision Home Health of Washington	\$12,000
Harvard Partners, LLC	\$32,000

Specific to the Harvard Partners project, since the King County site was changed during the review of the application, the department did not have an opportunity to learn whether the change in site resulted in a change in the capital costs for expanding services into Pierce County.

Table 31 compares the projected payer mix for each of the three projects.

**Table 31
Projected Payer Mix Comparison**

Source	Careage	Envision	Harvard Partners
Medicare	65.8%	70.0%	65.0%
Medicaid	7.2%	10.0%	5.0%

Other	27.0	20.0%	30.0%
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Table 31 shows similar payer mix for each of the three applicants. In conclusion, both the Careage and the Envision projects identified an estimated capital costs under \$50,000 and similar payer mix, the department does not expect an unreasonable impact on costs and charges for healthcare services in Pierce County for these two applicants. Both the Envision and the Careage Home Health projects **meet this sub-criterion.**

For Harvard Partners, the department is unable to conclude that the estimated capital costs of \$32,000 continues to be accurate after the project changed from an agency located in Pierce County, to providing services through its King County agency, then a relocation of the King County agency. The Harvard Partners project does **not meet this sub-criterion.**

The department concludes that the Envision and Careage applications are superior.

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

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

Careage Home Health, LLC

Careage provided the following information related to this sub-criterion. [source: Application, p23 & p25 and January 9, 2017, screening response, p7]

<i>Item</i>	<i>Cost</i>
<i>Furniture & Equipment*</i>	<i>\$8,033</i>
<i>Copier/Printer</i>	<i>\$8,962</i>
<i>Computers/Licenses</i>	<i>\$8,139</i>
<i>CN Review Fee</i>	<i>\$24,666</i>
<i>Total</i>	<i>\$49,800</i>

**furniture and equipment includes desks, chairs, file cabinet, and refrigerator)*

“Approximately 50% of the total capital expenditure for this project is for office furniture and equipment. The estimated costs were based upon current pricing from office supply vendors. The remaining 50% is for the CN review fees and this is based on the CN fee schedule.”

“Due to the minimal capital costs required for this project, existing reserves from Careage Home Health will be used to cover the costs for the capital expenditures. As such, there is no financing associated with this project.”

“If additional cash is needed to cover Pierce County operations before revenues at least match expenses, these funds would come from the reserves of Careage Home Health. As noted in the historical balance sheet provided in Exhibit 8 of the application, sufficient reserves exist to cover any initial operating loss. At this time, no additional cash flow is anticipated.”

Careage provided its audited financial statements for years 2012, 2013, 2014, and 2015. [source: Application, Exhibit 8]

Public Comments

None

Rebuttal Comments

None

The department’s evaluation of Careage’s application under this sub-criterion will be discussed concurrently with the Envision and Harvard Partners projects.

Envision Home Health of Washington

Envision provided the following information related to this sub-criterion. [source: Application, p24 and Appendix E and October 18, 2016, screening response, pp10-11 and pp27-28]

<i>Item</i>	<i>Cost</i>
<i>Furniture *</i>	<i>\$9,000</i>
<i>Phone System</i>	<i>\$900</i>
<i>Computer/Copier/Printer</i>	<i>\$2,100</i>
<i>Total</i>	<i>\$12,000</i>

- *Furnishings refers to work stations, chairs and accessory items for the additional staff required by the Pierce expansion.*
- *Phones does not cover a new phone system but, rather, necessary telephones for additional staff required by the Pierce expansion.*
- *Computers/copiers/printers refers to workstations, laptops, tablets, printers and copiers needed to support the extra staff and accompanying professional and administrative workload related to the Pierce expansion*

“Envision Home Health of Washington currently has cash reserves in excess of \$180k and is adding to those reserves on a monthly basis from ongoing operations. In the unlikely event that the existing King County operation were not generating sufficient cash flow during the Pierce start-up period, the members have set aside additional funds to provide the necessary cash flow. Though it is not anticipated to be needed, this commitment is provided as an extra assurance of financial feasibility during the period before Medicare and other payers begin reimbursement for Pierce admissions.

This [Pierce County only] Cash Flow includes a mixed assumption with regard to its being a "stand-alone" operation:

- *On the one hand, many typical start-up costs are avoided or limited by Pierce's being an expansion of an existing agency.*
- *On the other hand, in order to isolate the Pierce operation for this purposes of this analysis, cash flows from operating expenses and lags in reimbursement (accounts payable) are reflected as if it is a separate operation.”*

Envision provided a letter of financial commitment to fund the project. The letter is signed by Envision’s Finance Partner. [source: Application, Appendix N]

Envision also provided historical Revenue and Expense Statement, Balance Sheets, and Cash Flow Statements for full years 2014 and 2015 and 5 months of year 2016. [source: Application, Appendix O]

Public Comments

None

Rebuttal Comments

None

The department’s evaluation of the Envision application under this sub-criterion will be discussed concurrently with the Careage and Harvard Partners projects.

Harvard Partners, LLC

The capital expenditure associated with the establishment of a Medicare and Medicaid home health agency in Pierce County is \$32,000. A breakdown of the capital expenditure is shown in Table 32 below. [source: Application, pp33-34]

Table 32
Harvard Partners
Estimated Capital Expenditure Breakdown

Item	Cost
CN Fees and Application Preparation	\$ 25000
Office and Nursing Supplies	\$ 7,000
Total	\$ 32,000

Harvard Partners provided two documents to demonstrate a financial commitment to the project. One is a letter from Morgan Stanley¹⁷ signed by the Complex Risk Officer, Eileen Clark. This letter provides the following statements related to the financial health of Harvard Partners. [source: application, Appendix 21]

“Please be advised that Harvard Partners, LLC currently maintains brokerage accounts at Morgan Stanley Smith Barney LLC ("Morgan Stanley") which contain assets, including cash and marketable securities, valued in excess of \$100,000 as of the close of business on October 25, 2016. We are presenting the information contained herein pursuant to our customer's request. It is valid as of the date of issuance and is subject to change. Morgan Stanley does not warranty or guaranty that such identified securities, assets or monies will remain in the customer's account. The customer has the full power to withdraw assets from this account at any time and no security interest or collateral rights are being granted to any party other than Morgan Stanley to the extent of any debit in the account.”

Harvard Partners also provided a letter of financial commitment signed by the manager of Harvard Partners, Aleksandra Danilov. The letter provides the following statements related to the funding source for the project. [source: Application, Appendix 22]

¹⁷ Morgan Stanley is an American multi-national financial services corporation headquartered in New York City. Morgan Stanley operates in 24 countries and has more than 1300 offices. Morgan Stanley has had a dominant role in technology investment banking. [source: Morgan Stanley website at www.morganstanley.com]

“We, the executive board of Harvard Partners Home Health, hereby designate our intent to provide financial commitment for any and all costs associated with Medicare expansion efforts into Pierce County. To that end, the board reserves both available company assets, as well as those funds designated by Morgan Stanley to be used if need be.”

In addition to the financial commitment letter, Harvard Partners provided its audited financial statements for years 2013, 2014, and 2015. [source: Application, Appendices 24, 25, and 26]

Public Comments

None

Rebuttal Comments

None

Department Evaluation and Superiority Review

Each applicant provided a breakdown of their estimated capital costs. Careage intends to establish a new home health agency in Pierce County, and both Envision and Harvard Partners intend to co-locate with their existing King County agency. Regardless of the process to be used, each applicant states there are no construction costs with establishment of services in Pierce County for any of the three applicants. The majority of costs are related to furniture, equipment, and supplies

All three applicants intend to fund their project using existing cash reserves. Careage provided audited financial statements for years 2012 through 2015. Envision provided audited financial statements for years 2014 and 2015, and five months of 2016. Harvard Partners provided audited financial statements for years 2013 through 2015, and a letter from Morgan Stanley attesting to the positive financial health of Harvard Partners, LLC.

During the review of this project, Harvard Partners elected to change the site of its King County agency. This action did not allow the department to confirm that the estimated capital costs of \$32,000 continue to be accurate.

For the Careage and Envision projects, after reviewing the estimated capital costs and the financial statements provided, the department concludes that regardless of which project is approved, a condition is necessary to ensure that the project(s) would be financed as described in the application. The condition is stated below.

[Applicant Name] shall finance the project using the financing as described in the application.

In conclusion, Harvard Partners project does **not meet this sub-criterion**. For the Careage and Envision projects, with written agreement to the condition stated above, **both applicants meet this sub-criterion**. The department concludes that the Envision and Careage applications are superior.

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

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Careage Home Health, LLC project **met** the applicable need criteria in WAC 246-310-230.

Based on the source information reviewed, the department determines that the Envision Home Health of Washington, LLC project **did not meet** the applicable need criteria in WAC 246-310-230.

Based on the source information reviewed, the department determines that the Harvard Partners project **did not meet** the applicable need criteria in WAC 246-310-230.

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

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

Careage Home Health, LLC

Careage provided a table showing the projected number of FTEs (full time equivalents) for its Pierce County home health agency. The table is recreated below. [source: March 17, 2017, screening response, Attachment 3]

**Table 33
Careage Home Health-Pierce County
Proposed FTEs for Years 2018-2020**

Staff	Year 2018	Year 2019 Increase	Year 2020 Increase	Total
RN	1.05	1.06	1.06	3.17
Physical Therapy	1.92	1.93	1.92	5.77
Home Health Aide	0.18	0.18	0.19	0.55
Director	1.00	0.00	0.00	1.00
Director of Nursing	0.50	0.50	0.00	1.00
Case Manager	0.25	1.75	0.00	2.00
Marketing	0.50	0.50	1.00	2.00
Office Manager	0.75	1.25	1.00	3.00
Occupational Therapy	0.72	0.72	0.73	2.17
Speech Therapy	0.14	0.13	0.14	0.41
Medical Social Worker	0.10	0.09	0.09	0.28
Total	7.11	8.11	6.13	21.35

Careage provided the following additional information related to the table. [source: January 9, 2017, screening response, p7]

- *Medical Director is under contract and not included in the table.*
- *Physical, occupational, and speech therapists are included because they are employees rather than under contract*
- *No staff is expected to be shared with Patriot’s Landing.*

In addition to the table above, Careage provided the following statements related to this sub-criterion. [source: January 9, 2017, screening response, pp9-10]

“Careage Home Health utilizes a variety of recruiting tools. Careage Home Health works closely with the local schools and colleges (University of Washington, Lake Washington and Seattle University); this allows Careage to participate in job fairs, serve as sites in the clinical rotations, participate in career education and scholarship programs. Careage Home Health also utilizes the many different job posting websites as well to recruit potential employees (LinkedIn, Indeed, and ZipRecruiter, to name a few). Careage Home Health also offers a clinical career ladder system for current staff which gives them the opportunity to increase their skills and wages.

In addition to the established relationships and strategies noted in response to Question #20 [above], Careage Home Health also intends to establish the same type of working relationship with the Pierce County colleges (University of Washington’s Tacoma campus, Pacific Lutheran University and the University of Puget Sound). The University of Puget Sound and Pacific Lutheran University therapy and nursing programs will be a great resource for staffing and recruitment efforts. With Patriots Landing, we already use the Vocational Rehabilitation office at American Lake to recruit Veterans exiting the military; this resource will be expanded to include home health job opportunities. As noted in the application, Careage Home Health will offer competitive wage and benefit package to potential Pierce County employees.

Careage Home Health has also recently established a South King County office. We would anticipate that some staff from this office, as scheduling permits, may be available to also serve Pierce County patients. In addition, several South King County staff actually resides in Pierce County and has expressed interest in relocating once the new agency is operational.

For all of these reasons, Careage Home Health does not anticipate difficulty recruiting staff for its Pierce County operations.

Using the recruiting sources identified in Question #21 [above], Careage Home Health will begin recruiting clinical staff about one month prior to opening to ensure that we have the needed staff needed to begin operations and providing home health services. In addition, administrative staff (office manager/billing and marketing staff) will be recruited at this time. Training for these staff will happen in our King County offices.”

Careage provided its current/projected staff to visit ratio shown in Table 34 below. [source: Application, p30]

Table 34
Careage Home Health Staffing Ratios

Type of Staff	Visits/FTE/Day
Skilled Nursing	4.4
Physical Therapist	4.4
Occupational Therapist	4.4
Speech Therapist	4.4
Medical Social Worker	1.5
Home Health Aides	6.0

Careage provided the following statements related to its staff to visit ratio shown in the table above. [source: Application, p30]

“Careage reviewed the most recent home health applications approved by the Department to develop a comparison of staffing ratios to its HH’s projected ratios and found that they were consistent with the previously approved applications.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

Careage has been in continuous operation as a Medicare and Medicaid provider in King County since it purchased the existing agency from Seattle University in year 2008.¹⁸ As an existing provider, Careage has an understanding of the appropriate staffing necessary to establish an agency in Pierce County. Specific to the Pierce County agency, Table 33 shows that 7.11 staff is needed in year one,

¹⁸ On February 11, 1994, CN #1102 was issued to Seattle University to establish a Medicare and Medicaid home health agency in King County. The agency was known as “Bessie Burton Sullivan Home Health Agency.”

which increases to 21.85 by the end of year three. Careage also identified a projected number of visits per staff per day of 4.4. This ratio is reasonable and consistent with data provided in past home health applications reviewed by the program.

Careage provided a copy of its draft Medical Director Agreement that outlines roles and responsibilities for both the medical director and Careage Home Health, Inc. If this project is approved, the department would attach a condition requiring Careage to provide a copy of the executed medical director agreement. The condition is stated below.

Prior to providing Medicare and Medicaid home health services in Pierce County, Careage Home Health, LLC shall provide the Certificate of Need Program with a copy of the executed medical director agreement. The executed agreement shall be consistent with the draft agreement provided in the application.

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

Information provided in the application demonstrates that Careage is an established provider of home health services in King County. Based on the above information, the department concludes that Careage has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

Envision Home Health of Washington

Envision currently provide Medicare and Medicaid certified home health services in King County. With this project, Envision would provide the same services in Pierce County through its King County agency. Envision provided a table showing its current FTEs for year 2017 and projected FTEs for years 2018 through 2020. The information is shown in Table 35 below. [source: October 18, 2016, screening response, Attachment SR-11]

**Table 35
Envision Home Health of Washington, LLC
Current and Proposed FTEs for Years 2017 - 2020**

Staff	King	Pierce County Increases				Pierce Only	King/Pierce
	2017	2017	2018	2019	2020	Total	Combined Total
Director	1.00	1.00	0.00	0.00	0.00	1.00	2.00
Clinical Manager	1.00	0.00	0.00	0.00	0.00	0.00	1.00
Nursing	2.02	0.32	0.36	0.40	0.54	1.62	3.64
Medical Social Worker	0.06	0.01	0.02	0.01	0.02	0.06	0.12
Home Health Aide	0.06	0.01	0.01	0.01	0.02	0.05	0.11
Administration	1.00	0.00	0.00	0.00	0.00	0.00	1.00
Office Manager	1.00	0.00	0.00	0.00	0.00	0.00	1.00
Team Assistant	0.75	0.00	0.00	0.00	0.00	0.00	0.75
Data Entry Clerk	0.00	0.38	0.13	0.25	0.25	1.01	1.01
Account Executive	2.00	0.75	0.25	0.00	0.00	1.00	3.00
Total	8.89	2.47	0.77	0.67	0.83	4.74	13.63

Envision provided the following information related to the staff table above. [source: October 18, 2016, screening response, pp30-31]

“Please see Attachment SR-11 for a Staffing Summary table showing the projected number of FTE's for the entire agency.

- For illustrative purposes, the King County growth rate is set at a flat 450 admissions per year.*
- Services would start in April, 2017 and the table shows staffing through 2020.*

Shared staffing costs: *As shown in the notes to the Pierce and Combined proforma operating statements, the expenses, including salaries and benefits, of the following positions are proposed to be shared between King and Pierce:*

Patient Care Staff:

- Clinical Supervisor*

Administrative Staff

- Administrator*
- Office Manager*

The expenses of these shared positions are split between the two Counties' operations based on the relative percent of annual admissions between the two counties.

Sharing clinical/home visit staffing: *In the case of clinical personnel whose make home visits, these may be shared also if logistics and geography support that on any given day. For example, an Envision-HHW nurse might visit both a King County patient and a Pierce County patient on the same day. But, for purposes of the financial pro form a, the costs of such a visit and related expenses are treated as variable, are tracked by the visit, not by shared FTE, and are allocated to the county in which the patient lives.”*

In addition to the table and information above, Envision provided the following statements related to this sub-criterion. [source: October 18, 2016, screening response, pp15-16]

“Fortunately, Envision-HHW has not had any difficulty recruiting and retaining the staff it requires. The agency places a high priority on its recruitment and retention efforts. Please see Attachment SR-3 for a copy of the Envision-HHW Personnel Retention Policy. Three factors contributing to current and anticipated success include:

- Envision-HHW's pay and benefits are competitive for both recruitment and retention. Benefits include medical, dental/orthotics, vision, life insurance, and 401k with company matching.*
- Envision-HHW has successfully used the wide range of available resources to attract, screen, select, hire and employees. These include: local job fairs; the online jobsearch websites; using recruitment agencies; word of mouth through existing employees; outreach through existing employee relationships with professional organizations.*
- Some of the current King County staff already live in Pierce County and look forward to providing in home-services to Pierce County residents where they live. Current staff look forward to a Pierce expansion since it will result in less drive time, greater productivity resulting from that, both of which lead to higher job satisfaction.”*

Envision provided its current/projected staff to visit ratio shown in Table 36 below. [source: Application, p29]

Table 36
Envision Home Health of Washington Staffing Ratios

Type of Staff	Visits/Visit Ratio
Skilled Nursing	4.9
Physical Therapist	N/A contracted per visit
Occupational Therapist	
Speech Therapist	
Medical Social Worker	3.2
Home Health Aides	5.1

Envision provided the following statements related to its staff to visit ratio shown in the table above.
[source: Application, p29]

“These ratios reflect national standards of care. They are based on Envision members' current experience, knowledge of competitors' standards, relationship with Utah Association of Home Care and articles from National Association of Home Care.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

On April 29, 2014, CN #1527 was issued to Envision Home Health of Washington approving the establishment of the Medicare and Medicaid certified home health agency in King County. At that time, Envision was operating a licensed only home health agency in the county and expected it could complete its Medicare and Medicaid requirements within six months of CN approval. On December 28, 2014, In Home Services license #60521160 was issued to Envision Home Health of Washington noting the Medicare and Medicaid approval. Envision Home Health of Washington has been in continuous operation as a Medicare and Medicaid provider in King County since late year 2014.

As an existing provider, Envision has an understanding of the appropriate staffing necessary to expand Medicare and Medicaid home health services into Pierce County. Since the Pierce County agency will be co-located with the King County agency, Envision provided both current King County FTEs and showed any increases necessary to expand into Pierce County. Specific to the Pierce County services, Envision expects to add a three year total of 4.74 FTEs, for an agency total of 13.63 FTEs by the end of year three. Envision also identified a projected number of visits per staff per day of 4.9 for skilled nursing; 3.2 for medical social workers; and 5.1 for home health aides. These ratios are reasonable and consistent with data provided in past home health applications reviewed by the program.

Envision provided a copy of its executed Medical Director Agreement that outlines roles and responsibilities for both the medical director and Envision Home Health of Washington.

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

Information provided in the application demonstrates that Envision is an established provider of home health services in King County. Based on the above information, the department concludes that Envision has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

Harvard Partners, LLC

Harvard Partners currently provide Medicare and Medicaid certified home health services in King County. With this project, Harvard Partners would provide the same services in Pierce County through its King County agency and provided the following clarification of the proposed operations. [source: January 9, 2017, screening response, p13]

“Operations in Pierce County would be not be fully separate from the King County agency and would still report to the governing board located in King County. Additionally, several aspects of Pierce County operations will be managed for the foreseeable future by Harvard Partners staff located in King County including scheduling and customer service. As the Pierce County operations grow, Harvard Partners intends to establish an office presence, that while not fully autonomous from the King County, will be able to more directly manage several functions in Pierce including sales, nursing supply storage, and local Human Resource management. These projections can be seen in the increase of rent demonstrated in the projected expense reports for Pierce County as well as the increase in administrative roles shown in Current and Projected Number of Employees.”

Harvard Partners provided a table showing its current FTEs for year 2017 and projected FTEs for years 2018 through 2020. The information is shown in Table 37. [source: January 1, 2017, screening response, Appendix 5]

**Table 37
Harvard Partners, LLC
Pierce County Current and Proposed FTEs for Years 2017 – 2020**

Staff	Current Year 2017	Year 2018 Increase	Year 2019 Increase	Year 2020 Increase	Total
Registered Nurses	1.00	1.00	1.00	1.00	4.00
Home Health Aides	2.00	2.00	2.00	2.00	8.00
Administrator	1.00	0.00	1.00	1.00	3.00
Medical Director	1.00	0.00	0.00	0.00	1.00
Director of Nursing	0.50	0.50	0.00	0.00	1.00
Business/Clerical	0.50	1.50	0.00	1.00	3.00
Physical Therapy	1.00	1.00	1.00	3.00	6.00
Occupational Therapy	0.50	0.50	1.00	2.00	4.00
Speech Therapy	0.50	0.50	0.00	1.00	2.00
Medical Social Worker	0.50	0.00	0.00	0.00	0.50
Total	8.50	7.00	6.00	11.00	32.50

Harvard Partners provided the following information related to the staff table above. [source: January 9, 2017, screening response, p3 and p15]

“Harvard Partners does not contract any of its staff, including physical, occupational and speech therapists, as they are all employees.”

- *Harvard Partners wishes to clarify and revise its projected plans for utilizing a Medical Director. Home Health Agencies are not required to utilize a Medical Director, and as such Harvard Partners does not currently have, nor plan to incorporate a Medical Director position.*
- *Dr. Eiji Namani, a colleague and confidant of Aleksandra and Mirjana Danilov, and a member of the Harvard Partners Advisory Board, has agreed to serve as an honorary Medical Director, and function in an advisory, and consulting role. As it is an honorary position, there is no contract or pay associated with the role.*
- *Aleksandra Danilov will continue to operate as Director of Clinical Services.”*

In addition to the table and information above, Harvard Partners provided the following statements related to this sub-criterion. [source: Application, pp44-45]

“Note: Our Medical Director, Dr. Eiji Minami will operate as advisory role, and as such while involved and active in the role, will not be financially compensated for his services.

For the first year, the RN involved will additionally serve as the DNS and provide the necessary services, by 2018 the role of DNS will be a separate position with an individual fully dedicated to the position.

As per Medicare requirements, Harvard Partners maintains a close record and documentation of our current clinical and administrative personnel, as well as projected forecasts and thresholds which establish parameters for when further hiring is needed. If any personnel shortcoming should occur, immediate action is taken by the relevant Administrative department to ensure standards/elements of performance are met and that quality of care is not compromised. Harvard Partners currently provides, and will continue to offer competitive wages, training opportunities and responsive management.”

Harvard Partners provided its current and projected staff to visit ratio shown in Table 38. [source: January 9, 2017, screening response, p15]

**Table 38
Harvard Partners, LLC Staffing Ratios**

Type of Staff	King County Visits/FTE/Day	Pierce County Visits/FTE/Day
Skilled Nursing	4.5	4.5
Physical Therapist	5.0	5.0
Occupational Therapist	5.0	5.0
Speech Therapist	3.5	3.5
Medical Social Worker	0.25	0.25
Home Health Aides	1.50*	1.50*

Harvard Partners provided the following statements related to its staff to visit ratio shown in the table above. [source: January 9, 2017, screening response, pp15-16]

- **Home Health Aides perform visits that last a significant portion of the day, typically 8+ hours, and as such, the number of visits are low.*
- *The Current Staff to Visit Ratio in King County is similar to the projected ratio in Pierce.*

- *Harvard Partners expects this to be a reliable projection of Pierce County as it represents the comprehensive and cohesive efforts of Harvard Partners as a Medicare Certified Agency, adhering to all state and federal standards in treating Medicare, Medicaid and Private Pay/Insurance patients using the modes of care and treatment methodology that we have found to effective and plan to standardize across all of our patients. For these reasons, we expect the utilization rates in King to be a reliable projector for operations in Pierce County.*

Public Comments

None

Rebuttal Comments

None

Department Evaluation

On December 15, 2010, CN #1434 was issued to Harvard Partners, LLC approving the establishment of the Medicare and Medicaid certified home health agency in King County. At that time, Harvard Partners was operating a licensed only home health agency in the county and expected it could complete its Medicare and Medicaid requirements within 18 months of CN approval. In April 2012, Harvard Partners began providing Medicare and Medicaid home health services to King County patients; however, reimbursement for those services occurred in January 2013.¹⁹ Harvard Partners, LLC has been in continuous operation as a Medicare and Medicaid provider in King County since April 2012.

As an existing provider, Harvard Partners has an understanding of the appropriate staffing necessary to expand Medicare and Medicaid home health services into Pierce County. Since the Pierce County agency will be co-located with the King County agency, Harvard Partners provided both current King County FTEs and showed any increases necessary to expand into Pierce County. Specific to the Pierce County services, Harvard Partners expects to add a three year total of 24 FTEs, for an agency total of 32.50 FTEs by the end of year three.

Harvard Partners also identified a projected number of visits per staff per day of 4.5 for skilled nursing; 5.0 for physical and occupational therapies; 3.5 for speech therapies; 0.25 for medical social workers; and 1.5 for home health aides. These ratios are reasonable and consistent with data provided in past home health applications reviewed by the program for skilled nursing and therapies.

Both medical social worker and home health aide ratios appear to be significantly different than other projects and specifically the ratios in the Careage and Envision projects. Harvard Partners stated that its home health aides “*provide visits that last a significant portion of the day, typically 8+ hours, and as such, the number of visits is low.*” Harvard Partners does not provide an explanation of why its medical social worker ratio is also low. Neither Careage nor Envision provided comments related to Harvard Partners staffing ratios. Further, none of the existing home health agencies provided comments related to the staffing ratios identified by Harvard Partners. For Washington State, in home service agencies, including home health agencies, operate under WAC 246-335. A review of this administrative code reveals no specific standards for staff visits per patient ratios. As a result, while Harvard Partners medical social worker and home health aide ratios identified above are lower than Careage and Envision, at this time, the ratios are not grounds to deny the project.

¹⁹ Source: December 2012 progress report for CN #1434 received on January 23, 2013.

Harvard Partners also states it does not intend to enter into a contract for a medical director because it is not a state or federal (CMS) requirement to do so. Instead, Harvard Partners intends to have an ‘honorary’ medical director that is unpaid and not under contract.²⁰

Harvard Partners intends to use the strategies it has successfully used in the past for recruitment and retention of staff for Pierce County agency. The strategies identified by Harvard Partners are acceptable.

Information provided in the application demonstrates that Harvard Partners is an established provider of home health services in King County. Based on the above information, the department concludes that Harvard Partners has the ability and expertise to recruit and retain a sufficient supply of qualified staff for this project. **This sub-criterion is met.**

Department Evaluation and Superiority Review

A section of the department’s utilization survey allows for existing providers to include comments. Two agencies provided comments within the survey related to this sub-criterion, though not focusing on any one applicant. Below is the comments submitted by agency.

Assured Home Health, Federal Way

“Second, the addition of another home health provider will further exacerbate the healthcare professional staffing shortage in Pierce County. Our agency currently has open positions for 7 skilled healthcare professionals (2 RNs, 1 LPN, 2 PTs, 1 OT, and 1 SLP). The addition of another provider competing for skilled professional personnel will significantly affect our ability to recruit additional personnel to continue to expand our services in the County. In addition, it likely will cause an increase in costs as wages and benefits might need to be increased to counter competitive recruiting pressures. That additional wage pressure could force current high quality providers out of the county which leads us to our final concern.”

Symbol Healthcare dba Puget Sound Home Health, Tacoma

“Puget Sound Home Health, like many other healthcare providers across the spectrum, sometimes struggles with staffing. However, we have demonstrated that we are able to meet the CMS guideline of admission within 48 hours of completed referral from a physician or facility. Our unique culture of local operations/decision making and ‘Customer Second’ core value allows us to recruit and retain high quality, high performing staff.”

The department provided the completed utilization surveys to each applicant during public comment. Only Envision provided rebuttal on the survey comments under this sub-criterion.

Envision Home Health of Washington

Below is a restatement of the rebuttal that focus on this review criteria and identified by the providers. [source: Envision May 15, 2017, rebuttal, p10]

“Envision responses to Assured Home Health – Assured’s lack of confidence that it can keep its professional staff is concerning. Even if Assured’s assumption were correct-that all the need in Pierce County is already being met-then Assured and all its competitors will still face the need for additional staff as their volumes grow in response to baby boom demographics and financial

²⁰ This information is further addressed in subsection (3) under this review criterion.

incentives in health care reform. If, on the other hand, there is current unmet need and need is also growing, as the interim Need Method demonstrates, Assured will still have to compete for staff against many other agencies to serve the demand for care. And, certainly, [it] is not the role of Certificate of Need to restrict market entry so that wages for health care professionals can be controlled or dampened.”

Envision’s response above completely addresses Assured’s concerns regarding staffing. Further, Envision is correct in its statement that the CN Program’s role cannot include restricting necessary growth of healthcare providers based on the possibility of staff unavailability.

Each applicant is currently providing Medicare and Medicaid home health services in King County and licensed only home health services in Pierce County. Careage’s project proposes a new home health agency in Pierce County; both Envision and Harvard Partners propose to serve Pierce County through an existing agency in King County. In a previous sub-criterion, the department concluded that, specific to these three projects, neither approach is superior to the other.

Regardless of whether a new agency is to be established or services were to be provided from an existing agency, recruitment of additional staff is necessary. Each applicant intends to use current strategies to recruit and retain necessary staff.

For all three applications, staffing ratios for skilled nursing and therapies are similar. While Harvard Partners staffing ratios are comparatively lower than Careage and Envision, since Washington State does not have a staff to patient ratio requirement, none of the projects can be superior based on this issue.

Both Careage and Envision will employ a medical director; Harvard Partners will have access to a physician, but no specific medical director. Since Washington State and CMS do not require a medical director, none of the projects can be considered superior based on this issue.

Based on the information reviewed in each of the applications, the department concludes all three applicants **meet this sub-criterion**. Further, each application is equivalent to the other.

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

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

Careage Home Health, LLC

Careage provided the following statements related to this sub-criterion. [source: Application, p32, and January 9, 2017, screening response, p10 & Attachment 6]

“Given the breadth and scope of our existing home health in King County, Careage Home Health does not anticipate any difficulty in meeting the ancillary service demands of the proposed project. Included in Attachment 6 [of the screening response] is a list of the ancillary service providers in

place for King County. The ancillary and support service vendors used in King County are generally available in Pierce County. As such, Careage Home Health will initially use the same entities.”

Careage Home Health’s Attachment 6 as referenced above is recreated in the table below.

<i>Ancillary/Support Provider</i>	<i>Services Provided</i>
<i>Fusion</i>	<i>Medical staffing</i>
<i>Ability Network</i>	<i>Medicare claims processing</i>
<i>Select Data</i>	<i>Coding of insurance claims</i>
<i>NetSmart</i>	<i>Electronic medical records</i>
<i>Alscripts</i>	<i>Electronic medical records</i>
<i>McKesson</i>	<i>Medical supplies</i>
<i>DSS Research</i>	<i>Customer satisfaction surveys</i>
<i>Pac Lab</i>	<i>Laboratory services</i>
<i>Apria</i>	<i>Oxygen services</i>
<i>Lincare</i>	<i>Oxygen services</i>
<i>Sound Oxygen</i>	<i>Oxygen services</i>
<i>Bellevue Healthcare</i>	<i>Durable medical equipment</i>
<i>New Motion</i>	<i>Durable medical equipment</i>
<i>Medtech Orthopedics</i>	<i>Durable medical equipment</i>
<i>Washington Health Care Association</i>	<i>L & I claims management</i>
<i>Zaifworks</i>	<i>IT support</i>
<i>Wolters Kluwer</i>	<i>Drug database management</i>
<i>Curaspan</i>	<i>Online referral system</i>
<i>Polylang Translation Services</i>	<i>Translation and interpretation services</i>

Public Comments

None

Rebuttal Comments

None

The department’s evaluation of Careage’s application under this sub-criterion will be discussed concurrently with the Envision and Harvard Partners projects.

Envision Home Health of Washington

Envision provided the following statements related to this sub-criterion. [source: October 18, 2016, screening response, pp16, and January 9, 2017, screening response, p10 & Attachment 6]

“Since the Pierce operation will be housed in the same location as King and will share in the use of the resources these vendors supply, no changes to the list are anticipated for the new Pierce County operation. Please see a list of vendors being used by the King County operation at Attachment S-5”

Envision’s Attachment S-5 as referenced above is recreated in the table below.

<i>Vendor</i>	<i>Product or Service</i>
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<i>BDK LLC</i>	<i>Accounting services</i>
<i>Blue Fin Office Group</i>	<i>Office supplies</i>
<i>Briggs Healthcare</i>	<i>Medical supplies</i>
<i>Comcast Business</i>	<i>Communications technology</i>
<i>Comprehensive Home & Companion Svcs. LLC</i>	<i>Temporary staffing agency</i>
<i>Copiers Northwest</i>	<i>Copier service</i>
<i>Corporation Service Company</i>	<i>Marketing services</i>
<i>De Lage Landen</i>	<i>Office equipment</i>
<i>Ducky's Office Furniture</i>	<i>Office furniture</i>
<i>FastSigns</i>	<i>Signage</i>
<i>First Advantage Background Services Corp</i>	<i>Background checks</i>
<i>Go Daddy.com</i>	<i>Website design</i>
<i>Gordon's Copy Print</i>	<i>Printing</i>
<i>Hansen Creative</i>	<i>Marketing material</i>
<i>Health & Company CPA, LLC</i>	<i>Accountants</i>
<i>Home Health Coding Solutions</i>	<i>Medical records management</i>
<i>Kleenwell Biohazard Waste</i>	<i>Bio-waste management</i>
<i>Les Olson Company</i>	<i>Office equipment</i>
<i>McKesson Medical Surgical</i>	<i>Medical supplies</i>
<i>MedForms, Inc.</i>	<i>Medical forms</i>
<i>Medical Forms Management, Inc.</i>	<i>Medical forms</i>
<i>Oldham Technology</i>	<i>IT services</i>
<i>Payroll Experts</i>	<i>Payroll processing</i>
<i>Quality Logo Products</i>	<i>Marketing</i>
<i>Roadrunner Print & Copy</i>	<i>Printing</i>
<i>Seagull Printing Service, Inc.</i>	<i>Printing</i>
<i>Shred-IT USA</i>	<i>Document shredding</i>
<i>Stericycle, Inc.</i>	<i>Sharps management & hazardous waste</i>
<i>Strategic Healthcare Programs, LLC</i>	<i>Clinical & financial benchmarking</i>
<i>T-Mobile</i>	<i>Mobile phones</i>
<i>The UPS Store</i>	<i>Document shipping</i>
<i>USPS</i>	<i>Document shipping</i>
<i>Waste Management</i>	<i>Waste management & recycling</i>

Public Comments

None

Rebuttal Comments

None

The department's evaluation of Envision's application under this sub-criterion will be discussed concurrently with the Careage and Harvard Partners projects.

Harvard Partners, LLC

In response to this sub-criterion, Harvard Partners provided the following statements. [source: Application, p46 and January 9, 2017, screening response, p17]

“Harvard Partners support staff performs various functions, including community liaison and administrative as well as program supervision. The costs related to these functions are conveyed in the financial statements. Additionally Harvard Partners operates a medical staffing agency that will provide support in obtaining personnel to staff the Home Health operation. Harvard Partners has already received support and desire from agencies in Pierce that wish to coordinate with us upon Medicare Certification, including Tacoma Nursing and Rehab, Avamere Heritage, Genesis Linden Grove, Avalon Care Center, Alaska Gardens, Burien Nursing and Rehab, the NARHC and Heartwood Extended Care Center, and North Auburn Rehab Center.”

“Harvard Partners is currently contracted with Alora Health to provide an Electronic Health Record System that streamlines patient care, clinical communication, and scheduling. Pierce County patients have been integrated into our established EHR systems. Harvard Partners is also contracted with Televox for automated patient reminders that help reduce cancellations and provide real time rescheduling. Harvard Partners has not required staffing services to supplement our clinical roster since June of 2015. Harvard Partners has continued relationships with health care staffing agencies in the event that assistance becomes necessary.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation and Superiority Review

Each applicant is currently providing Medicare and Medicaid home health services in King County. Careage’s project proposes a new home health agency in Pierce County; both Envision and Harvard Partners propose to serve Pierce County through an existing agency in King County. In a previous sub-criterion, the department concluded that, specific to these three projects, neither approach is superior to the other.

Regardless of whether a new agency is established or services are provided from an existing agency, all ancillary and support agreements are already in place. With the establishment of a new agency, Careage expects all existing vendors will be available for its Pierce County office. Both Envision and Harvard Partners expect no changes to existing agreements. Based on the information reviewed in each of the applications, the department concludes all three applicants **meet this sub-criterion**. Further, each application is equivalent to the other.

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

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

As part of this review, the department must also conclude that the proposed services provided by an applicant would be provided in a manner that ensures safe and adequate care to the public.²¹ To accomplish this task, the department reviews the quality of care compliance history for all Washington State and out-of-state healthcare facilities owned, operated, or managed by an applicant, its parent company, or its subsidiaries.

Careage Home Health, LLC

In response to this sub criterion, Careage provided the following statements. [source: Application, p33]

“Neither Careage Home Health nor any of its members have any history with response to the referenced actions.”

Careage provided the following information related to the background experience and qualifications of the applicant. [source: Application, p33]

“Careage Home Health operates an existing high quality, Medicare certified home health agency in King County. In addition, the owner members of Careage Home Health have a long and proven history of planning, developing, and operating health care services and facilities. Specifically, Mr. Gene Lynn is the controlling member of Patriots Landing, a comprehensive retirement community, where the administrative offices of the Pierce County home health program will be housed. Mr. Lynn is also the owner of Careage Home Health. Careage has a lengthy and proud health care development history in Washington State and elsewhere and has developed and constructed more than 400 health care related facilities and program including nursing homes, acute care and psychiatric hospitals, retirement centers and medical offices.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

As stated in the applicant description section of this evaluation, Careage Home Health, LLC is one of eight privately owned corporations that operate under the ‘Careage’ name. All eight corporations are active with the Washington State Secretary of State office; however three of the eight are not actively in use. The following three members have ownership of Careage Home Health, LLC: Gene Lynn, Kelly Callahan, and Careage Healthcare of Washington, Inc. Neither Gene Lynn nor Kelly Callahan hold a healthcare credential in Washington or any other state.

Careage Healthcare of Washington, Inc. is an S-Corporation that functions as the managing member of both Careage Home Health, LLC and Careage at Home, LLC. It also fulfills a management function for various other entities.

Careage at Home, LLC is the Washington State home care agency. The agency obtained an initial Washington State home care license on June 7, 2010. Since then, the agency has been surveyed two times: October 12, 2011 and February 13, 2014. Both surveys resulted in no significant non-compliance issues. [source: ILRS survey data and Department of Health Investigations and Inspections Office]

²¹ WAC 246-310-230(5).

Careage Home Health LLC is the Washington State home health care agency. The agency’s most recent surveys were conducted in April 11, 2012 and February 13, 2014. Both surveys resulted in no significant non-compliance issues. [source: ILRS survey data and Department of Health Investigations and Inspections Office]

Careage also operates Mission Healthcare at Bellevue, a 129 bed skilled nursing facility located in Bellevue within King County. Mission Healthcare at Bellevue’s most recent quality of care survey was conducted on December 30, 2016, and the most recent fire safety survey was conducted on January 12, 2017. Both surveys resulted in no significant non-compliance issues. [source: Department of Social and Health Services survey data]

In addition to the facilities identified above, the department also reviewed the compliance history for known home health staff, which includes the medical director and the speech/language pathologist. A summary of the staff review is below.

**Table 39
Careage Home Health Staff**

Name	Credential #	Status	Role
Eric JH Troyer	00039087	Active	Medical Director
Hamidah Virani	00002882	Active	Speech Language Pathologist

As shown in the table above, known home health staff associated with Careage Home Health’s Pierce County project have an active credential in good standing.

For the remaining staff of the agency, Careage provided the following statements.

“As noted in response to earlier questions, Careage Home Health has assumed that two months prior to offering services in Pierce County that we will establish the office and begin the process of formally commencing Pierce County operations. Using the recruiting sources identified in Question #21, Careage Home Health will begin recruiting clinical staff about one month prior to opening to ensure that we have the needed staff needed to begin operations and providing home health services. In addition, administrative staff (office manager/billing and marketing staff) will be recruited at this time. Training for these staff will happen in our King County offices.”

Information provided by Careage during this review demonstrates that Careage intends to meet all necessary staffing and credentialing requirements for its Pierce County home health agency. Since key staff have not yet been hired for the agency, if this project is approved, the department would require Careage to provide a listing of key staff for the Pierce County home health agency prior to providing Medicare and Medicaid certified home health services. The condition is stated below.

Prior to providing Medicare and Medicaid certified home health services in Pierce County, Careage Home Health, LLC will provide a listing of key staff to the Certificate of Need Program. The listing of key staff shall include the name and professional license number.

Based on the above information and Careage Home Health, LLC’s agreement to the staffing condition, , the department concludes that Careage demonstrated reasonable assurance that its Pierce

County home health agency would operate in compliance with state and federal requirements if this project is approved. **This sub criterion is met.**

Envision Home Health of Washington

Under this sub-criterion, Envision responded “No” to the following questions in the application:

- a) Have any of the applicants been adjudged insolvent or bankrupt in any state or federal court?
- b) Have any of the applicants been involved in a court proceeding to make judgment of insolvency or bankruptcy with respect to the applicant?

Envision provided the following information related to the background experience and qualifications of the applicant. [source: Application, pp32-33]

“Envision Home Health and Hospice began in August of 2005-when six therapists and a business professional met in Alpine, Utah, with the goal of improving the continuum of care between the area's skilled nursing facilities and its home health services. All of the therapists involved had seen the need for a stronger bridge between skilled nursing care and home health-particularly in the consistency of the therapy that was being provided to the patient.

Since its inception, every state survey in Envision, Utah's history has been 100% deficiency-free and Envision is ranked by Medicare in the top quartile nationally for patient outcomes. In 2008, Envision hired Sherie Stewart, CSW-and President of the Utah Home Care Association-to lead the company. By the end of the year, Envision was awarded the Home Health Quality Improvement Award and Home Health Quality Certificate from Home Health Quality Improvement (HHQI). Envision followed those honors by winning the same award and certificate in 2009 and 2010.

In 2009, Envision began expanding its services to Salt Lake County-and soon after expanded into Davis and Weber counties of Utah. Currently, Envision is one of the largest providers of home health and hospice services across the counties of the Wasatch Front. Envision's mission continues to focus on timely home health and hospice services-with an emphasis on consistency in the continuum of care.

Through its relationships with a rehabilitation agency serving King County facilities, Envision partners saw a service gap between inpatient and in-home care in that service area. This led to application for and approval of a new home health agency in King County, Envision Home Health of Washington, LLC. The King County agency received Medicare certification in June 2015.

Because of its South King County location in Burien, the King home health agency has providers in its referral base that also serve Pierce County residents. Interviews with area providers have confirmed the availability and accessibility problems in Pierce County well beyond the level of anecdote. Accordingly, the Envision partners are now proposing to expand the King County Medicare-certified home health agency to also serve Pierce County.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation

As stated in the applicant description section of this evaluation, Envision Home Health of Washington is one of three privately owned corporations that have the same or overlapping membership. Of the three, only Envision Home Health of Washington is active with the Washington State Secretary of State office. The following eight members have ownership of Envision Home Health of Washington.

Name	Name
Rhett Anderson	Chad Fullmer, PT
Greg Atwood, RN	Darin McSpadden, OT
Wyatt Cloward, OT	Sherie Stewart, MSW
Jason Crump, PT	Derek White, PT

Of the eight members with ownership of Envision Home Health of Washington, only Chad Fullmer holds a Washington State healthcare license.

Envision Home Health of Washington, LLC is the Washington State home health agency. The agency obtained an initial Washington State home health license on December 17, 2014 and obtained Medicare and Medicaid home health licensure on December 23, 2015. The agency has been surveyed two times: initial license survey on December 17, 2014 and renewal survey on October 5, 2015. Both surveys resulted in no significant non-compliance issues. [source: ILRS survey data and Department of Health Investigations and Inspections Office]

In addition to the facilities identified above, the department also reviewed the compliance history for known home health staff, which includes the medical director and one of the owners, Chad Fullmer. A summary of the staff review is in Table 40.

Table 41
Envision Home Health Staff

Name	Credential #	Status	Role
Ann K. Aarhus	RN00064167	Active	Registered Nurse
Natalie M. Anderson	OT00001151	Active	Occupational Therapist
Xcina Babayan	PT00009548	Active	Physical Therapist
Laural A. Boyd	PT00003548	Active	Physical Therapist
James J. Buttitta	MD00033961	Active	Medical Director
Gabriella L. Carter	OT60142917	Active	Occupational Therapist
Irene Sta Ana Chom	NC60620543	Active	Nursing Assistant-certified

Table 41 (continued)
Envision Home Health Staff

Chad B. Fullmer	PT00010369	Active	Physical Therapist
Meicha A. Geohagen-Moguche	SC60382134	Active	Social Worker Associate
Michele D. Gill	PT60037822	Active	Physical Therapist
Eric N. Green	RN60103816	Active	Registered Nurse
Gayle A. Grennan	OC60186571	Active	Occupational Therapist Assistant
Michelle C. Huntley	RN00092456	Active	Registered Nurse
Michael N. Kingoina	RN60386456	Active	Registered Nurse
David W. Kinyua	NC60420282	Active	Nursing Assistant-certified
Travis D. Lanier	PT60643901	Active	Physical Therapist
Darrell E. Mamon	P160046812	Active	Physical Therapist Assistant
Susan P. Maynard	RN00149388	Active	Registered Nurse
Donny L. McCormick	RN60101423	Active	Registered Nurse
Rachel R. Samanyi	OC00001259	Active	Occupational Therapist Assistant
Angelene L. Sas	P160031473	Active	Physical Therapist Assistant
Brenda L. Shaffer	P160500552	Active	Physical Therapist Assistant
Patrick K. Todd	P160043698	Active	Physical Therapist Assistant
Todd T. Tuttle	LL00003716	Active	Speech Language Pathologist
Jay M. VanBockel	P160046920	Active	Physical Therapist Assistant

As shown in the table above, all known home health staff associated with Envision’s Pierce County project have an active credential in good standing.

Information provided by Envision during this review demonstrates that qualified key staff are already in place and Envision intends to meet all credentialing requirements for its Pierce County home health services.

Based on the above information, the department concludes that Envision demonstrated reasonable assurance that its King County home health agency would continue to operate in compliance with state and federal requirements if the services are expanded to residents of Pierce County. **This sub criterion is met.**

Harvard Partners, LLC

In its application, Harvard Partners provided the following information. [source: Application, p47]

- A) *Regarding Insolvent or Bankruptcy*
Harvard Partners, nor any principal officer of the company, has any criminal conviction, denial or revocation to operate a health care facility or decertification in the Medicare or Medicaid program. Additionally, Harvard Partners and its principles have never been adjudged insolvent or bankrupt in any state or federal court.
- B) *Involvement in Court Proceeding to make Judgment of Insolvency or Bankruptcy*
Harvard Partners, nor any principles, has ever been involved in any court proceeding to make judgement of insolvency or bankrupt whatsoever.

Harvard Partners provided the following information related to the background experience and qualifications of the applicant. [source: Application, p48]

“Harvard Partners is a women owned, multilingual, diverse, Department of Health licensed, Medicare Certified, Joint Commission Awarded Company that is local to Washington, and has been operating in the area for over 15 years.

Both managing partners have combined over 50 years of healthcare experience. Dr. Aleksandra Danilov has operated as an Administrator, president, and Director of Patient Services in the Home Health industry in California as well as Washington, while Mirjana M. Danilov Pharm. D Director of Administration has over 19 years prior experience as a Senior Executive, operating a large pharmaceutical production company in Europe. Aleksandra did her medical Clerkship at Harvard Medical School, and at Mass General Hospital, working with world renowned medical professionals.

Aleksandra Danilov is the Clinical Director, and Eiji Minami serves as the Medical Director.”

Public Comments

Careage provided the following comments under this sub-criterion. [source: Careage public comment, p9]

In its application, Harvard Partners notes that it will have neither a medical director nor a licensed director of clinical services. Specifically, Harvard Partners proposes an 'honorary' medical director and does not propose to either employ or contract with this individual for medical directorship. In addition, Harvard Partners also notes that its director of clinical services, Aleksandra Danilov, is no longer a practicing physician and is not licensed in Washington State. This arrangement raises concerns about its ability to comply with WAC 246-335-095 (Supervision of home health care) and 42 CFR 484.14 (c) and (d).

Rebuttal Comments

“Like with the 2014 CMS data, Careage seems to have trouble understanding the very information they cite, in this case, the Washington State Law and the Medicare Condition of Participation. As per WAC 246-335-015 the following Home Health positions are defined as such;

"Medical director" means a physician licensed under chapter 18.57 or 18.71 RCW responsible for the medical component of patient care provided in an in-home services agency licensed to provide hospice and hospice care center services according to WAC 246-335-055 (4)(a). "

*As Harvard Partners is not, nor does it plan to become, licensed to provide hospice and hospice care center services, we are under **no legal obligation** to utilize a Medical Director in any capacity. The fact that we have designated, and utilize, Dr. Minami as our honorary Medical Director demonstrates our commitment to providing effective patient care, and our willingness to go above and beyond what the law requires to ensure the quality of our services.*

In regards to Careage’s concerns about Aleksandra’s designation as Director of Clinical Services, WAC 246-335-015 defines the role as:

"Director of clinical services" means an individual responsible for nursing, therapy, nutritional, social, or related services that support the plan of care provided by in-home services agencies licensed to provide home health, hospice or hospice care center services."

Furthermore WAC-246-335-095 (Supervision of Home Health Care) does not require the Director of Clinical Service to have any kind of active professional license. Aleksandra Danilov's history, training, and expertise in Healthcare12, more than qualify her as a Director of Clinical Services for Medicare Services in Pierce County.

As for Careage's concerns regarding Medicare Condition of Participation 42 CFR 484.14 (c) and (d), the sections clarify the following positions;

"(c) Standard: Administrator. The Administrator, who may also be the supervising physician or registered nurse required under paragraph (d) of this section, organizes and directs the agency's ongoing functions; maintains ongoing liaison among the governing body, the group of professional personnel, and the staff; employs qualified personnel and ensures adequate staff education and evaluations; ensures the accuracy of public information materials and activities; and implements an effective budgeting and accounting system. A qualified person is authorized in writing to act in the absence of the administrator.

(d) Standard: Supervising Physician or Registered Nurse. The skilled nursing and other therapeutic services furnished are under the supervision and direction of a physician or a registered nurse (who preferably has at least 1 year of nursing experience and is a public health nurse). This person, or similarly qualified alternate, is available at all times during operating hours and participates in all activities relevant to the professional services furnished, including the development of qualification of personnel."

As noted in our application, Aleksandra Danilov is the designated Administrator for Medicare Certified Services in Pierce County, and as such she meets all qualifications for the role as outlined in WAC 246-335-015 and 42 CFR 484.14 (c).

As 42 CFR 484.14 (c) specifically notes that the Administrator and the Supervising Physician/Nurse does not have to be the same person, we will utilize a Director of Nursing (DNS) to meet 42 CFR 484.14 (d). In our three-year FTE projections for Pierce County, we referenced our intent to have a full-time DNS dedicated to Pierce County Medicare Services. This DNS will of course meet all the criteria outlined in 42 CFR 484.14 (d), and our projected FTE table clearly distinguishes the role as being separate from the Administrator/Director of Clinical Services.

Either Careage missed our utilization of a DNS, or they fail to understand the nuances of the law as it pertains to Home Health. Harvard Partners acknowledges that administration of Home Health is a complex process, and as Careage's Home Health Operations are supplementary to its primary business of "private real estate development and management"13 we are better focused on the laws and regulations of Home Health as it represents the principal operations of our company."

Department Evaluation

As stated in the applicant description section of this evaluation, Harvard Partners, LLC is a locally owned and operated Washington State corporation. The following two owners/managers are associated with Harvard Partners.

Name
Aleksandra M Danilov, PhD
Mirjana M. Danilov

Of the two owners, only Mirjana Danilov holds a Washington State healthcare license.

Harvard Partners is the Washington State home health agency. The agency obtained an initial Washington State home health license year 2010 and obtained Medicare and Medicaid home health licensure in April 2012. The agency has been surveyed four times: initial license survey on October 19, 2010, and renewal surveyed on February 1, 2012, December 18, 2013, and May 13, 2015.²² . All surveys resulted in no significant non-compliance issues. [source: ILRS survey data and Department of Health Investigations and Inspections Office]

In addition to the facilities identified above, the department also reviewed the compliance history for known home health staff, which includes one of the owners, Mirjana M, Danilov and the physician that agreed to act not a contracted medical director, but in an unpaid advisory role. A summary of the staff review is in Table 41.

**Table 41
Harvard Partners Home Health Staff**

Name	Credential #	Status	Role
Michelle Barnett	OC60252345	Active	Occupational Therapist-Assistant
Matthew Cassity	P1160423692	Active	Physical Therapist-Assistant
Britan Cosand	OT60282814	Active	Occupational Therapist
Mirjana M. Danilov	NA00188731	Active	Nursing Assistant-Registered
Rahel Mamo	NA60559405	Active	Nursing Assistant-Registered
Eiji Minami	MD00026646	Active	Medical Director
Sweet Santos	RN60650712	Active	Registered Nurse
Chia-Ling (Catherine) Tsai	PT60533695	Active	Physical Therapist
Eden Weldu	NA00186842	Active	Nursing Assistant-Registered

As shown in Table 41, all known home health staff associated with Harvard Partners Pierce County project have an active credential in good standing. For the remaining staff of the agency, Harvard Partners provided the following statements.

“Harvard Partners is currently accepting applications for qualified staff to operate in Pierce County. However, at this time, no decisions have been made as to what individuals will be utilized in the future.”

Careage provided comments focusing on Harvard Partners staffing of its home health agency and whether the agency’s staffing plan would meet the requirements of WAC 246-335-095 (supervision of home health care) and WAC 246-335-015 (definitions). A review of both administrative codes reveals that the Harvard Partners staffing plan would meet both requirements.

²² The renewal surveys were Joint Commission surveys and Harvard Partners received ‘deemed status’ for Washington State based on the surveys.

Careage also voiced concerns that Harvard Partners staffing plan would not meet the CMS requirements under 42 CFR 484.14 (c) and (d). A review of those requirements also reveals that Harvard Partners staffing plan would meet CMS requirements.

Information provided during this review demonstrates that Harvard Partners intends to meet all necessary staffing and credentialing requirements for its Pierce County home health services. Since key staff have yet to be hired, if this project is approved, the department would require Harvard Partners to provide a listing of key staff prior to providing Medicare and Medicaid certified home health services in Pierce County.

Based on the above information and Harvard Partners, LLC's agreement to the staffing condition, the department concludes that Harvard Partners demonstrated reasonable assurance that its King County home health agency would continue to operate in compliance with state and federal requirements if the services are expanded to residents of Pierce County. **This sub criterion is met.**

Department Evaluation and Superiority Review

A section of the department's utilization survey allows for existing providers to include comments. Two agencies provided comments within the survey related to this sub-criterion, though not focusing on any one applicant. Below is the comments submitted by agency.

Assured Home Health, Federal Way

"Our agency has achieved a 4 Star CMS Star rating for quality of home health services. The addition of another home health agency may affect our ability to continue to retain our skilled professional employees and consequently affect our quality outcomes. We are therefore also concerned about the demonstrated lack of quality of care provided by the applicants. According to the CMS Star ratings available at the Home Health Compare website

(<https://www.medicare.gov/homehealthcompare/search.html>) the applicants' most recently reported CMS Star Ratings are: Envision 3 Stars; Careage 2.5 Stars; and Harvard 2 stars. These are subpar quality results and considering the above in its entirety we believe the applicant's should not be permitted to proceed with their applications."

Symbol Healthcare dba Puget Sound Home Health, Tacoma

"With regards to the current capabilities of Pierce county home health providers, I researched the quality of care per the medicare.gov site (Medicare.gov). The 3 largest agencies, Puget Sound home health, Multicare Good Samaritan, and Gentiva (now Kindred) are all at or above the national average in star rating (3 stars). With 7 out of 9 agencies listed as providing home health services in Pierce county being at or greater than 3 stars and 6 out 9 being at greater or than 3.5 stars (the Washington state average), this shows that the current home health care providers are able to provide quality care to the patients entrusted in them (Medicare.gov, 2017).

Puget Sound Home health has performed rigorous quality improvement programs so that we can meet the needs of our Pierce County residents. By using the benchmarking software of Strategic Healthcare Programs (SHP), we are able to quickly identify any areas of opportunity to improve patient care. We work closely with our ACO's, BPCI partners, and other post-acute care partners to ensure that the transition to home with promotes patient safety and high quality care. We are able to provide this care in a timely manner after discharge from a facility as evidences by our 93.3% timely initiation of care percentage. We perform above the state (89.1%) and national average (92.9%) (Medicare.gov, 2017). Through these same processes we have been able to promote patient

well-being and reduce hospitalizations to 13.2% (less than the state average of 15% and national Average of 16.3%) (Medicare.gov, 2017).”

The department provided the completed utilization surveys to each applicant during public comment. Both Careage and Envision provided rebuttal on the survey comments referenced above.

Careage Home Health Rebuttal

Below is a re-creation of the table with the rebuttal comments that focus on this review criteria. [source: Careage May 15, 2017, rebuttal, p7]

Agency	Agencies in “Supply”	Response
Assured Home Health	10	<ul style="list-style-type: none"> • Careage is also a high quality provider of home health services as demonstrated in the <i>Qualis</i> reports submitted with our public comment submittal.

Envision Home Health of Washington

Below is a restatement of the rebuttal that focus on this review criteria and identified by provider. [source: Envision May 15, 2017, rebuttal, pp9-10]

“Envision responses to Assured Home Health – Assured criticizes the quality of Envision’s King County services, calling a 3-star rating ‘subpar.’ Yet, the latest review of Medicare Compare showed 3 stars as the Washington state average so it cannot be ‘subpar.’” Furthermore, CMS statistically adjusts the data nationally so as to maintain the 3-star rating as the national average. Though Envision’s Utah operation has 4 stars, the King County office is proud of its quality accomplishments in the short months of rapid growth since it began operations in Washington. Due to the time lag between submission of raw quality data and the posting of ratings to Medicare Compare.com, Envision’s quality data contractor in King County has shown it is on track for a 4-star rating to be posted by the end of 2017.

The response provided by Envision completely addresses concerns raised by Assured regarding the CMS star rating. A three star rating is considered average and Careage and Harvard Partners 2.5 and 2 star rating is slightly below average. While the department considers these CMS star ratings, they do not tell an entire story about a provider. If an applicant’s rating was consistently below average for its agency, the department may ask follow up questions. Based on the ratings of the three applicants, none of the ratings are grounds for denial.

Each applicant is currently providing Medicare and Medicaid home health services in King County and licensed only home health services in Pierce County. Careage and Harvard Partners intend to hire new staff, but had very few staff for the department’s credential review during this evaluation. Envision already has much its staff in place, allowing the department’s credential status review. Given that the department has the authority to condition a Certificate of Need if deemed necessary, specific to these three projects, neither approach is superior to the other. For all three applications, quality of care of the existing agency and known staff is adequate.

Both Careage and Envision will employ a medical director; Harvard Partners will have access to a specific physician, but not under contract. Since Washington State and CMS do not require a home health agency to have a physician on staff or under contract, none of the projects can be superior based on this issue.

Based on the information reviewed in each of the applications, the department concludes all three applicants **meet this sub-criterion**. Further, each application is equivalent to the other.

- (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.

Careage Home Health, LLC

Careage provided the following statements related to this sub criterion. [source: Application, p33 and January 9, 2017, screening response, p10]

“With health care reform’s focus on integrated care delivery, accountable care organizations, the medical home model of care and penalties for hospital readmission, home health agencies are an increasing important link in the health care continuum. Careage Home Health is fully committed to developing and refining relationship with hospitals, nursing homes, and other health care providers in the community to ensure smooth and seamless transitions from the acute care to the post-acute care setting and highest quality and quickest recovery. Careage Home Health has a history of working collaboratively with other entities to ensure the most continuous and highest quality of care. Careage Home Health in Pierce County will be no exception.”

“Careage Home Health has predicated much of its growth on new home health volumes projected for Pierce County, and we have no intent to interfere with any patient’s current relationship with another home health agency. That said, as we do in King County, we will certainly support any patient contacting us or being referred to us from an existing home health agency. Careage Home Health believes that we can obtain our projected visit volume without negatively impacting existing home health patients and services. “

Public Comments

None

Rebuttal Comments

None

The department’s evaluation of Careage’s application under this sub-criterion will be discussed concurrently with the Envision and Harvard Partners projects.

Envision Home Health of Washington

Envision provided the following statements related to this sub criterion. [source: Application, p31 and October 18, 2016, screening response, pp19-20]

“When entering a new market, Envision's owners focus on relationships with institutions that refer large numbers of their current patients to home health agencies. Envision becomes part of the cross-setting care team through the large volume of patients and referrals the Envision staff and the

institutional staffs manage in concert. Because Envision is heavily oriented to the rehabilitation specialties by virtue of its ownership and industry relationships, many of these institutions are nursing homes or assisted living facilities.”

“The response to Question 23 above outlines the processes that Envision-HHW uses to promote continuity and avoid unwarranted fragmentation of services in King County. Since both King and Pierce Counties will be served under the same provider number and as one agency, the processes described for King also apply to Pierce:

Thorough market research

In light of its rapid growth in King County, Envision-HHW members expected they might find some of the same home health access and timeliness problems in Pierce County. As in King County, Envision interviewed numerous Pierce County providers who confirmed those concerns. Please see Attachment SR-1, Letters of Support and Estimated Referrals, for expressions by Pierce providers of their frustrations in assuring continuous care from skilled nursing, outpatient surgery, for example, into their patients' homes.

Sufficient staffing

Envision-HHW's decision to expand the King agency rather than start anew in Pierce County reflects its goal of achieving a scale of staffing and operation that can support rapid response to provider referrals. Creating a new location and a new agency in Pierce County would not build on the momentum and scale already in place in King County. A larger staff working out of one location has greater flexibility to get out to patient homes more rapidly for the first/assessment visit and to begin the ordered treatment and plan of care immediately. Building on the existing King infrastructure and staffing reduces fragmentation in the system and furthers the goal of continuity of care for patients as they are discharged from facilities to home.

Ownership and control by experienced rehabilitation specialists As one agency serving two counties from one location, Envision's professional hands-on culture and incentives already in place in King County are easily applied to the care to be provided in Pierce County.

Participation in quality improvement and benchmarking

The Pierce operation will collect and use the same data systems that Envision-HHW uses in King County. One of the King operation's start-up challenges was training all staff in observing, coding, and documenting to meet the stringent requirements of the CMS Outcome and Assessment Information Set (OASIS). By expanding rather than creating a new team in Pierce County, the entire King and Pierce operation will benefit from the orientation and training efforts invested in accurate and useful OASIS data submission. The better the input data, the more Envision-HHW can rely on its results to find areas for improvement in care and to act on them.”

Public Comments

None

Rebuttal Comments

None

The department's evaluation of Envision's application under this sub-criterion will be discussed concurrently with the Careage and Harvard Partners projects.

Harvard Partners, LLC

In response to this sub-criterion, Harvard Partners provided the following statements. [source: Application, p47 and January 9, 2017, screening response, p17]

“Harvard Partners has a long professional history with a number of health service resources throughout Pierce County, including Tacoma Nursing and Rehab, Alaska Gardens Rehab and Avamere Heritage Rehab. It is through our rapport with these facilities that they conveyed their identified shortage of Home Health agencies in Pierce County. Harvard Partners has already began coordinating with these companies in our current services throughout the County, and upon Medicare Certification, we will expand our planned cooperative activities. Harvard Partners will work with physicians’ offices, hospitals and residential facilities in order to maintain quality provider relations and to provide education about Home Health Services. Harvard Partners does not expect that expanding our Medicare coverage in Pierce will result in any unwarranted fragmentation of services. The current comprehensive continuum of care has been an effective means of operating, and has provided stellar comprehensive health care. These results are expected to continue upon Medicare certification in Pierce.”

“Harvard Partners has started to hire quality clinicians in Pierce County to provide services. We currently have Physical Therapists, Registered Nurses, Occupational Therapist, Physical Therapy Assistants, and Certified Occupational Therapist Assistants located in Southern King County and Pierce County. To ensure continuity of care for Harvard Patients, regional clinical teams have been established. As our census grows in Pierce County,²³”

Public Comments

None

Rebuttal Comments

None

Department Evaluation and Superiority Review

Each of the three applicants received letters of support for their respective projects. For Careage’s project, the City of Dupont, Patriots Landing, and South Sound Military & Communities Partnership provided valuable perspectives related to this sub-criterion. Specific to Envision’s project, six existing nursing homes also provided valuable perspectives under this sub-criterion. For Harvard Partners, five nursing homes, a United States Senator, and various patients/staff provided support.

Information provided in each of the applications demonstrates that all three applicants have the basic infrastructure in place to expand or establish Medicare and Medicaid certified home health services into Pierce County. Further, in the need section of this evaluation, the department concluded that need for at least one more agency in Pierce County had been demonstrated.

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

²³ This statement was incomplete in the screening response.

Since the Envision project failed to meet WAC 246-310-220(1), it cannot meet this sub-criterion. Since the Harvard Partners project failed to meet WAC 246-310-220(1), (2), and (3), it also cannot meet this sub-criterion.

Based on the information provided in each of the three applications, Careage's application **met this sub-criterion**. Both Envision and Harvard Partners projects **did not meet this sub-criterion**. The department concludes that the Careage Home Health application is superior.

- (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.

Careage Home Health, LLC

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

Envision Home Health of Washington

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

Harvard Partners, LLC

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

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

Based on the source information reviewed and agreement to the conditions identified in the conclusion section of this evaluation, the department determines that the Careage Home Health, LLC project **met** the applicable need criteria in WAC 246-310-240.

Based on the source information reviewed, the department determines that the Envision Home Health of Washington, LLC project **did not meet** the applicable need criteria in WAC 246-310-240.

Based on the source information reviewed, the department determines that the Harvard Partners project **did not meet** the applicable need criteria in WAC 246-310-240.

- (1) Superior alternatives, in terms of cost, efficiency, or effectiveness, are not available or practicable.
To determine if a proposed project is the best alternative, in terms of cost, efficiency, or effectiveness, the department takes a multi-step approach. First the department determines if the application has met the other criteria of WAC 246-310-210 thru 230. If the project has failed to meet one or more of these criteria then the project cannot be considered to be the best alternative in terms of cost, efficiency, or effectiveness as a result the application would fail this sub-criterion.

If the project has met the applicable criteria in WAC 246-310-210 through 230 criteria, the department then assesses the other options considered by the applicant. If the department determines the proposed project is better or equal to other options considered by the applicant and the department has not identified any other better options this criterion is determined to be met unless there are multiple applications.

If there are multiple applications, the department's assessment is to apply any service or facility superiority criteria contained throughout WAC 246-310 related to the specific project type. The adopted superiority criteria are objective measures used to compare competing projects and make the determination between two or more approvable projects which is the best alternative. If WAC

246-310 does not contain any service or facility type superiority criteria as directed by WAC 246-310-200(2) (a)(i), then the department would look to WAC 246-310-240(2)(a)(ii) and (b) for criteria to make the assessment of the competing proposals. If there are no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b), then using its experience and expertise, the department would assess the competing projects and determine which project should be approved.

Careage Home Health, LLC

Step One

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

Step Two

Before submitting this application, Careage considered the following three options. The options and Careage's rationale for rejecting them is below. [source: Application, p35 and January 9, 2017, screening response, p11]

- **Do Nothing**
"Since there is a clear need as identified through the home health methodology for additional agencies in Pierce County we decided that [this option] was not responsive to the community need."
- **Establish a Licensed Only Agency**
"Careage Home Health's experience in King County is that the vast majority of our patients are Medicare or Medicaid and the majority of the rest are covered through insurance companies that require Medicare certification prior to contracting with them. As a result of our experience, [this option] was ruled out because we would be establishing an agency that could not serve the majority of patients in need of home health services; and therefore would not significantly address the need identified."
- **Expanding Services to Pierce County using our Existing King County Office**
Based on conversations with CN Program staff, we understand that this question specifically requests Careage Home Health to discuss why we did not evaluate expanding services to Pierce County using our existing King County office (not establishing a new office in Pierce County). We did, in fact, consider this option, but based on our experience in King County, rejected it. Our experience is that it is difficult for staff to cover large geographic areas, and having a "home" base closer to their patients minimizes travel times. In fact, and based on this fact, we recently opened a Renton office in King County to help reduce staff travel time for our South-end staff. The availability of space at Patriots Landing made the option of locating in Pierce County relatively simple and very cost effective.

Envision Home Health of Washington

For this project, Envision did not meet the applicable review criteria under WAC 246-310-220 and 230. Therefore, the department does not evaluate the project under steps one and two.

Harvard Partners, LLC

For this project, Harvard Partners did not meet the applicable review criteria under WAC 246-310-220, and 230. Therefore, the department does not evaluate the project under steps one and two.

Careage Home Health, LLC

Step Three

This step is applicable only when there are two or more approvable projects. Since both the Envision and the Harvard Partners applications failed to meet review criteria, the Careage application is the only application that could be approved under WAC 246-310-240. Therefore, this step does not apply to this review.

Public Comments

None

Rebuttal Comments

None

Department Evaluation

The department concluded in the need section of this evaluation that Pierce County could accommodate at least one more provider. Careage provided documentation to demonstrate it is the superior project under this concurrent review. As a result, Careage’s rejection of the “do nothing” option was appropriate. The department did not identify any alternative that was a superior alternative in terms of cost, efficiency, or effectiveness that is available or practicable.

Since there are no construction costs to establish the Pierce County home health agency, the services can be provided with very little financial impact to the applicant or the community.

Taking into account the public comments related to need for additional Medicare and Medicaid home health services in Pierce County, the department concurs that Careage’s project is reasonable and the best available option for the planning area and surrounding communities. **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;

Careage Home Health, LLC

This application does not involve construction. This sub-criterion does not apply to the Careage application.

Envision Home Health of Washington

This application does not involve construction. This sub-criterion does not apply to the Envision application.

Harvard Partners, LLC

This application does not involve construction. This sub-criterion does not apply to the Harvard Partners application.

(b) The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.

Careage Home Health, LLC

This application does not involve construction. The capital cost of \$49,800 to establish the home health agency is solely for office equipment, furniture, and associated review fees.

Public Comments

None

Rebuttal Comments

None

The department’s evaluation of Careage’s application under this sub-criterion will be discussed concurrently with the Envision and Harvard Partners projects.

Envision Home Health of Washington

This application does not involve construction. The capital cost of \$12,000 to establish the home health agency is solely for office equipment and furniture.

Public Comments

None

Rebuttal Comments

None

The department’s evaluation of Envision’s application under this sub-criterion will be discussed concurrently with the Careage and Harvard Partners projects.

Harvard Partners, LLC

Under WAC 246-310-220(2) and (2), the department concluded that it did not have an opportunity to clarify whether this application involved construction at the new site in King County. As a result, the department determined that the estimated capital cost of \$32,000 to establish the home health agency was unreliable for this review.

Public Comments

None

Rebuttal Comments

None

Department Evaluation and Superiority Review

Under WAC 246-310-210, each applicant provided sound and reasonable rationale that another Medicare and Medicaid certified home health agency in Pierce County is needed. However, two of the three applications did not meet the review criteria under WAC 246-310-220(1) and 246-310-230(4). As a result, only one of the applications can meet this sub-criterion. Careage’s application **met this sub-criterion**. Both Envision and Harvard Partners projects **did not meet this sub-criterion**. The department concludes that the Careage Home Health application is superior.

- (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.

Careage Home Health, LLC

Careage provided the following statements related to this sub criterion. [source: Application, p36]
“Careage also operates a successful home health agency in King County. Expanding to Pierce County will allow Careage to take its existing infrastructure and replicate it in an adjacent county. At the corporate level, we anticipate some savings in terms of increased efficiencies through a sharing of expenses across a larger program.”

Public Comments

None

Rebuttal Comments

None

The department’s evaluation of the Careage application under this sub-criterion will be discussed concurrently with the Envision and Harvard Partners projects.

Envision Home Health of Washington

Envision provided the following statements related to this sub criterion. [source: Application, pp36-37]

“Shared offices

By providing administrative functions from the existing agency office in Burien, located in King County, the proposed project minimizes additional required capital and operating expense in the system.

Supporting timely discharge

The proposed expansion of Envision Home Health of Washington, LLC will increase the availability of Medicare home health services in Pierce County. Home health services are a critical component of cost savings strategies for acute and post-acute hospital and skilled nursing providers. When in-home services are not sufficiently available, inpatient providers have difficulty discharging patients on a timely basis. Not only that, if the patient is discharged without sufficient home health services in place, there is an increased risk of unnecessary re-admission and the waste of financial resources that result. When a patient's condition allows discharge, it is not only wasteful of money but also of staff time to maintain the patient in the inpatient setting.

Reducing re-hospitalization

Furthermore, when a patient recovering from an illness or injury that requires acute care is discharged to the home setting, there is an increased risk of re-injury as the patient adjusts back to the home environment with compromised function. Sufficient in-home services and support can prevent this re-injury and reduce the risk of unnecessary re-admission to the acute setting and the resulting waste of medical care dollars.

Based on Envision-HHW's King County experience, its Pierce County patients will experience substantially fewer re-hospitalizations than do patients served by other area home health agencies. Whereas the Washington average re-admission of home health patients is 14.9%, the patients of Envision-HHW's existing King County agency experienced only 5.9% hospital re-admissions over the same period. This low rate of re-admission saves money in the system and also reduces the potential of penalties which CMS has begun to levy against hospitals with excess re-admissions.”

Public Comments

None

Rebuttal Comments

None

The department's evaluation of Envision's application under this sub-criterion will be discussed concurrently with the Careage and Harvard Partners projects.

Harvard Partners, LLC

Harvard Partners provided the following statements related to this sub criterion. [source: Application, p49]

“Medicare Certification in Pierce County will allow Harvard Partners to offer a more comprehensive and holistic approach to our services as it will enable us to treat a larger demographic of patients, many of whom rely on Medicare for their Home Health services. In doing so, Harvard Partners will be better equipped to streamline and allow for increased productivity and staff/system efficiency. Harvard Partners plans to devote additional planning and administrative insight to ensure that all Home Health services, and that the staff involved will be of a high quality and effectiveness and any methods of improvement will be identified and implemented.”

Public Comments

None

Rebuttal Comments

None

Department Evaluation and Superiority Review

Each applicant provided sound and reasonable rationale for adding another Medicare and Medicaid certified home health agency in Pierce County. If approved, each of the three projects has the potential to improve delivery of necessary in home services to Pierce County. However, two of the three applications did not meet the review criteria under WAC 246-310-220 and 246-310-230. As a result, only one of the applications can meet this sub-criterion. Careage's application **met this sub-criterion**. Both Envision and Harvard Partners projects **did not meet this sub-criterion**. The department concludes that the Careage Home Health application is superior.

APPENDIX A

State Health Plan Home Health Methodology-Pierce County Three Home Health Applications for Pierce County

Step 1-Population by Age Cohort	2015	2016	2017	2018	2019	2020
0-64	728,213	732,454	736,695	740,936	745,177	749,418
65-79	79,084	83,479	87,874	92,269	96,664	101,059
80+	24,647	24,935	25,223	25,512	25,800	26,088
Step 2-Projected Home Health Patients by Age Cohort						
0-64 X 0.005	3,641.07	3,662.27	3,683.48	3,704.68	3,725.89	3,747.09
65-79 X 0.044	3,479.70	3,673.08	3,866.46	4,059.84	4,253.22	4,446.60
80+ X 0.183	4,510.40	4,563.11	4,615.81	4,668.70	4,721.40	4,774.10
Step 3-Projected Home Health visits by age cohort						
0-64	3,641.07	3,662.27	3,683.48	3,704.68	3,725.89	3,747.09
Multiplier	10	10	10	10	10	10
Subtotal 0-64	36,410.65	36,622.70	36,834.75	37,046.80	37,258.85	37,470.90
65-79	3,479.70	3,673.08	3,866.46	4,059.84	4,253.22	4,446.60
Multiplier	14	14	14	14	14	14
Subtotal 65-79	48,715.74	51,423.06	54,130.38	56,837.70	59,545.02	62,252.34
80+	4,510.40	4,563.11	4,615.81	4,668.70	4,721.40	4,774.10
Multiplier	21	21	21	21	21	21
Subtotal 80+	94,718.42	95,825.21	96,931.99	98,042.62	99,149.40	100,256.18
Total Projected Home Health Visits	179,844.82	183,870.97	187,897.12	191,927.12	195,953.27	199,979.43
Step 4-Gross Need (Step 3 Total Visits /10,000)	17.98	18.39	18.79	19.19	19.60	20.00
Step 5- No. of Home Health Agencies	13	13	13	13	13	13
Step 6 Net Need (Per Method, Fractions are rounded down)	4	5	5	6	6	6
A negative number means there is a surplus						