

## Memorial Home Care Services Project #07-13

Hospice Care Center Methodology-per WAC 246-310-295				
<b>Source: Application pages. 21-22</b>				
(a) Step 1	Determine average total days of care:	<b>Year</b>	<b>Total days of Care</b>	
		2004	20,998	
		2005	20,519	
		2006	20,729	
		<b>Average</b>	<b>20,749</b>	
(b) Step 2	Determine potential days of care in Hospice Center	33%		
		36%		
		23%		
	<b>Average Percentage</b>	<b>31%</b>		
	Average days of care outside home: (20,749 *31)	6,423		
(c) Step 3	Determine estimated average daily census for the applicant.			
	<b>Estimated Average Daily Census: (6423/365)</b>	<b>18</b>		
(d) Step 4	Determine the number of beds the applicant could request in their application.			
	Maximum facility size @ 65% occupancy: <b>(18/0.65)</b>	27		
	Maximum facility size allowed by rule:	20		
	<b>Number of beds approvable*</b>	<b>20</b>		
* WAC 246-310-295 (9) (b) The maximum number of beds in a hospice care center is twenty, under chapter 70.127 RCW				

**Memorial Home Care Services #07-13**

<b>Memorial Home Care Services # 07-13</b>				
	<b>Phase I</b>			
Year 1:	\$1, 319,970			
Year 2:	\$1, 400,459			
	<b>Phase II</b>			
Year 1:	\$1,973,153			
Year 2:	\$2,08,144			
<b>Phase I &amp; Phase II Project Utilization</b>				
<b>Phase</b>	<b>Year</b>	<b>Est. Days</b>	<b>Est. ADC</b>	<b>Occupancy</b>
I	2010	2,920	8	67%
I	2011	3,285	9	75%
I	2012	3,650	10	83%
II	2014	4,745	13	65%
II	2015	5,110	14	70%
II	2016	5,475	15	75%
Source: application November 10, 2006, page 10				

MHCS Pro-Forma Financial Statements, Exhibit 8.

	Phase I			Phase II	
	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
	2010	2011	2012	2013	2014
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Net Revenue	1,269,44	\$1,485,135	\$1,788,239	\$1,981,157	\$2,349,009
Total Expenses	<b>\$1,319,970</b>	<b>\$1,400,459</b>	<b>\$1,485,795</b>	<b>\$1,576,267</b>	<b>\$1,973,153</b>
<b>Number of Beds</b>	20	20	20	20	20
<b>Number of Patient Days</b>	2,920	3,285	3,650	4,745	5,110
<b>Utilization Percentage</b>	67%	75%	83%	65%	70%
<b>Net Revenue per Patient Day</b>	\$434.74	\$452.10	\$489.93	\$417.69	\$459.69
<b>Net Expenses Per Patient Day</b>	\$452.04	\$426.04	\$407.07	\$332.20	\$386.14
<b>Profit Per Patient</b>	-\$17.30	\$25.78	\$82.86	\$85.33	\$73.55
Contractual Adjustments	\$240,014	\$316,146	\$421,408	\$512,422	\$669,652
Bad Debt	\$27,945	\$33,534	\$35,211	\$32,350	\$48,525
<b>Total</b>	<b>\$267,959</b>	<b>\$349,680</b>	<b>\$456,619</b>	<b>\$544,772</b>	<b>\$718,177</b>

2015 YEAR 6	2016 YEAR 7
\$2,600,973	\$2,872,998
<b>\$2,087,144</b>	<b>\$2,207,756</b>
20	20
5,475	5,475
75%	75%
\$475.06	\$524.75
\$381.21	\$403.24
\$93.85	\$121.51
\$937,103	\$1,118,098
\$50,952	\$58,849
<b>\$988,055</b>	<b>\$1,176,947</b>

Memorial Home Care Services Hospice Care Center  
Pro-Forma Financial Statements

MHCS Pro-Forma Financial Statements, Exhibit 8.

	Phase I			Phase II			
	PROJECTED	PROJECTED	PROJECTED	PROJECTED			
	2010	2011	2012	2013	2014	2015	2016
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
<b>REVENUES</b>							
Pt Services Revenue	\$1,509,458	\$1,801,275	\$2,209,647	\$2,493,579	3,018,661	3,538,076	3,991,096
Minus deductions	\$240,014	\$316,140	\$421,408	\$512,422	669,652	937,103	1,118,098
<b>Net Revenue</b>	<b>\$1,269,444</b>	<b>\$1,485,135</b>	<b>\$1,788,239</b>	<b>\$1,981,157</b>	<b>\$2,349,009</b>	<b>\$2,600,973</b>	<b>\$2,872,998</b>
<b>EXPENSES</b>							
Operating Expenses	\$1,319,970	\$1,400,459	\$1,485,795	\$1,576,267	1,973,153	2,087,144	2,207,756
<b>Total Expenses</b>	<b>\$1,319,970</b>	<b>\$1,400,459</b>	<b>\$1,485,795</b>	<b>\$1,576,267</b>	<b>\$1,973,153</b>	<b>\$2,087,144</b>	<b>\$2,207,756</b>
<b>Number of Beds</b>	20	20	20	20	8	8	8
<b>Number of Patient Days</b>	2,920	3,285	3,650	3,650	4,745	5,110	5,475
<b>Utilization Percentage</b>	67%	75%	83%	65%	70%	75%	75%
<b>NET REVENUE</b>	<b>-\$50,526</b>	<b>\$84,676</b>	<b>\$302,444</b>	<b>\$404,890</b>	<b>\$375,856</b>	<b>\$513,829</b>	<b>\$665,242</b>
<b>Net Revenue per Patient Day</b>	\$434.74	\$452.10	\$489.93	\$542.78	\$495.05	\$509.00	\$524.75
<b>Net Expenses Per Patient Day</b>	\$452.04	\$426.32	\$407.07	\$431.85	\$415.84	\$408.44	\$403.24
<b>Profit Per Patient</b>	-\$17.30	\$25.78	\$82.86	\$110.93	\$79.21	\$100.55	\$121.51
<b>Deductions from Revenue</b>							
Contractual Adjustments	\$240,014	\$316,146	\$421,408	\$512,422	\$669,652	\$937,103	\$1,118,098
Bad Debt	\$27,945	\$33,534	\$35,211	\$32,350	\$48,525	\$50,952	\$58,849
<b>Total</b>	<b>\$267,959</b>	<b>\$349,680</b>	<b>\$456,619</b>	<b>\$544,772</b>	<b>\$718,177</b>	<b>\$988,055</b>	<b>\$1,176,947</b>



**Memorial Home Care Services #07-13**

Residual Value of Facility					
Residual Value of Building					
Construction	\$2,891,728.00	\$1,052,005.00	\$3,943,733.00		
Tenant Improvement					
Fixed Equipments	\$28,464.00	\$11,536.00	\$40,000.00		
Moveable Equipment	\$245,703.00	\$81,190.00	\$326,893.00		
Architect/Engineer Fees	\$308,000.00	\$132,000.00	\$440,000.00		
Consulting Fees	\$26,282.00	\$7,500.00	\$33,782.00		
Site Preparartion	\$318,270.00	\$128,990.00	\$447,260.00		
Supervision and Inspection	\$29,011.00	\$12,071.00	\$41,082.00		
Other (Contingency) **	\$93,739.00	\$37,991.00	\$131,730.00		
Cost-Financing					
Interm Interest					
Salex Tax Equipments	\$21,622.00	\$7,145.00	\$28,767.00		
Buliding Cost	\$263,220.00	\$96,842.00	\$360,062.00		
<b>Estimated Capital Costs</b>	<b>\$5,316,084.00</b>	<b>\$1,567,270.00</b>	<b>\$6,883,354.00</b>		

<b>Memorial Home Care Services # 07-13</b>		
<b>Proposed Staffing -- Phase I &amp; Phase II</b>		
<b>Position</b>	<b>Phase I</b>	<b>Phase II</b>
Registered Nurse	4.2	4.7
Nursing Assistants	7.4	11.6
Nurse Manager	1	1
Pharmacist	0.2	0.2
Medical Social Worker/Activities	1	1
Dietary/Housekeeping/Laundry	1.4	1.4
<b>Total</b>	<b>15.2</b>	<b>19.9</b>
Source: application, November 30, 2006, page 30		