



STATE OF WASHINGTON  
DEPARTMENT OF HEALTH

April 19, 2013

Certified Mail 7012 1010 0000 5625 0464

Donald Reppy  
Director of Health Planning  
HRC—Manor Care Health Services, LLC  
7361 Calhoun Place, Suite 300  
Rockville, Maryland 20855

RE: CN12-08A

Dear Mr. Reppy:

We have completed the review of the Certificate of Need application submitted by HRC-Manor Care Health Services, LLC proposing to establish a 120-bed skilled nursing home in Snohomish 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.

Need	WAC <sup>1</sup> 246-310-210
Financial Feasibility	WAC 246-310-220
Structure and Process (Quality) of care	WAC 246-310-230
Cost Containment	WAC 246-310-240

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<sup>1</sup> Washington Administrative Code



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

Appeal Option 1:

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

Mailing Address:

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

Other Than By Mail

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

Appeal Option 2:

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

Mailing Address:

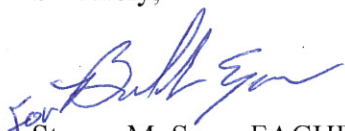
Adjudicative Service Unit  
Mail Stop 47879  
Olympia, WA 98504-7879

Other Than By Mail

Adjudicative Clerk Office  
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,



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

Enclosure

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

**EVALUATION DATED APRIL 19, 2013 FOR THE CERTIFICATE OF NEED  
APPLICATION SUBMITTED BY HCR MANORCARE HEALTH SERVICES PROPOSING  
TO ESTABLISH A NEW 120-BED SKILLED NURSING CENTER IN SNOHOMISH  
COUNTY**

**APPLICANT DESCRIPTION**

HCR ManorCare own or operates three subsidiaries that provide long-term care and short-term post-acute services through a network of skilled nursing centers, rehabilitation centers, assisted living facilities, outpatient rehabilitation clinics, hospices, and home health care agencies across the United States. The three HCR ManorCare subsidiaries primarily operate under the Heartland, ManorCare Health Services and Arden Court names. [source: HCR ManorCare website and CN historical files] In Washington State, HCR ManorCare owns or operates six skilled nursing facilities under the ManorCare Health Services subsidiary. In addition to the six skilled nursing facilities, it owns or operates in Washington; ManorCare Health Services owns and operates a home care agency and a Medicare certified home health agency. Listed below are the six skilled nursing facilities and the home care and home health agency owned or operated by ManorCare Health Services. [source: HCR ManorCare Website and CN historical files]

**Skilled Nursing Facilities**

ManorCare Health Services –Gig Harbor  
ManorCare Health Services –Lacey  
ManorCare Health Services –Lynnwood  
ManorCare Health Services –Salmon Creek  
ManorCare Health Services –Spokane  
ManorCare Health Services –Tacoma

**Home Care and Home Health Agency**

Heartland Home Care Home & Health Agency–Seattle

**PROJECT DESCRIPTION**

HCR ManorCare submitted this application proposing to establish a new 120-bed skilled nursing facility within Snohomish County. The new 120-bed facility would be known as ManorCare Health Services, LLC of Snohomish County and it would provide long-term care and short-term post-acute services to the residents of Snohomish County. ManorCare Health Services, LLC of Snohomish County will be referenced in this evaluation as “MC-Snohomish” for ease of the reader. The application proposes to establish a new 120-bed skilled nursing facility on a parcel of land marked as census tract #051920/3000 located at 3611 to 3617 Maltby Road, within the city of Bothell, Washington 98012-1433<sup>1</sup>. [source: Supplemental information, received March 13, 2012 and Snohomish County Assessor website] The proposed facility would be approximately 62,450 gross square feet consisting of a two-story building with 40 private and 40 semi-private rooms. MC-Snohomish will seek both Medicare and Medicaid certification. The proposed facility will provide physical, occupational, speech, and recreational therapies.

Services to be provided at the proposed MC-Snohomish facility include skilled nursing care, intensive rehabilitative therapies, long-term care, restorative care, hospice care by contracting with a local hospice provider, respite care, high acuity post-acute services, and support services. [source: Amended Application, pages 5-6] The anticipated construction commencement date for MC-Snohomish is March 2013, and the facility is projected to begin serving patients by August 2014. Under this timeline, the

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<sup>1</sup> The Snohomish County Assessor’s Office identifies the site as parcel #27052100202100.

first full year of operation is projected to be year August 2014 to August 2015, and year three is August 2016 to August 2017. [source: Amended Application, p4]

The estimated capital expenditure for this project is \$17,523,850 of which 58.41% is related to constructions costs; 14.27% is related to land purchase and site preparation; 13.73% is related to fixed and movable equipment costs; 9.03% is related to state sales tax and fees; and the remaining 4.57% is related to corporate overhead. [source: Amended Application, p26]

### **APPLICABILITY OF CERTIFICATE OF NEED LAW**

This project is subject to Certificate of Need review as the construction, development, or other establishment of a new health care facility under the provisions of Revised Code of Washington (RCW) 70.38.105(4)(a) and Washington Administrative Code (WAC) 246-310-020(1)(a) and 246-310-380.

### **CRITERIA EVALUATION**

To obtain Certificate of Need approval, MC-Snohomish must demonstrate compliance with the criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); and 246-310-240 (cost containment); and WAC 246-310-360 (nursing home bed need method).<sup>2</sup>

### **APPLICATION CHRONOLOGY**

Letter of Intent Submitted	August 30, 2011
Application Submitted	September 30, 2011
Department's Pre-Review Activities	
• 1 <sup>st</sup> screening activities and responses	October 1, 2011 to November 7, 2011
• Supplemental screening questions	November 7, 2011 <sup>3</sup> to December 22, 2011 <sup>4</sup>
Amended Application received	January 24, 2012
Department's Pre-Review Activities	January 24, 2012 to
• 2 <sup>nd</sup> screening activities and responses	May 22, 2012 <sup>5</sup>
Department Begins Review of the Application	May 23, 2012
Public Hearing /End of Public Comment	June 26, 2012 <sup>6</sup>
End of Rebuttal Comment Period	July 12, 2012
Department's Anticipated Decision Date	August 27, 2012
Department's Actual Decision Date	April 19, 2013

### **TYPE OF REVIEW**

As directed under WAC 246-310-130(5), the department accepted this project under the 2011 nursing home current review cycle for Snohomish County planning area. In accordance with Certificate of Need Program policy, when applications initially submitted under a concurrent review cycle are deemed not to be competing, the department may convert the review to the regular review process. Given that MC-Snohomish was the only applicant proposing to provide services under the nursing

<sup>2</sup> Each criterion contains certain sub-criteria. The following sub-criteria are not discussed in this evaluation because they are not relevant to this project: WAC 246-310-210(3), (4), and (5).

<sup>3</sup> The department extends screening responses due date by one week until December 22, 2011

<sup>4</sup> On December 8, 2011, the applicant request 30-day extension to submit supplemental information until January 24, 2012

<sup>5</sup> On May 3, 2012, the applicant requested another 30-days extension to submit supplemental information until June 6, 2012

<sup>6</sup> The department did not receive a request for public hearing and none was conducted

homes concurrent review cycle for Snohomish County, the application was converted to a regular review.

### **AFFECTED PERSONS**

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

“...an “interested person” who:

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

Although several parties asked for and received interested person status for this project, none met all three requirements as identified above to be classified as an affected person. The listing of interested persons is as follows:

- Service Employee International Union Healthcare local 775 NW located in Federal Way
- Aging Services of Washington located in Du Pont;
- Bethany of the Northwest, a Skilled nursing facility located in Everett, Snohomish County;
- Health Facility Planning and Development;
- Pathways Healthcare; and
- Restorative Care Center, a healthcare facility located in Seattle, King County.

### **SOURCE INFORMATION REVIEWED**

- HCR ManorCare Health Services Certificate of Need application received September 11, 2011
- HCR ManorCare Health Services Certificate of Need amended application and supplemental information received January 24, 2012
- HCR ManorCare Health Services supplemental information received March 13, 2012 and May 16, 2012
- Rebuttal comments received from Ryan Swanson and Cleveland, PLLC on behalf of HCR-ManorCare Health Services on July 5, 2012
- Population data obtained from the Office of Financial Management based on year 2000 census published November 2007
- Department of Social and Health Services Estimating Nursing-Home-Comparable-Home and Community Based Long-Term Care Capacity
- 2010 Medicaid cost report data provided by the Department of Social and Health Services<sup>7</sup>
- Licensing and/or survey data provided by the Department of Social and Health Services
- Building lid and reimbursement data provided by the Department of Social and Health Services, Office of Rates Management
- Information obtained from the applicant’s website at [www.hcr-manorcare.com](http://www.hcr-manorcare.com)
- Certificate of Need Historical files

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<sup>7</sup> As of the writing of this evaluation, 2011 Medicaid cost report data is not available.

**CONCLUSION**

For the reasons stated in this evaluation, the application submitted by HCR ManorCare health Services, LLC proposing to establish ManorCare of Snohomish, Washington a 120-bed skilled nursing facility within Snohomish 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 and WAC 246-310-360)**

Based on the source information reviewed, the department determines that the application is not consistent with 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 contain specifics WAC 246-310-210(1) need criteria as identified in WAC 246-310-200(2)(a)(i).

The proposed skilled 120-bed nursing facility would be an additional facility in Snohomish County. One component of evaluating need for SNF beds is the nursing home bed numeric need methodology found in WAC 246-310-360. To demonstrate need for additional 120-beds in Snohomish County, the applicant provided its numeric need calculations, referred to the department's methodology and stated, "According to the state bed need methodology, Snohomish County will need 229 additional nursing home beds by the time Manor Care is scheduled to open in 2014, to reach the 40 bed per thousand standard." [source: Amended Application, page 16]

#### Nursing Home Bed Need Method (WAC 246-310-360)

*"For all applications where the need for nursing home beds is not deemed met as identified in RCW [70.38.115\(13\)](#), the following mathematical calculation will be used as a guideline and represents only one component of evaluating need."* [Emphasis added]

The methodology, outlined in WAC 246-310-360, is a four-step process. The first step requires a calculation of the statewide and planning area specific estimated bed need for the projection year. For nursing home applications submitted in the 2011 concurrent review cycle, 2014 is the projection year. The second step requires a calculation of the projected current supply ratio statewide and for each planning area. The third step requires a determination of the planning areas that will be under the established ratio, or over the established ratio, in the projection year. The fourth, and final step, requires a comparison of the most recent statewide bed supply with the statewide estimated bed need. Application of the first four steps of the methodology outlined above indicates that Washington State is projected to be under the 40/1,000 established ratio by 2,157 beds in year 2014—the projection year.

If the current statewide bed supply is greater than or equal to the statewide estimated bed need, then the calculation of the statewide bed need ends. However, if the current statewide bed supply is less than the statewide estimated bed need, the department determines the difference between the statewide estimated bed need and the statewide current bed supply, which is known as the "statewide available beds." If the number of statewide available beds is large enough, the department allocates to each planning area under the established 40/1,000 ratio enough beds to bring each planning area up to the established ratio.

When there are not enough beds, the department assigns a proportion of the available beds to each under-bedded planning area. This allocation is based on the ratio of number of beds a planning area needs to reach the 40/1,000 established ratio and the total number of beds needed by all planning areas under the established ratio up to meet this same 40/1,000 established ratio in the projection year.

For Snohomish County 229 additional beds are calculated as being needed to bring the planning area closer to the established ratio for 2014. The department’s methodology is attached to this evaluation as Appendix A. If application of this bed projection method was the sole basis for determining need, the department would conclude that additional nursing home beds are needed within the planning area. However, the numeric need methodology is not the sole determinate. Department rules require additional analysis.

Washington Administrative Code (WAC) 246-310-210(6)(b) states:

*If the state is below the statewide estimated bed need or for those projects referenced above, the department shall determine the need for nursing home beds, including distinct part long-term care units located in a hospital licensed under chapter 70.41 RCW, based on:*

- (i) The availability of other nursing home beds in the planning area to be served; and*
- (ii) The availability of other services in the planning area to be served. Other services to be considered include, but are not limited to: Assisted living (as defined in chapter 74.39A RCW); boarding home (as defined in chapter 18.20 RCW); enhanced adult residential care (as defined in chapter 74.39A RCW); adult residential care (as defined in chapter 74.39A RCW); adult family homes (as defined in chapter 70.128 RCW); hospice, home health and home care (as defined in chapter 70.127 RCW); personal care services (as defined in chapter 74.09 RCW); and home and community services provided under the community options program entry system waiver (as referenced in chapter 74.39A RCW). The availability of other services shall be based on data which demonstrates that the other services are capable of adequately meeting the needs of the population proposed to be served by the applicant. The following variables should be evaluated in this analysis when available:*
  - (A) The current capacity of nursing homes and other long-term care services;*
  - (B) The occupancy rates of nursing homes and other long-term care services over the previous two-year period;*
  - (C) Proposed residential care projects scheduled to be completed within the same period of time indicated on the nursing home certificate of need application; and*
  - (D) The ability of the other long-term care services to serve all people regardless of payor source.*

The department next identified the existing nursing homes in Snohomish County and their respective number of beds. A break down by facility of the number of licensed and banked beds within the planning area is summarized in the table below. [source: Certificate of Need Bed Supply Log, July 2012]

**Table 1  
Snohomish County Planning Area 2011 Licensed Bed Count by Facility**

Name of Facility	No. of Licensed Beds	No. of Countable Banked Beds	Total No. of Beds
Aldercrest Health & Rehab Center	128		128
Bethany at Pacific	111		111
Bethany at Silver Lake	120		120
Bothell Health Care	99		99



Name of Facility	No. of Licensed Beds	No. of Countable Banked Beds	Total No. of Beds
Delta Rehab Center	125		125
Emerald Hills Rehab and Skilled Nursing	67	13 <sup>8</sup>	80
Everett Care and Rehab Center	100		100
Everett Transitional Care Services	31		31
Forest View Transitional Health Center	70		70
Josephine Sunset Home	160		160
Madeleine Villa Health Care Center	82	16 <sup>9</sup>	98
ManorCare Health Care Center	113		113
Marysville Care Center	97		97
Merry Haven Health Center	91		91
Parkway Nursing Care	0	109	109
Prestige Care & Rehab of Edmonds	89 <sup>10</sup>		89
Providence Hospital	12		12
Regency Care Center at Arlington	96		96
Regency Care Center at Monroe	92		92
Sunrise View Convalescent Center	59		59
Warm Beach Health Care Center	81		81
<b>Total</b>	<b>1,823</b>	<b>138</b>	<b>1,961</b>

The next step was to look at their occupancy rates in the previous two years. The results are present in Table 2 below

**Table 2**  
**Department**  
**Snohomish County Years 2010 and 2011 Number of Licensed Beds and Average Occupancy**

	# of Lic'd Beds	Bed Occp'y % 2010	Bed Occp'y % 2011	Average Number of Beds Available 2010	Average Number of Beds Available 2011
Aldercrest Health & Rehab Center	128	71.86%	65.32%	36	44
Bethany at Pacific	111	93.35%	93.55%	7	7
Bethany at Silver Lake	120	89.44%	91.27%	24	11
Bothell Health Care	99	83.38%	81.39%	16	18
Delta Rehab Center	125	93.27%	91.39%	26	37
Emerald Hills Rehab and Skilled Nursing	67	79.73%	83.23%	14	11
Everett Care and Rehab Center	100	87.22%	84.33%	13	16
Everett Transitional Care Services	31	94.17%	94.29%	2	2
Forest View Transitional Health Ctr.	70	73.10%	73.39%	19	19

<sup>8</sup> RCW 70.38.111(8)(d) states:

*“Nursing home beds that have been voluntarily reduced under this section [RCW 70.38.111(8)] shall be counted as available nursing home beds for the purpose of evaluating need under RCW 70.38.115(2) (a) and (k) so long as the facility retains the ability to convert them back to nursing home use under the terms of this section.”*

<sup>9</sup> The 16 banked beds expired on 10/24/2012. The expiration of 6 of these beds is being challenged by Madeleine Villa.

<sup>10</sup> Prestige Care & Rehab of Edmonds has notified the Department of Social & Health Services that it will be closing 89 beds in June 2013.

	# of Lic'd Beds	Bed Occp'y % 2010	Bed Occp'y % 2011	Average Number of Beds Available 2010	Average Number of Beds Available 2011
Josephine Sunset Home	160	86.14%	92.10%	22	13
Madeleine Villa Health Care Center	82	80.73%	85.99%	16	11
ManorCare Health Care Services	113	87.67%	91.55%	14	10
Marysville Care Center	97	92.53%	88.09%	7	12
Merry Haven Health Center	91	86.21%	73.64%	13	24
Prestige Care & Rehab of Edmonds <sup>11</sup>	89	74.18%	74.75%	23	22
Regency Care Center at Arlington	96	65.16%	66.66%	33	32
Regency Care Center at Monroe	92	90.19%	91.01%	9	8
Sunrise View Convalescent Center	59	90.23%	88.20%	6	7
Warm Beach Health Care Center	81	91.01%	88.82%	7	9
<b>Total</b>	<b>1,823</b>			<b>314</b>	<b>313</b>

At the time this application was submitted, Parkway Nursing Care had 109 beds banked under the licensee banked-full facility closure provisions of WAC 246-310. Parkway Nursing Center's 109 full facility closure banked beds are not included in Table 2 above since expired September 12, 2012. While the department considers banked beds available, the occupancy percentages below are based on the 1,823 licensed beds 84.61% in year 2010 and 84.16% in year 2011 and 109 beds were banked under alternate use.

Manor Care provided its own table of Snohomish County nursing home occupancy for 2010. Table 3 presents their information. There are some differences between the department's table and Manor Care's. These differences are in the number of beds per facility and the resulting percent occupancy. Even if the department uses Manor Care's bed numbers and occupancy figures there were 361 un-used beds in the planning area.

**Table 3  
Manor Care  
Snohomish County Years 2010 Beds and Average Occupancy**

	# of Beds	Bed Occp'y % 2010
Aldercrest Health & Rehab Center	128	69.62%
Bethany at Pacific	111	93.35%
Bethany at Silver Lake	120	89.44%
Bothell Health Care	99	85.39%
Delta Rehab Center	125	93.27%
Emerald Hills Rehab and Skilled Nursing	93	57.44%
Everett Care and Rehab Center	100	87.22%
Everett Transitional Care Services	31	94.17%
Forest View Transitional Health Center	70	73.00%

<sup>11</sup> DoH has been notified that this facility will be closing June 2013.

	<b># of Beds</b>	<b>Bed Occp'y % 2010</b>
Josephine Sunset Home	160	86.41%
Madeleine Villa Health Care Center	85	77.88%
ManorCare Health Care Services	113	87.67%
Marysville Care Center	97	92.53%
Merry Haven Health Center	91	86.21%
Prestige Care & Rehab of Edmonds <sup>12</sup>	89	74.18%
Regency Care Center at Arlington	96	65.16%
Regency Care Center at Monroe	92	90.19%
Sunrise View Convalescent Center	59	90.23%
Warm Beach Health Care Center	81	91.01%
<b>Total</b>	1,840	

Revised Code of Washington (RCW) 70.38.115(2)(k)(i)(ii) also requires the department to consider data provided by the Department of Social and Health Services (DSHS) in evaluating the availability of nursing home alternatives. In a previous nursing home concurrent review (2008) the department did not received data from DSHS related to nursing home alternatives. Absent data from DSHS for the 2008 concurrent nursing home reviews the department contracted with a survey company (Gilmore) to call existing boarding homes and adult family homes as a way of assessing this requirement. The department no longer uses this approach. Subsequent to those reviews, the department and the Department of Social and Health Services (DSHS) sponsored the Certificate of Need Formula Project to develop a method of calculating the “nursing-home-comparable” home and community based long-term care capacity to satisfy current WAC requirement for the CN process. The steering committee for the CN formula project included representatives from the Department of Health, DSHS, the Governor’s Office of Financial Management, the Washington Healthcare Association, the Washington Home Care Coalition and Aging Services of Washington. The steering committee released a final report in August 2011. On October 31, 2011 and again on March 20, 2012, the department provided a copy of the nursing-home-comparable home and community based long-term care capacity report to the applicant to consider its impact on their proposed project. Manor Care submitted a number of reasons why this information cannot or should not be used in evaluating its application. Information contained in this report uses actual data from DSHS clients residing in these nursing home alternative settings “...*who are manifestly nursing-home-comparable, given the level of ADL<sup>13</sup> needs actually observed in the nursing home population.*” There are 2,091 nursing-home-comparable beds available and accessible in Snohomish County. A complete copy of the steering committee data showing the above is attached to this evaluation as Appendix B.

Finally, Manor Care indicates that it proposes to offer high acuity/rehab in addition to long-term care. To support its high acuity/rehab argument, Manor Care uses Medicare patient days as a proxy to demonstrate the need for this level of care. The department finds that the data presented by the applicant does not support its arguments. The data contained in the application had multiple inconsistencies and could not be relied upon. Finally, the application contained no documentation

<sup>12</sup> DoH has been notified that this facility will be closing June 2013.

<sup>13</sup> Activities of Daily Living

that patients with high acuity/rehab needs were not able to obtain services from existing skilled nursing homes in Snohomish County.

Therefore, based on the totality of information considered, the department concludes that **this sub-criterion is not met.**

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

In Washington State, HCR ManorCare owns or operates six skilled nursing facilities under the ManorCare Health Services subsidiary. In addition to the six skilled nursing facilities, it owns or operates in Washington; ManorCare Health Services owns and operates a home care agency and a Medicare certified home health agency. Through these health care facilities, Manor Care, Inc. provides health care services to residents of the service area including low-income, racial and ethnic minorities, handicapped and other underserved groups. To determine whether all residents of the service areas would continue to have access to an applicant's proposed services, the department requires applicants to provide a copy of its current or proposed admission policy. The Admission Policy provides the overall guiding principles of the facility as to the types of patients that are appropriate candidates to use the facility and any assurances regarding access to treatment.

To demonstrate compliance with this sub-criterion, MC-Snohomish provided a copy of its draft Admission Agreement to be used at the new facility. A review of the draft agreement indicates that patients would appropriately be admitted to the facility provided that the patient was a candidate for nursing care. [source: Supplemental information received January 24, 2012, Attachment B]

To determine whether low income residents would have access to the new facility, the department uses the facility's Medicaid eligibility or contracting with Medicaid as the measure to make that determination. Given that the new facility is not currently operating, a contract with Medicaid is not yet established. Documents provided in the application demonstrate that MC-Snohomish would establish the appropriate relationships with both Medicare and Medicaid.

While the documents provided demonstrates the applicant's intent to comply with this sub-criterion, if this project is approvable, the department would attach a condition to ensure that MC-Snohomish would continue to comply with this sub-criterion. MC-Snohomish would have to agree to the following term.

*Prior to commencement of the project, ManorCare Health Services, shall provide to the department a copy of ManorCare of Snohomish County final Admissions Agreement. This agreement must state that all services at this facility will be accessible to all persons without regard to race, color, ethnicity, sexual preference, disability, national origin, age or ability to pay.*

Based upon the information presented in the application and with agreement to the condition stated above, the department concludes all residents would have access to Manor Care of Snohomish, and **this sub-criterion would be met.**

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

Based on the source information reviewed, the department determines that the application is not consistent with the applicable financial feasibility criteria in WAC 246-310-220.

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

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

As stated earlier, the estimated capital expenditure for this project is \$17,523,850, of which 58.41% is related to constructions costs; 14.27% is related to land purchase and site preparation; 13.73% is related to fixed and movable equipment costs; 9.03% is related to state sales tax and fees and the remaining 4.57% is related to corporate overhead. [source: Amended Application, page 26 and Exhibit 8]  
 To determine whether MC-Snohomish would meet its immediate and long range operating costs, the department evaluated the projected balance sheets for the first three years of operation as a 120-bed facility. A summary of the balance sheets review is shown in the table below. [source: Supplemental information received March 13, 2012, Attachment C]

**Tables 4  
 MC- Snohomish Projected Balance Sheet  
 Year 2014 -2015**

<b>Assets</b>		<b>Liabilities</b>	
Current Assets	\$509,742	Current Liabilities	\$73,992
Fixed Assets	\$17,592,850	Other Liabilities	\$262,399
Other Assets	(\$668,379)	<b>Total Liabilities</b>	<b>\$336,391</b>
		Equity	\$17,828,654
<b>Total Assets</b>	<b>\$17,434,213</b>	<b>Total Liabilities and Equity</b>	<b>\$17,434,213</b>

**Year 2015-2016**

<b>Assets</b>		<b>Liabilities</b>	
Current Assets	\$1,189,168	Current Liabilities	\$134,275
Fixed Assets	\$17,652,850	Other Liabilities	\$479,309
Other Assets	(\$668,379)	<b>Total Liabilities</b>	<b>\$613,584</b>
		Equity	\$17,277,856
<b>Total Assets</b>	<b>\$18,173,639</b>	<b>Total Liabilities and Equity</b>	<b>\$18,173,639</b>

**Year 2016 -2017**

<b>Assets</b>		<b>Liabilities</b>	
Current Assets	\$1,725,477	Current Liabilities	\$181,511
Fixed Assets	\$17,951,471	Other Liabilities	\$649,315
Other Assets	(\$932,943)	<b>Total Liabilities</b>	<b>\$830,826</b>
		Equity	\$15,489,011
<b>Total Assets</b>	<b>\$18,744,005</b>	<b>Total Liabilities and Equity</b>	<b>\$18,744,005</b>

In addition to the projected balance sheets summarized above, the applicant also provided its Statement of Operations for years 2014 through 2017 as a 120-bed facility. [source: Supplemental information received March 13, 2012, Attachment C] A summary of the Statement of Operations is shown in the table below.

**Table 5**  
**MC-Snohomish Projected Statement of Operations Summary**  
**Years 2014 through 2017**

	<b>Year One 2014-2015</b>	<b>Year Two 2015-2016</b>	<b>Year Three 2016-2017</b>
# of Beds	120	120	120
# of Patient Days	11,826	28,470	41,610
% Occupancy	27%	65%	95%
Net Revenue*	\$4,480,868	\$10,787,275	\$15,766,018
Total Expense	\$5,203,700	\$9,766,241	\$13,616,046
Net Profit or (Loss)	(\$722,832 )	\$1,021,034	\$2,149,972
Net Revenue per patient per day	\$378.90	\$378.90	\$378.90
Total Expenses per patient per day	\$479.10	\$320.11	\$294.20
Net Profit or (Loss) per patient per day	(\$100.20)	\$58.79	\$84.70

\*Includes deductions for bad debt and contractual allowances

As shown in the table above, MC-Snohomish anticipates it will operate the new 120 bed facility at a loss in year one with a projected occupancy at 27% for the ‘ramp-up’ year. By the end of years two and three, the facility is expected to operate at a profit. This assumes that Manor Care would meet its projected patient days for all payment sources. However in the need section of this evaluation, the department concluded the Medicare patient days presented were unreliable because of inconsistencies. As a result, the department cannot rely on the financial statements also based on this information.

In Washington State, the Nursing Home Rates Section under the Office of Rates Management a division under Aging and Disability Services Administration of the Department of Social and Health Services set Medicaid nursing facility rates. Medicaid rates for long-term care nursing facilities are set individually for each specific facility. Rates are based generally on a facility’s costs, its occupancy level, and the individual care needs of its residents. Medicaid payment rate system does not guarantee that all allowable costs relating to the care of Medicaid residents will be fully reimbursed. The primary goal of the system is to pay for nursing care rendered to Medicaid-eligible residents in accordance with federal and state laws. [source: [An Overview of Medicaid Rate Setting for Nursing Facilities in Washington](#) provided by DSHS]

For existing nursing homes, the component rates are based on examined and adjusted costs from each facility’s cost report. For new nursing facilities, such as the project proposed by MC-Snohomish, the initial Medicaid rate is set using a peer group review. [source: DSHS WAC 388-96-710(3)]

All component rates requires, the direct or indirect use of the number of resident days, the total of days in residence at the facility for all eligible resident during the applicable report period. Resident days are subject to minimum occupancy levels. Effective July 1, 2012, the minimum occupancy for direct care, therapy care, support services, and variable return component rates is 85%; for operations, financing allowance, and property component rates, the minimum occupancy rate is 90%. If resident days are below the minimum, they are increased to the imputed occupancy level, which has the effect of reducing per resident day costs and the component rates based on such costs. If the actual occupancy level is higher than the minimum, the actual number of resident days is used. [source: An Overview of Medicaid Rate Setting for Nursing Facilities in Washington provided by DSHS]

Information from the Office of Rates Management within DSHS indicates that MC-Snohomish Medicaid reimbursement rate is about \$173.54 per patient day based on the assumptions within the application. This is slightly higher than Manor Care's project \$169.55 figure.

Generally, if a proposed nursing facility requires construction, a Certificate of Need (or Replacement/Renovation Authorization); is required for a Certificate of Capital Authorization (CCA) from DSHS. If a CCA is required, it must be obtained from DSHS before the funds spent on construction or renovation of the facility can be recognized in the Medicaid reimbursement rate. Two of the seven components used to determine the Medicaid reimbursement rate are affected by the CCA—Property and Financing Allowance by DSHS on a 'first-come, first-served' basis. On June 12, 2008, changes related to the way DSHS prioritizes requests for CCA became effective.<sup>14</sup> Specifically, applications must be processed and approved in the following order:

1. Applications for renovation or replacement of existing facilities that incorporate innovative building designs that creates more home-like settings.
2. Application for renovation of existing facilities.
3. Applications for replacement of existing facilities.
4. Application for construction of new facilities.

Within the first three priorities, further preference is given to facilities with the greatest length of time since their last major renovation or construction. Within the last category, the 'first-come, first-served' prioritization still applies. The funding levels, are set in the state operating budget, as of the writing of this evaluation, virtually all of the allotted funds have been allocated.

Based on the CCA information above, it is reasonable to assume that MC-Snohomish would not be able to obtain a CCA for its entire capital costs of \$17,532,850 in year one (2014-2015); it is also reasonable to assume that the applicant could not obtain a CCA for the entire capital cost for years two and three. Manor Care made this same assumption.

To further analyze short-term and long-term financial feasibility of nursing home projects and to assess the financial impact of a project on overall facility operations, the department uses a financial ratio analysis. The analysis assesses the financial position of an applicant, both historically and prospectively. The financial ratios used are: 1) current assets to current liabilities; 2) current and long-term liabilities to total assets; 3) total operating expense to total operating revenue; and 4) debt service coverage ratio. If a project's ratios are within the expected value

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<sup>14</sup> RCW 74.46.803 and 74.46.806.

range, the project can be expected to be financially feasible. The table below summarizes the projected financial ratios for MC-Snohomish. [source: Amended Application, Exhibit 12]

**Table 6  
MC-Snohomish Projected Financial Ratios**

<b>RATIO</b>	<b>GUIDELINE</b>	<b>2014 2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
Current Ratio	1.80-2.50	1.52	1.94	2.80
Assets Financed by Liabilities	0.60-0.80	0.02	0.03	0.04
Total Operating Expense to Total Operating Revenue	1.00	1.27	0.85	0.78
Debt Service Coverage	1.50-2.00	N/A	N/A	N/A

The applicant provided the following statement in reference to the ratios:

*“Due to the accounting of interunit transactions between the facility and the corporate entity, the true value of some of the facility’s assets and liabilities are not accurately represented, (i.e. the facility does not keep its own cash, therefore they show a minimal cash balance). This obviously affects the ratio calculations shown above”.* [source: Amended Application, Exhibit 12]

Based on the totality of the financial information above, the department concludes **this sub-criterion is not met.**

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

As stated in the project description portion of this evaluation, the estimated capital expenditure for this project is \$17,532,850. A breakdown of the capital expenditure is shown in the table below. [source: Amended Application, page 26]

**Table 7  
MC- Snohomish Projected Capital Expenditures**

<b>Item</b>	<b>Amount</b>
Construction Costs	\$10,235,840
Land Purchase & Site Preparation	\$2,500,000
Equipment (Fixed and Moveable)	\$2,406,390
Washington State Sales Tax and Fees	\$1,581,620
Corporate Overhead	\$800,000
<b>Total</b>	<b>\$17,523,850</b>

As stated in the project description portion of this evaluation, the estimated capital expenditure for this project is \$17,532,850. The costs of this are comparable with other nursing projects seen by department. **This sub-criterion is met.**



(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.

The proposed project is to be financed using corporate reserves. HCR-HealthCare, LLC one of the applicant’s subsidiaries stated in a letter that it would provide funding to ManorCare Health Services to develop the proposed 120-skilled nursing facility. [source: Amended Application, Exhibit 9]

To further demonstrate compliance with this sub-criterion, the applicant also provided HCR-HealthCare, LLC 2009 and 2010 consolidated financial statements. [source: Amended Application, Exhibit 10] The financial statements indicate the applicant has the funds to finance the project. Based on the above information, the department concludes that the project can be appropriately financed. **This sub-criterion is met.**

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

Based on the source information reviewed, the department determines that the application is not consistent with the applicable structure and process of care criteria in WAC 246-310-230.

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

WAC 246-310 does not contain specific 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.

As previously stated, Manor Care, Inc. or one of its subsidiaries owns, operates, or manages healthcare facilities, which includes skilled nursing centers, assisted living facilities, outpatient rehabilitation clinics, hospice and home health agencies across the nation. [source: Manor Care website] For this project, MC-Snohomish proposes to recruit approximately 133.5 FTEs to staff the new 120-bed facility. The table below shows the breakdown of the FTEs. [source: Amended Application, page 34]

**Table 8  
MC- Snohomish Projected FTEs**

<b>FTE</b>	<b>Total</b>
RNs	12.0
LPN	14.0
Nurses Aides & Assistants	45.0
Dietitians	2.00
Aides	10.0
Administrator	1.00
Activities Director & Assistant	3.00
In-Service Director (RN)	1.00
Director of Nursing & Assistant	2.00

<b>FTE</b>	<b>Total</b>
Clerical	3.50
Housekeeping/maintenance	7.00
Laundry	3.50
Physical Therapists & Aides	10.0
Occupational Therapist & Aides	7.00
Medical Records	1.00
Social Worker	3.00
Plant Engineer	1.00
Others <sup>15</sup>	7.50
<b>Total FTE's</b>	<b>133.5</b>

As shown in table above, MC-Snohomish expects to recruit approximately 133.5 FTEs for the new 120-bed facility. Within its application, MC-Snohomish provided job descriptions for some essential personnel it expect to hire, such as medical director, administrator, administrative director of nursing services, physical therapists, etc.

The applicant states that it has developed over 100 new facilities in the past 20 years, and has never had difficulty recruiting staff for a new facility. MC-Snohomish would offer transfer opportunities to employees and through its career ladder programs, has the ability to offer promotion to nurses from existing Manor Care facilities to staff this new center. MC-Snohomish expects its recruitment of staff to have little impact on existing providers because the facility would grow slowly over three years and any impact would not be sudden or unmanageable. [source: Amended Application, page 35 and Supplemental information received January 24, 2012, Attachment F]

Based on the information provided in the application, the department concludes that MC-Snohomish provided a comprehensive approach to recruit and retain staff necessary for the new, 120-bed skilled nursing facility. Based on the above evaluation and information provided in the application, the department concludes that qualified staff can be recruited. **This sub-criterion is met.**

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

WAC 246-310 does not contain specific WAC 246-310-230(2) as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what relationships, ancillary and support services should be for a project of this type and size. Therefore, using its experience and expertise the department assessed the materials contained in the application.

Manor Care, Inc. is an established provider of skilled nursing facility services in Washington State, as such; some ancillary and support services are already established. Information presented within the application indicates that MC-Snohomish would participate in its corporate national contract for pharmacy services established with Omnicare for all, IV therapy and radiology (X-ray) services. The application identified the remaining ancillary and support services required and

<sup>15</sup> Other FTEs include HR director, speech therapist, admission coordinator, case manager, and nurse specialists.

recognized that local providers had not yet been contacted. If this project is approved, MC-Snohomish stated local providers “*will be contacted at the appropriate time to establish contracts for services.*” [source: Amended Application, Page 36]

As indicated above, some ancillary and support services would be provided through a national contract with ManorCare Health Services and the remaining support services would be contracted with community providers in Snohomish County. Based on the information provided in the application, the department concludes that MC-Snohomish intends to meet this requirement. If this project is approvable, to ensure that appropriate agreements will be established, the applicant must agree to the following condition.

*Prior to providing services at Manor Care of Snohomish County, Manor Care Inc. will provide functional plans outlining the services to be provided through a national contract with Manor Care, Inc. and those that would be provided within Snohomish County*

If the applicant agreed to the condition outlined above, the department would conclude that there is reasonable assurance that Manor Care of Snohomish would have appropriate ancillary and support services, and **this sub-criterion would be met.**

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

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

HCR ManorCare own or operates three corporate subsidiaries in 30 states<sup>16</sup> under the Heartland, ManorCare Health Services and Arden Courts corporate names. Heartland, ManorCare Health Services and Arden Courts operates skilled nursing centers, assisted living facilities, outpatient rehabilitation clinics, and hospice and home health offices. To evaluate this sub-criterion, the department requested quality of care histories from the states where ManorCare, or any of its subsidiaries, owns or operates healthcare facilities for the three years prior to the application.

Through the return of quality of care surveys or by accessing the Center for Medicare and Medicaid Services website, the department was able to obtain quality of care information for the facilities owned or operated by ManorCare or its subsidiaries. A review of the quality of care data from the 30 states revealed that seventeen states<sup>17</sup> reported significant non-compliance citations related to isolated incidences and seven states—Florida, Illinois, Kansas, Michigan, Missouri, Wisconsin and South Carolina—reported thirty two immediate jeopardy non-compliance citations at one or more of the healthcare facilities operated by HCR ManorCare or its subsidiaries. Of the

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<sup>16</sup> States include: Arizona, California, Colorado, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Missouri, Nevada, New Jersey, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Virginia, Washington, West Virginia, and Wisconsin.

<sup>17</sup> States reporting significant non-compliance citations: California, Florida, Illinois, Kansas, Kentucky, Missouri, Michigan, Ohio, Pennsylvania, Texas, Wisconsin, North Carolina and South Carolina

seven states reporting immediate jeopardy non-compliance citations for Manor Care or one of its subsidiaries. [source: compliance survey data provided by each state agency or CMS website] According to documents provided by the out-of-state licensing agencies, Manor Care resolved the non-compliance issues. In the department's experience, this level of non-compliance is not typical. The department reviewed its evaluation for ManorCare's 2008 Clark County nursing home project approved by the department.<sup>18</sup> In the 2008 evaluation, 4 or 13% of the 30 states reported substantial non-compliance issues. This is compared to the current 17 states or 56.7%.

In Washington, HCR ManorCare owns or operates six skilled nursing facilities under the ManorCare Health Services subsidiary. In addition to the six skilled nursing facilities, it owns or operates in Washington; ManorCare Health Services owns and operates a home care agency and a Medicare certified home health agency. A review of the quality of care histories for those healthcare facilities revealed no significant non-compliance issues at any of the facilities. Although the current quality of care history of HCR ManorCare's Washington facilities are reasonable, the department does have concern about the organization's overall operations. Based on the totality of the quality of care information considered, the department concludes **this sub-criterion is not met.**

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

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

With this project, MC-Snohomish anticipates it will promote continuity in the provision of health care to the residents of Snohomish County by improving local access to health care services in the planning area. Given that the new facility will also be part of the applicant's healthcare systems, MC-Snohomish will participate in the existing working relationships with local nursing homes and other health services in the service area.

Additionally, the department considered the results of the financial feasibility criterion outlined in WAC 246-310-220. Without issuance of a CCA by DSHS, MC-Snohomish was unable to demonstrate that its projected revenues could cover projected expenses in the first three years of operation. Therefore, the department concludes that approval of this new, 120-bed SNF in Snohomish County is not feasible. If approvable, it would have the potential of fragmentation of long-term care within the planning area if it were to close as a result. **This sub-criterion is not met.**

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

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

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<sup>18</sup> The Thurston County application used the same quality of care information.

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

Based on the source information reviewed, the department determines that the application is not consistent with the applicable cost containment criteria in WAC 246-310-240.

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

To determine if a proposed project is the best alternative, the department takes a multi-step approach. Step one determines if the application has met the other criteria of WAC 246-310-210 thru 230. If it has failed to meet one or more of these criteria then the project is determined not to be the best alternative, and would fail this sub-criterion.

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

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

#### **Step One**

For this project, MC-Snohomish proposed 120-bed nursing home did not meet the review criteria under WAC 246-310-210, 220, and 230. Based on the conclusions in WAC 246-310-210, 220, and 230 the department concludes the application submitted by MC-Snohomish County is not the superior alternative. **This sub-criterion is not met.**

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

(a) *The costs, scope, and methods of construction and energy conservation are reasonable;*

WAC 246-310 does not contain specific WAC 246-310-240(2)(a) criteria as identified in WAC 246-310-200(2)(a)(i). There are known minimum building and energy standards that healthcare facilities must meet to be licensed or certified to provide care. If built to only the minimum standards all construction projects could be determined to be reasonable. However, the department, through its experience knows that construction projects are usually built to exceed these minimum standards. Therefore, the department considered information in the applications that addressed the reasonableness of their construction projects that exceeded the minimum standards.

As stated in the project description portion of this evaluation, this project involves construction. This sub-criterion is evaluated within the financial feasibility criterion under WAC 246-310-220(2). Within that evaluation, the department determined the sub-criterion was met, therefore, **this sub-criterion would also be considered met.**

*(b) The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.*

This sub-criterion is also evaluated within the financial feasibility criterion under WAC 246-310-220(2). Within that evaluation, the department determined the sub-criterion was not met, therefore, **this sub-criterion would also be considered not met.**

Based on the above evaluation, the department concludes that costs, scope, and methods of construction and energy conservation are reasonable, and **this sub criterion is not met.**

**Nursing Home Bed Projections**  
based on 40 beds per 1,000 population 70+

Note: These results are only one part  
in evaluating NH bed need  
[WAC 246-310-360]

COUNTY NAME	YEAR	CURRENT OR PROJ 70+ POP.	BED NEED PROJ. 40 BEDS/1,000 POP.	CURRENT LICENSED # OF BEDS (07/29/11)	CURRENT BED/POP. RATIO	# OF BEDS OVER/(UNDER) TARGET RATIO	# OF BEDS NEEDED TO REACH TARGET RATIO	COUNTY'S PERCENTAGE OF STATEWIDE AVAILABLE NEED PER WAC 246-310-360(4)(b)(ii)	ADJUSTED ESTIMATED BED NEED PER WAC 246-310-360(4)(b)(ii)
WASHINGTON STATE	2012	588,622	23,545	22,842	39	(703)			
ADAMS	2012	1,291	52	89	69	37	0		
ASOTIN	2012	2,833	113	90	32	(23)	0		
BENTON	2012	13,200	528	400	30	(128)	128	0.0656	(46)
CHELAN/DOUGLAS	2012	11,290	452	484	43	32	0		
CLALLAM	2012	12,334	493	346	28	(147)	147	0.0753	(53)
CLARK/SKAMANIA	2012	33,403	1,336	810	24	(526)	308	0.1579	(111)
COLUMBIA	2012	607	24	34	56	10	0		
COWLITZ	2012	10,149	406	433	43	27	0		
FERRY	2012	1,036	41	14	14	(27)	27	0.0138	(10)
FRANKLIN	2012	3,596	144	125	35	(19)	19	0.0097	(7)
GARFIELD	2012	368	15	36	98	21	0		
GRANT	2012	7,125	285	329	46	44	0		
GRAYS HARBOR	2012	7,635	305	384	50	79	0		
ISLAND	2012	11,096	444	170	15	(274)	274	0.1404	(99)
JEFFERSON	2012	6,463	259	94	15	(165)	165	0.0846	(59)
KING	2012	157,534	6,301	6,807	43	506	0		
KITSAP	2012	22,358	894	1,010	45	116	0		
KITTITAS	2012	3,495	140	141	40	1	0	0.0000	0
KLICKITAT	2012	2,445	98	0	0	(98)	98	0.0502	(35)
LEWIS	2012	8,780	351	330	38	(21)	21	0.0108	(8)
LINCOLN	2012	1,598	64	93	58	29	0		
MASON	2012	8,671	347	211	24	(136)	136	0.0697	(49)
OKANOGAN	2012	5,055	202	168	33	(34)	34	0.0174	(12)
PACIFIC	2012	4,379	175	60	14	(115)	95	0.0487	(34)
PEND OREILLE	2012	1,893	76	55	29	(21)	21	0.0108	(8)
PIERCE	2012	62,739	2,510	2,572	41	62	21	0.0108	(8)
SAN JUAN	2012	3,602	144	85	24	(59)	59	0.0302	(21)
SKAGIT	2012	13,873	555	510	37	(45)	45	0.0231	(16)
SNOHOMISH	2012	52,336	2,093	1,961	37	(132)	132	0.0677	(48)
SPOKANE	2012	40,633	1,625	1,722	42	97	0		
STEVENS	2012	5,596	224	172	31	(52)	47	0.0241	(17)
THURSTON	2012	24,592	984	803	33	(181)	174	0.0892	(63)
WAHKIAKUM	2012	671	27	35	52	8	0		
WALLA WALLA	2012	5,922	237	346	58	109	0		
WHATCOM	2012	18,121	725	793	44	68	0		
WHITMAN	2012	2,921	117	168	58	51	0		
YAKIMA	2012	18,977	759	962	51	203	0		
							1,951		(703)

Per WAC 246-310-360(4)(a) the calculation of statewide need for new beds ends when the current statewide bed supply is greater than or equal to the estimated bed need.

Nursing Home Bed Projections  
based on 40 beds per 1,000 population 70+

Note: These results are only one part  
in evaluating NH bed need  
[WAC 246-310-360]

COUNTY NAME	YEAR	CURRENT OR PROJ 70+ POP.	BED NEED PROJ. 40 BEDS/1,000 POP.	CURRENT LICENSED # OF BEDS (07/29/11)	CURRENT BED/POP. RATIO	# OF BEDS OVER/(UNDER) TARGET RATIO	# OF BEDS NEEDED TO REACH TARGET RATIO	COUNTY'S PERCENTAGE OF STATEWIDE AVAILABLE NEED PER WAC 246-310-360(4)(b)(ii)	ADJUSTED ESTIMATED BED NEED PER WAC 246-310-360(4)(b)(ii)
WASHINGTON STATE	2013	606,804	24,272	22,842	38	(1,430)			
ADAMS	2013	1,303	52	89	68	37	0		
ASOTIN	2013	2,888	116	90	31	(26)	0		
BENTON	2013	13,571	543	400	29	(143)	143	0.0605	(87)
CHELAN/DOUGLAS	2013	11,504	460	484	42	24	0		
CLALLAM	2013	12,569	503	346	28	(157)	157	0.0664	(95)
CLARK/SKAMANIA	2013	34,940	1,398	810	23	(588)	370	0.1565	(224)
COLUMBIA	2013	619	25	34	55	9	0		
COWLITZ	2013	10,387	415	433	42	18	0		
FERRY	2013	1,077	43	14	13	(29)	29	0.0123	(18)
FRANKLIN	2013	3,671	147	125	34	(22)	22	0.0093	(13)
GARFIELD	2013	366	15	36	98	21	0		
GRANT	2013	7,228	289	329	46	40	0		
GRAYS HARBOR	2013	7,711	308	384	50	76	0		
ISLAND	2013	11,582	463	170	15	(293)	293	0.1239	(177)
JEFFERSON	2013	6,765	271	94	14	(177)	177	0.0749	(107)
KING	2013	161,929	6,477	6,807	42	330	0		
KITSAP	2013	23,209	928	1,010	44	82	0		
KITTITAS	2013	3,599	144	141	39	(3)	3	0.0013	(2)
KLICKITAT	2013	2,519	101	0	0	(101)	101	0.0427	(61)
LEWIS	2013	8,926	357	330	37	(27)	27	0.0114	(16)
LINCOLN	2013	1,615	65	93	58	28	0		
MASON	2013	8,950	358	211	24	(147)	147	0.0622	(89)
OKANOGAN	2013	5,183	207	168	32	(39)	39	0.0165	(24)
PACIFIC	2013	4,454	178	60	13	(118)	98	0.0415	(59)
PEND OREILLE	2013	1,967	79	55	28	(24)	24	0.0102	(15)
PIERCE	2013	64,715	2,589	2,572	40	(17)	100	0.0423	(60)
SAN JUAN	2013	3,819	153	85	22	(68)	68	0.0288	(41)
SKAGIT	2013	14,234	569	510	36	(59)	59	0.0250	(36)
SNOHOMISH	2013	54,629	2,185	1,961	36	(224)	224	0.0948	(136)
SPOKANE	2013	41,498	1,660	1,722	41	62	0		
STEVENS	2013	5,865	235	172	29	(63)	58	0.0245	(35)
THURSTON	2013	25,868	1,035	803	31	(232)	225	0.0952	(136)
WAHKIAKUM	2013	691	28	35	51	7	0		
WALLA WALLA	2013	5,964	239	346	58	107	0		
WHATCOM	2013	18,780	751	793	42	42	0		
WHITMAN	2013	2,975	119	168	56	49	0		
YAKIMA	2013	19,239	770	962	50	192	0		
							2,364		(1,430)

Per WAC 246-310-360(4)(a) the calculation of statewide need for new beds ends when the current statewide bed supply is greater than or equal to the estimated bed need.



Nursing Home Bed Projections  
based on 40 beds per 1,000 population 70+

Note: These results are only one part  
in evaluating NH bed need  
[WAC 246-310-360]

COUNTY NAME	YEAR	CURRENT OR PROJ 70+ POP.	BED NEED PROJ. 40 BEDS/1,000 POP.	CURRENT LICENSED # OF BEDS (07/29/11)	CURRENT BED/POP. RATIO	# OF BEDS OVER/(UNDER) TARGET RATIO	# OF BEDS NEEDED TO REACH TARGET RATIO	COUNTY'S PERCENTAGE OF STATEWIDE AVAILABLE NEED PER WAC 246-310-360(4)(b)(ii)	ADJUSTED ESTIMATED BED NEED PER WAC 246-310-360(4)(b)(ii)
WASHINGTON STATE	2014	624,986	24,999	22,842	37	(2,157)			
ADAMS	2014	1,314	53	89	68	36	0		-
ASOTIN	2014	2,942	118	90	31	(28)	28	0.0093	(20)
BENTON	2014	13,941	558	400	29	(158)	158	0.0531	(115)
CHELAN/DOUGLAS	2014	11,718	469	484	41	15	0		-
CLALLAM	2014	12,804	512	346	27	(166)	166	0.0560	(121)
CLARK/SKAMANIA	2014	36,478	1,459	810	22	(649)	649	0.2186	(472)
COLUMBIA	2014	630	25	34	54	9	0		-
COWLITZ	2014	10,624	425	433	41	8	0		-
FERRY	2014	1,117	45	14	13	(31)	31	0.0103	(22)
FRANKLIN	2014	3,745	150	125	33	(25)	25	0.0084	(18)
GARFIELD	2014	364	15	36	99	21	0		-
GRANT	2014	7,332	293	329	45	36	0		-
GRAYS HARBOR	2014	7,786	311	384	49	73	0		-
ISLAND	2014	12,067	483	170	14	(313)	313	0.1053	(227)
JEFFERSON	2014	7,066	283	94	13	(189)	189	0.0635	(137)
KING	2014	166,323	6,653	6,807	41	154	0		-
KITSAP	2014	24,060	962	1,010	42	48	0		-
KITTITAS	2014	3,704	148	141	38	(7)	7	0.0024	(5)
KLICKITAT	2014	2,594	104	0	0	(104)	104	0.0349	(75)
LEWIS	2014	9,071	363	330	36	(33)	33	0.0111	(24)
LINCOLN	2014	1,632	65	93	57	28	0		-
MASON	2014	9,228	369	211	23	(158)	158	0.0533	(115)
OKANOGAN	2014	5,310	212	168	32	(44)	44	0.0150	(32)
PACIFIC	2014	4,528	181	60	13	(121)	121	0.0408	(88)
PEND OREILLE	2014	2,042	82	55	27	(27)	27	0.0090	(19)
PIERCE	2014	66,690	2,668	2,572	39	(96)	96	0.0322	(69)
SAN JUAN	2014	4,035	161	85	21	(76)	76	0.0257	(56)
SKAGIT	2014	14,596	584	510	35	(74)	74	0.0249	(54)
SNOHOMISH	2014	56,921	2,277	1,961	34	(316)	316	0.1064	(229)
SPOKANE	2014	42,363	1,695	1,722	41	27	0		-
STEVENS	2014	6,133	245	172	28	(73)	73	0.0247	(53)
THURSTON	2014	27,145	1,086	803	30	(283)	283	0.0952	(205)
WAHIAKUM	2014	710	28	35	49	7	0		-
WALLA WALLA	2014	6,005	240	346	58	106	0		-
WHATCOM	2014	19,438	778	793	41	15	0		-
WHITMAN	2014	3,030	121	168	55	47	0		-
YAKIMA	2014	19,500	780	962	49	182	0		-

2,969

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(2,157)

Per WAC 246-310-360(4)(a) the calculation of statewide need for new beds ends when the current statewide bed supply is greater than or equal to the estimated bed need.

**Three Year Summary  
Nursing Home Bed Projections  
40 beds per 1,000 population 70 and Older**

Note: These results are only one part  
in evaluating NH bed need  
[WAC 246-310-360]

COUNTY NAME	YEAR	CURRENT OR PROJ 70+ POP.	PROJ. 40 BEDS/1,000 POP.	CURRENT LICENSED # OF BEDS	CURRENT BED/POP. RATIO	# OF BEDS OVER/(UNDER) TARGET RATIO	# OF BEDS NEEDED TO REACH TARGET RATIO	ADJUSTED ESTIMATED BED NEED PER WAC 246-310-360
WASHINGTON STATE	2012	588,622	23,545	22,842	39	(703)		
	2013	606,804	24,272	22,842	38	(1,430)		
	2014	624,986	24,999	22,842	37	(2,157)		
ADAMS	2012	1,291	52	89	69	37	0	0
	2013	1,303	52	89	68	37	0	0
	2014	1,314	53	89	68	36	0	0
ASOTIN	2012	2,833	113	90	32	(23)	0	0
	2013	2,888	116	90	31	(26)	0	0
	2014	2,942	118	90	31	(28)	28	(20)
BENTON	2012	13,200	528	400	30	(128)	98	(46)
	2013	13,571	543	400	29	(143)	128	(87)
	2014	13,941	558	400	29	(158)	143	(115)
CHELAN/DOUGLAS	2012	11,290	452	484	43	32	0	0
	2013	11,504	460	484	42	24	0	0
	2014	11,718	469	484	41	15	0	0
CLALLAM	2012	12,334	493	346	28	(147)	129	(53)
	2013	12,569	503	346	28	(157)	147	(95)
	2014	12,804	512	346	27	(166)	157	(121)
CLARK/SKAMANIA incl 120 CN app'd at ManorCare	2012	33,403	1,336	810	24	(526)	185	(111)
	2013	34,940	1,398	810	23	(588)	308	(224)
	2014	36,478	1,459	810	22	(649)	370	(472)
COLUMBIA	2012	607	24	34	56	10	0	0
	2013	619	25	34	55	9	0	0
	2014	630	25	34	54	9	0	0
COWLITZ	2012	10,149	406	433	43	27	0	0
	2013	10,387	415	433	42	18	0	0
	2014	10,624	425	433	41	8	0	0
FERRY	2012	1,036	41	14	14	(27)	24	(10)
	2013	1,077	43	14	13	(29)	27	(18)
	2014	1,117	45	14	13	(31)	29	(22)
FRANKLIN	2012	3,596	144	125	35	(19)	13	(7)
	2013	3,671	147	125	34	(22)	19	(13)
	2014	3,745	150	125	33	(25)	22	(18)
GARFIELD	2012	368	15	36	98	21	0	0
	2013	366	15	36	98	21	0	0
	2014	364	15	36	99	21	0	0
GRANT	2012	7,125	285	329	46	44	0	0
	2013	7,228	289	329	46	40	0	0
	2014	7,332	293	329	45	36	0	0
GRAYS HARBOR	2012	7,635	305	384	50	79	0	0
	2013	7,711	308	384	50	76	0	0
	2014	7,786	311	384	49	73	0	0
ISLAND	2012	11,096	444	170	15	(274)	235	(99)
	2013	11,582	463	170	15	(293)	274	(177)
	2014	12,067	483	170	14	(313)	293	(227)
JEFFERSON	2012	6,463	259	94	15	(165)	140	(59)
	2013	6,765	271	94	14	(177)	165	(107)
	2014	7,066	283	94	13	(189)	177	(137)
KING	2012	157,534	6,301	6,807	43	506	0	0
	2013	161,929	6,477	6,807	42	330	0	0
	2014	166,323	6,653	6,807	41	154	0	0
KITSAP	2012	22,358	894	1,010	45	116	0	0
	2013	23,209	928	1,010	44	82	0	0
	2014	24,060	962	1,010	42	48	0	0
KITITAS	2012	3,495	140	141	40	1	0	0
	2013	3,599	144	141	39	(3)	0	(2)
	2014	3,704	148	141	38	(7)	3	(5)
KLUCKITAT	2012	2,445	98	0	0	(98)	92	(35)
	2013	2,519	101	0	0	(101)	98	(61)
	2014	2,594	104	0	0	(104)	101	(75)
LEWIS	2012	8,780	351	330	38	(21)	10	(8)
	2013	8,926	357	330	37	(27)	21	(16)
	2014	9,071	363	330	36	(33)	27	(24)
LINCOLN	2012	1,598	64	93	58	29	0	0
	2013	1,615	65	93	58	28	0	0
	2014	1,632	65	93	57	28	0	0

**Three Year Summary  
Nursing Home Bed Projections  
40 beds per 1,000 population 70 and Older**

Note: These results are only one part  
in evaluating NH bed need  
[WAC 246-310-360]

COUNTY NAME	YEAR	CURRENT OR PROJ 70+ POP.	PROJ. 40 BEDS/1,000 POP.	CURRENT LICENSED # OF BEDS	CURRENT BED/POP. RATIO	# OF BEDS OVER/(UNDER) TARGET RATIO	# OF BEDS NEEDED TO REACH TARGET RATIO	ADJUSTED ESTIMATED BED NEED PER WAC 246-310-360
MASON	2012	8,671	347	211	24	(136)	114	(49)
	2013	8,950	358	211	24	(147)	136	(89)
	2014	9,228	369	211	23	(158)	147	(115)
OKANOGAN	2012	5,055	202	168	33	(34)	24	(12)
	2013	5,183	207	168	32	(39)	34	(24)
	2014	5,310	212	168	32	(44)	39	(32)
PACIFIC	2012	4,379	175	60	14	(115)	89	(34)
	2013	4,454	178	60	13	(118)	95	(59)
	2014	4,528	181	60	13	(121)	98	(88)
PEND OREILLE	2012	1,893	76	55	29	(21)	15	(8)
	2013	1,967	79	55	28	(24)	21	(15)
	2014	2,042	82	55	27	(27)	24	(19)
PIERCE	2012	62,739	2,510	2,572	41	62	0	(8)
	2013	64,715	2,589	2,572	40	(17)	21	(60)
	2014	66,690	2,668	2,572	39	(96)	100	(69)
SAN JUAN	2012	3,602	144	85	24	(59)	42	(21)
	2013	3,819	153	85	22	(68)	59	(41)
	2014	4,035	161	85	21	(76)	68	(56)
SKAGIT	2012	13,873	555	510	37	(45)	16	(16)
	2013	14,234	569	510	36	(59)	45	(36)
	2014	14,596	584	510	35	(74)	59	(54)
SNOHOMISH	2012	52,336	2,093	1,961	37	(132)	0	(48)
	2013	54,629	2,185	1,961	36	(224)	132	(136)
	2014	56,921	2,277	1,961	34	(316)	224	(229)
SPOKANE	2012	40,633	1,625	1,722	42	97	0	0
	2013	41,498	1,660	1,722	41	62	0	0
	2014	42,363	1,695	1,722	41	27	0	0
STEVENS	2012	5,596	224	172	31	(52)	25	(17)
	2013	5,865	235	172	29	(63)	47	(35)
	2014	6,133	245	172	28	(73)	58	(53)
THURSTON incl 120 CN app'd at ManorCare	2012	24,592	984	803	33	(181)	72	(63)
	2013	25,868	1,035	803	31	(232)	174	(136)
	2014	27,145	1,086	803	30	(283)	225	(205)
WAHKIAKUM	2012	671	27	35	52	8	0	0
	2013	691	28	35	51	7	0	0
	2014	710	28	35	49	7	0	0
WALLA WALLA	2012	5,922	237	346	58	109	0	0
	2013	5,964	239	346	58	107	0	0
	2014	6,005	240	346	58	106	0	0
WHATCOM	2012	18,121	725	793	44	68	0	0
	2013	18,780	751	793	42	42	0	0
	2014	19,438	778	793	41	15	0	0
WHITMAN	2012	2,921	117	168	58	51	0	0
	2013	2,975	119	168	56	49	0	0
	2014	3,030	121	168	55	47	0	0
YAKIMA	2012	18,977	759	962	51	203	0	0
	2013	19,239	770	962	50	192	0	0
	2014	19,500	780	962	49	182	0	0

Per WAC 246-310-360(4)(a) When the current statewide bed supply is greater than or equal to the estimated bed need, then calculation of statewide need for new beds ends.