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COMMENTS ON COMPETING WAKE COUNTY HOME HEALTH
APPLICATIONS
SUBMITTED BY ARC THERAPY SERVICES, LLC
d/b/a INNOVATIVE SENIOR CARE HOME HEALTH
ID #: 008607-J

COMPETING APPLICANT NAME	ID #
AssistedCare Home Health, Inc. ("AssistedCare")	008506-J
SunCrest Home Health of North Carolina, Inc. ("SunCrest")	008508-J
Home Health and Hospice Care, Inc. ("3HC")	008509-J
Community Home Health of North Carolina, LLC ("Community")	008510-J
United Home Care, Inc. ("UHS-Pruitt")	008511-J
Continuum II Home Care and Hospice, Inc. ("Continuum")	008512-J

In accordance with N.C.G.S. Section 131E-185(a1)(1), ARC Therapy Services, LLC d/b/a Innovative Senior Care Home Health ("ISCHH") submits the following comments regarding the Certificate of Need Applications named above that were filed on April 15, 2010 in response to a need determination for a home health agency in Wake County.

The written comments are divided into two sections: an individual review of each competitor's application and a comprehensive comparison of all of the applicants. The comprehensive review follows the same format as the CON Applications.

APPLICANT-SPECIFIC COMMENTS

AssistedCare Home Health, Inc.
ID: 0008506-J

Brief Profile: AssistedCare currently operates a Medicare certified home health agency in Leland, North Carolina. Management services for the proposed agency will be provided by AssistedCare Management Group, Inc. AssistedCare proposed to provide telemonitoring, but equipment cost was not identified.

- Page 26, item (d), Specific Personnel. Behavioral health (a service they propose to provide) is not listed and specific personnel not identified.
- Section III: Failed to address the need for each service proposed. Based patients to be served solely on the need identified in the SMFP. Did not provide a basis for the increase in patients between Year 1 and 2 and did not provide the number of patients in Year 3 even though the SMFP need was projected to be met during the first year of operation (difficult for a new provider with no established referral sources to achieve in the first 12 months of operation).

10A NCAC 14C .2003 PERFORMANCE STANDARDS

"An applicant shall project, in the third year of operation, an annual unduplicated patient caseload for the county in which the facility will be located that meets or exceeds the minimum need used in the applicable State Medical Facilities Plan to justify the establishment of a new home health agency office in that county. An applicant shall not be required to meet this performance standard if the home health agency office need determination in the applicable State Medical Facilities Plan was not based on application of the standard methodology for a Medicare-certified home health agency office."

- Incorrectly projected unduplicated patients by using all disciplines. There are only three admitting disciplines: Skilled Nursing, Physical Therapy, and occasionally, Speech Therapy.
- Amortized start-up cost of \$66,323 was not included in the capital cost table.
- Provision of home health management services by a related party:

Medicare regulations (HIM 11, the Medicare rules guidebook) prohibit management fees being based on revenues if a related party is involved.

"Providers of home health care for Medicare patients are carefully regulated, with limits and restrictions on their costs, including the amounts allowable for owners' salaries and benefits. If a home health care provider conducts business with a "related organization," the organization's costs and salaries are also limited." See 42 C.F.R. § 413.17. (SOURCE: Tenth Circuit, Court of Appeals, United States vs. Kluding, No. 00-6344)

§ 413.17 Cost to related organizations.

(a) *Principle.* Except as provided in paragraph (d) of this section, costs applicable to services, facilities, and supplies furnished to the by organizations related to the provider by common ownership or control are includable in the allowable cost of the provider at the cost to the related organization.

However, such cost must not exceed the price of comparable services, facilities, or supplies that could be purchased elsewhere.

(b) *Definitions.* (1) *Related to the provider.* Related to the provider means that the provider to a significant extent is associated or affiliated with or has control of or is controlled by the organization

furnishing the services, facilities, or supplies.

(2) *Common ownership.* Common ownership exists if an individual or individuals possess significant ownership or equity in the provider and the institution or organization serving the provider.

(3) *Control.* Control exists if an individual or an organization has the power, directly or indirectly, significantly to influence or direct the actions or policies of an organization or institution.

(c) *Application.* (1) Individuals and organizations associate with others for various reasons and by various means. Some deem it appropriate to do so to assure a steady flow of supplies or services, to reduce competition, to gain a tax advantage, to extend influence, and for other reasons. These goals may be accomplished by means of ownership or control, by financial assistance, by management assistance, and other ways.

2) If the provider obtains items of services, facilities, or supplies from an organization, even though it is a separate legal entity, and the organization is owned or controlled by the owner(s) of the provider, in effect the items are obtained from itself. An example would be a corporation building a hospital or a nursing home and then leasing it to another corporation controlled by the owner.

Therefore, reimbursable cost should include the costs for these items at the cost to the supplying organization. However, if the price in the open market for comparable services, facilities, or supplies is lower than the cost to the supplier, the allowable cost to the provider may not exceed the market price.

SunCrest Home Health of North Carolina, Inc.
ID #: 008508-J

Brief profile: SunCrest does not operate any Medicare certified home health agencies in North Carolina but does operate agencies in Georgia and Tennessee among other states.

- Management services for the proposed agency are stated to be provided by the parent company.

Medicare regulations (HIM 11, the Medicare rules guidebook) prohibit management fees being based on revenues if a related party is involved.

“Providers of home health care for Medicare patients are carefully regulated, with limits and restrictions on their costs, including the amounts allowable for owners' salaries and benefits. If a home health care provider conducts business with a "related organization," the organization's costs and salaries are also limited.” See 42 C.F.R. § 413.17. (SOURCE: Tenth Circuit, Court of Appeals, United States vs. Kluding, No. 00-6344)

- SunCrest used their experience in Georgia and Tennessee to estimate the number of patients in Wake County in Year 1, although these states have a completely different demographic makeup compared to Wake County and different healthcare delivery systems and referral patterns.
- In Section III, SunCrest provided a lengthy market share discussion as a basis for Year 1 patients that eventually only led to the need identified in the SMFP of 444 patients (an ambitious number of patients to be served in the first year of operations for a new provider in the market who does not have established referral sources).
- SunCrest proposed indigent/charity care at 2% of gross revenues in Year 1 and 3% in Year 2. Yet in the parent company's state of Tennessee, the two agencies owned and operated by SunCrest provided no or very little indigent/charity care during 2009: SunCrest in Smithville, \$0 in indigent/charity care and SunCrest in Madison, Indigent/Charity care of 0.4% of gross revenues. (Source: Tennessee Department of Health, Joint Annual Report of Home Health Agencies, 2009, page 4. Please refer to Exhibit 1 attached).
- Form B: SunCrest had line items for both home office overhead and management services. Typically, home health providers have one or another, not both since the home office overhead allocation is for services such as accounting, human resources, payroll, billing and the like which are typically services provided by a management company.
- Form B: Telehealth. SunCrest proposed to provide telehealth services, but no telehealth equipment is shown as a line item.
- Appendix 5: Support letters. “Cookie cut” form letters of support and the relevance of including copies of business cards is questionable.
- Failed to address the 2006 Wake County Community Needs Assessment document which identifies needs and issue specific to Wake County.
- Page 55, Productivity: Incorrectly used 240 days as the basis for calculating FTE staff. Medicare regulations specify the use of 260 days and the CON form itself states “2,080 hours” which when divided by eight hours yields 260 days.
- Page 67, Capital cost: Failed to include the amortized start-up cost of \$40,057 in the capital cost table. SunCrest also provided inconsistent amounts for the start-up cost: The start-up cost table shows \$40,057 while start-up cost in Form B is stated as \$8,880 for each of the first two years of operation. Since start-up cost are amortized over a five year period, the start-up cost shown in this form would represent \$44,400 (\$8,880 times 5).

Home Health and Hospice Care, Inc.
ID #: 008509-J

Brief profile: Home Health and Hospice Care (3HC), Inc. is a private, not-for-profit corporation that is headquartered in Goldsboro, North Carolina. The proposed office will be located in Garner, North Carolina (the existing way station will be converted into an office).

- Page 23, 1st¶: *"The proposed project differs from existing services currently being offered in that it will establish a new Medicare certified home health provider in Wake County."*

Since there are 11 existing providers currently based in Wake County, this statement does not appear to represent a distinguishing factor.

- Page 58: The 2006 (latest) *Wake County Community Needs Assessment* was not addressed.
- Section IV, Utilization: Incorrectly projected the number of unduplicated patients by assuming patients would be admitted by all disciplines (there are only three admitting disciplines: Skilled Nursing, Physical Therapy, and on occasion Speech Therapy).
- Page 58, Staffing: No Administrator listed in either year of operation.
- Page 96, Capital Cost: Failed to include the amortized start-up in the capital cost table.
- According the North Carolina Home Health database, during 2008 (latest available data on-line), 3HC Johnston-Springfield served no indigent patients and provided no indigent visits (please refer to Exhibit 2 attached).
- Failed to include the amortized start-up cost as part of the capital cost of their project. Also, inconsistent start-up cost amounts given: \$75,000 in Section IX, but IX.2 states 3 months or \$25,000.
- A Clinical Director/Team Leader in shown in Form B but was not listed in their staffing table.
- The cost of the telehealth equipment they propose was not shown in Form B.
- Support letters provided were form letters and some letters did not identify who signed them, or the specialty if the signer was a physician. There appears that there were no support letters from Raleigh physicians.
- The proposed office location represents some geographic challenges to serving the entire county. For example, the one way travel time from Garner to Wake Forest is 34 minutes (Source: MapQuest). If only a few patients reside in Wake Forest, round trip travel time would be over an hour, not counting the time for the patient visit.

A more common approach when a large county is involved is for an agency to establish a branch office(s) near the patient pool when a sufficient number of patients exist to justify the branch.

Community Home Health of North Carolina, LLC
Project ID: 008510-J

Brief profile: Their home office is in Rocky Mount, North Carolina. The applicant entity is owned by Community Health, a hospice provider which has a North Carolina Hospice CON under appeal. The individual who owns these entities has a majority (60%) ownership interest in Camellia Home Health's agency in Marietta, Cobb County, Georgia, but has no personal experience in Medicare certified home health services.

- The company's principal plans to provide management services to the proposed agency through a related company.

Medicare regulations (HIM 11, the Medicare rules guidebook) prohibit management fees being based on revenues if a related party is involved.

"Providers of home health care for Medicare patients are carefully regulated, with limits and restrictions on their costs, including the amounts allowable for owners' salaries and benefits. If a home health care provider conducts business with a "related organization," the organization's costs and salaries are also limited." See 42 C.F.R. § 413.17. (SOURCE: Tenth Circuit, Court of Appeals, United States vs. Kluding, No. 00-6344)

- Plan to eventually serve Wake County from an office located in Apex which is 82 minutes roundtrip (Source: MapQuest) from Wake Forest which is in the uppermost, northeastern portion of the county. A more common approach is to have a centrally located office near major referral sources (such as in Raleigh) and establish a branch office(s) once patient caseloads in a given area justify the opening of a branch.
- Provided a lengthy discussion of Camellia's growth in an attempt to justify the Wake County projected patients. It was unclear, however, how a Georgia agency in which the applicant only has a financial interest and no operational experience has anything to do with producing reasonable projections for a new Wake County home health agency.
- Projected Charity care in Year 1 to represent 35% of gross revenues with no basis or explanation given (the average in North Carolina is around 0.6%).
- Inefficient use of staff: Only 80 patients projected to be served in Year 1 but plans to have full time therapists (no contractors) during this period.
- Weak recruitment plan (not comprehensive in scope).
- CON preparation fees of \$100,000 (three times the average CON preparation fee in North Carolina).
- Common ownership with project A-008292-09 (hospice CON application currently being appealed) but not financial impact analysis of the cost of this project and the appeal provided on the home health project.
- Start-up costs of only \$20,880 were understated and not in line with the typical amount for start-up cost (typically, \$40,000+).
- Failed to include start-up cost as part of the capital cost.
- Form B: no line item amount for the amortization of start-up cost and no line item amount for management services.
- Several form letters of support, some duplicates, and the signer not always clearly identified.

United Home Care, Inc.
Project ID #: 008511-J

Brief profile: The proposed agency will be managed by UHS-Pruitt corporation, a related party. UHS-Pruitt will refer all Pediatric home health patients to Bayada. Noted that Respiratory Therapy (RT) services will be provided, but RT services are not Medicare reimbursable.

- Related party management services:

Medicare regulations (HIM 11, the Medicare rules guidebook) prohibit management fees being based on revenues if a related party is involved.

“Providers of home health care for Medicare patients are carefully regulated, with limits and restrictions on their costs, including the amounts allowable for owners' salaries and benefits. If a home health care provider conducts business with a "related organization," the organization's costs and salaries are also limited.” See 42 C.F.R. § 413.17. (SOURCE: Tenth Circuit, Court of Appeals, United States vs. Kluding, No. 00-6344)

- Indigent/Charity care shortfalls at their Georgia home health agencies:

As documented in the Georgia Department of Community Health’s on-line CON Tracking and Appeals report (the Georgia agency that administers the CON program), United Home Care had \$357,920 in indigent care “shortfalls” during 2009 (\$325,430 during 2008). Under Georgia CON law, holders of home health CONs are required to provide indigent care at a level of 3% of Adjusted Gross Revenues (gross revenue less contractual adjustments). If these agencies do not meet this commitment, they are required to pay the “shortfall”.

**Indigent/Charity Shortfalls –
Facilities with Indigent and Charity Care Commitment Shortfalls**

(Commitment status as of 4/23/2010)

Indigent and Charity Care Shortfalls – Compliance with indigent and charity care commitments is evaluated on the effective date indicated in each version of the Tracking Report. Adjustments paid to offset shortfalls that are received on or near the effective date may not have had time to be processed by DCH when the Tracking Report is published.

United Home Care

United Home Care of Atlanta Gwinnett 2008	\$ 149,965.04 Home Health Agency
United Home Care of Atlanta Gwinnett 2009	\$ 182,712.09 Home Health Agency
United Home Care of Cumming Forsyth 2008	\$ 59,747.85 Home Health Agency
United Home Care of Cumming Forsyth 2009	\$ 76,728.76 Home Health Agency
United Home Care of North Georgia Hall 2008	\$ 115,987.15 Home Health Agency
United Home Care of North Georgia Hall 2009	\$ 98,479.87 Home Health Agency

SOURCE: Georgia Department of Community Health website (CON tracking report, 4/14/10).

These shortfalls call into question UHS-Pruitt’s commitment to provide indigent care at the levels proposed in their Wake County CON application.

- Despite having some support letters on WakeMed letterhead, WakeMed does not support the application submitted by UHS-Pruitt (please refer to Exhibit 3).
- Hispanic home health need calculation. UHS-Pruitt incorrectly used the age distribution in the general population to generate the age cohort numbers in their Hispanic home health need calculation.

This assumption is invalid for the following reasons: the median age for the Hispanic population is much lower than that of the general population (25 compared to 35.3 for North Carolina). Sources: Pew Hispanic Center for the Hispanic median age and ereduct.com for the general population).

Furthermore, “It is immediately apparent that the Hispanic population is much younger than the total population. Thirty-seven percent of the Hispanic population is under age eighteen compared with 25 percent of the total population. A similar disparity exists for the population ages eighteen through thirty-five. Nearly 40 percent of the Hispanics are in this age group but only 27 percent of the total population. Combining the statistics for these two age groups shows that 77 percent of the state’s Hispanic population is age thirty-five or under whereas only 52 percent of the state’s total population fits this age profile. For the elderly population (age sixty-five and up), the disparity is in the opposite direction. That is, there is a higher concentration of elderly people in the total population (13 percent) than in the Hispanic population (4 percent).” Source: “A Profile of Hispanic Newcomers to North Carolina”, J. H. Johnson, Jr., K. D. Johnson-Webb, W. C. Farrell.

Based on these demographic facts, the Hispanic home health need calculation is not an accurate representation of the need for this population.

- Year 1 patients of 378. An ambitious goal for a new home health provider with no established referral sources.
- No growth in patients between Years 2 & 3. It seems unreasonable to project no growth in patients given the increasing demand for home health services now and in the future.
- Patient served outside of Wake County. UHS-Pruitt proposed serving patients outside of Wake County (presumably within the allowed 60 mile radius) in each of the first three years of operation. The following table shows their projected number of patients along with the net need as stated in Table 12C of the 2010 SMFP.

UHS-PRUITT PROJECTED NUMBER OF PATIENTS BY COUNTY OTHER THAN WAKE

COUNTY	SMFP NEED	UHS-Pruitt NEED PROJECTION
Durham	163	10
Johnston	-43	9
Harnett	-29	6
Franklin	-31	5
Nash	-42	4
Wilson	-47	4
Granville	-4	3
Sampson ¹	40	1

SOURCE: UHS-Pruitt CON application.

¹Only about the upper half of Sampson County is within the 60 mile radius from Wake County. The main population centers for Sampson County, e. g., the county seat of Clinton is beyond the 60 mile radius.

As can be seen from this table, 6 of the 8 additional counties proposed to be served have negative need (surplus) according to the 2010 SMFP. These counties represent a collective surplus of -196 patients yet UHS-Pruitt has determined that there is an unmet need in these counties. It would seem that by projecting the inclusion of these patients (without the need being supported by the 2010 SMFP) would render their pro formas, and therefore, their application, invalid.

Continuum II Home Care and Hospice, Inc.
Project ID #: 008512-J

Brief profile: Continuum operates an existing Medicare certified home health agency in Onslow County (Jacksonville, North Carolina).

- Proposed payor mix includes Indigent HHSP patients, a program that is not currently funded.
- Page 20, question 2: *“Continuum’s project will be different, principally in that implementation of the proposal will result in a new certified home health agency in Wake County.”*

Unlike existing home health agencies, which may be somewhat entrenched in the status quo of their operations, Continuum will be taking a fresh approach to its delivery of services to the community.”

Proposing to establish a new agency is really not a distinguishing factor and some of the existing agencies (such as Gentiva, formerly Tarheel, is the nation’s second largest provider of Medicare certified home health services) provide state of art patient care and is certainly not *“entrenched in the status quo.”*

- According to the Medicare Home Health Compare website, Continuum scored poorly on several key quality indicators (please refer to Exhibit 4).
- 444 patients during the first year of operation seems overly ambitious for a new provider in the county that does not have established referral sources.
- Page 35: “Med Surg” visits. ISCHH has never heard of this type of visit in a home health context.
- Hispanic population: Failed to look at the potential users of home health in the Hispanic population (persons 65 and older).
- Page 49 showed Indigent at 0.06% of total visits, yet proposed Indigent at 1.0% of gross revenues. The table on page 82 shows 0% for charity care. Also, inconsistent amount for charity care: Year 1 stated as \$11,050 and Year 2 as \$12,341, but charity care in Form B is shown as Year 1: \$6,108 and Year 2: \$6,822. Cash flow statements do not reflect any charity care.

These inconsistencies call into question the validity of the financial projections (See also Exhibit 5 relating to Continuum’s payor source breakdown).

- Page 79: Did not provide a dollar amount or a percentage of total revenues for Bad Debt.
- Page 91, Capital Cost: Failed to include the \$94,520 in projected start-up cost as part of the capital cost. Also, Form B on page 111, shows the amortization of start-up cost to be \$8,500 per year. Since start-up cost is amortized over a five year period according to Medicare regulations, this yearly amount would equal \$42,500 (\$8,500 times five).

REVIEW OF COMPETITORS APPLICATIONS BY SECTION:

SECTION II: SCOPE OF SERVICES/QUALITY OF CARE

PROPOSED CLINICAL SERVICES COMPARISON

PROPOSED SERVICE/PROGRAM	ISCHH	3HC	CONTINUUM	ASSISTED CARE	COMMUNITY	UHS-PRUITT	SUNCREST
Cardiac	X					X	X
IV Therapy	X	X		X		X	X
Diabetes	X					X	X
Oncology	X					X	X
Rehabilitation	X						
Pain Therapy	X					X	X
TPN	X					X	X
HIV/AIDS Care	X					X	X
Psychiatric Services	X					X	X
Wound Care	X	X		X		X	X
Home Care Coordination	X						
Case Management Support	X						
Disease Management	X					X	X

SOURCE: CON applications

NOTE: All applicants proposed providing the six core services: SN, PT, ST, OT, MSW, and HHA. Also, respiratory therapy is not a Medicare reimbursable service. While some applicants such as AssistedCare and Continuum proposed serving specialized populations such as diabetics, not all applicants proposed a specific program.

While ISCHH did not propose to provide certain services such as Pediatrics, an explanation was given as to why this service was not proposed.

SECTION IV: UTILIZATION

IV.1 VISITS PER UNDUPLICATED PATIENT

AGENCY	YEAR 1			YEAR 2		
	UNDUPLICATED PATIENTS	TOTAL NO. VISITS	VISITS PER PATIENT	UNDUPLICATED PATIENTS	TOTAL NO. VISITS	VISITS PER PATIENT
Assisted	444	7,701	15.93	474	7,550	15.93
SunCrest	444	6,665	15.01	484	7,611	15.73
3HC	477	8,429	17.67	497	8,872	17.67
Community	80	1,183	14.79	410	7,134	17.40
UHS-Pruitt	420	8,135	19.37	588	13,710	23.32
Continuum	444	8,177	18.42	480	8,839	18.41
ISCHH	230	3,308	14.38	444	6,386	14.38
Wake--Based HHAs	12,298	176,857	14.38	12,298	176,857	14.38
State Totals	216,916	3,569,761	16.45	216,961	3,569,761	16.45
CMS	16,309	154,291	9.46	16,309	154,291	9.46

Source: CON applications, Tables IV.2, Year 1 & 2. Wake Co., State Average & CMS cited below.

All Agencies except for ISCHH are above the Wake County based Home Health Agency Average.

Assisted, and SunCrest are between the Wake County Average and the State Average per the NC Home Health Agency Database, 2009.

All others exceed both the Wake County and State Averages.

All Applicants exceed the CMS Average per 2008 HCRIS Cost reports filed, (10 out of 11 Agencies).

ISCHH Average Visits per Patient are consistent with the Wake County based Home Health Agencies, using the NC Home Health Agency Database, 2009 (2008 data) for all 11 Wake County based Agencies for both years.

DISCIPLINE VISIT DISTRIBUTION

YR. 1	3HC	COMMUNITY	UHS-Pruitt	CONTINUUM	SunCrest	AssistedCare	ISCHH	WAKE CO.	CMS AVG.
SN	53.23%	52.66%	40.52%	42.00%	45.12%	49.89%	40.54%	40.57%	41.88%
PT	22.43%	34.83%	37.01%	35.00%	31.23%	34.21%	38.42%	38.49%	36.59%
ST	1.14%	0.42%	1.06%	2.01%	3.11%	0.93%	1.93%	1.92%	2.02%
OT	5.25%	1.61%	11.71%	8.00%	8.13%	6.27%	6.86%	6.81%	8.59%
MSW	1.42%	0.25%	1.02%	1.00%	2.03%	1.30%	1.93%	1.97%	1.45%
HHA	16.54%	10.23%	8.68%	12.00%	10.39%	7.40%	10.31%	10.24%	9.47%
TOTAL	100.01%	100.00%	100.00%	100.01%	100.01%	100.00%	99.99%	100.00%	100.00%

Source: Table IV.2, Discipline Visits/Total Visits Variances in Totals due to rounding

YR. 2	3HC	COMMUNITY	UHS-Pruitt	CONTINUUM	SunCrest	Assisted	ISCHH	WAKE CO.	CMS AVG.
SN	53.11%	50.01%	40.52%	42.00%	45.75%	49.89%	40.62%	40.57%	41.88%
PT	22.54%	34.99%	37.03%	35.00%	31.52%	34.20%	38.54%	38.49%	36.59%
ST	1.22%	1.00%	1.06%	2.00%	2.89%	0.95%	1.83%	1.92%	2.02%
OT	5.28%	3.50%	11.75%	8.00%	8.03%	6.29%	6.87%	6.81%	8.59%
MSW	1.34%	0.49%	0.98%	1.00%	1.96%	1.27%	1.89%	1.97%	1.45%
HHA	16.50%	10.01%	8.65%	12.00%	9.85%	7.40%	10.24%	10.24%	9.47%
TOTAL	99.99%	100.00%	99.99%	100.00%	100.00%	100.00%	99.99%	100.00%	100.00%

Source: Table IV.2, Discipline Visits/Total Visits Variances in Totals due to rounding

3HC based projections on its Wake County experience. 3HCs experience does not agree with Wake County averages.

Community appears to base its distribution on experience. The applicant states the “assumption is within the range of reasonableness”. The range identified is a successful CON Application in 2007 and a Low per the CMS Cost Reports.

- Community picks a percent in the middle.
- Community’s use of previously successful CON applications is not a valid source for projecting 2010 projects as more current data is published and available for use. For example, using the Community methodology the “range of reasonableness” between the 2007 successful CON application and the 2008 CMS data is 25.1% High to Low. Community then comes up with a percentage in the middle.

UHS-Pruitt states that it based its projections based on “UHC database of operating experience” and the experience of “Senior Staff”. UHC’s operating experience is close to the Wake County averages except for OT, MSW and HHA which represents ½ of the Disciplines.

Continuum states “in general the bases for these forecast is our experience operating a home health agency in North Carolina; however we have relied upon data sources specifically pertinent to Wake County, the state and the nation.”

- Continuum cites a 10/22/2009 NAHC 2008 Medicare Cost Report Analysis of 158 NC HHA’s, and 2010 NC Licensure Applications for the top nine Wake County based HHAs, and 2010 NC Licensure Applications for Continuum. Based upon the analysis above Continuum used the NAHC Report for its discipline distribution projects not experience. This would be closer to a state average rather than a Wake County specific average.

SunCrest cites the 2009 Licensure Application, Wake County and “adjusts from experience at other SunCrest (parent) agencies. SunCrest has no existing NC agency to draw experience from.

AssistedCare states “the projected visits by discipline were based upon AssistedCare’s experience in its other office.” AssistedCare’s other office is in Leland, NC, approximately 136 miles and 2 hours way, in addition to being in a separate and distinct county and CBSA.

Based upon the analysis above SN, PT and HHA, 3 of the 6 disciplines, are quite different from the Wake County distribution.

ISCHH’s visit distribution is based upon the Wake County data and reflects such as the State data was deemed to be the most complete and best source for the statistic.

VISITS PER DUPLICATED PATIENT BY DISCIPLINE

YR. 1	3HC	COMMUNITY	UHS-Pruitt	CONTINUUM	SunCrest	AssistedCare	ISCHH	WAKE CO.
SN	5.99	8.42	6.40	9.13	4.66	11.68	7.93	7.93
PT	6.00	8.77	5.87	9.67	4.36	7.07	7.12	7.12
ST	5.94	2.50	5.73	7.13	3.96	9.43	5.02	4.88
OT	5.87	3.17	1.85	3.85	4.27	4.34	3.23	3.22
MSW	5.36	1.50	6.92	1.44	3.67	1.96	2.36	2.35
HHA	5.94	6.72	1.37	12.26	1.28	6.54	10.48	10.47
TOTAL	35.10	31.08	28.14	43.48	22.20	41.02	36.14	35.17

Source: Table IV.2, Discipline Visits / Discipline Patients

YR. 2	3HC	COMMUNITY	UHS-Pruitt	CONTINUUM	SunCrest	AssistedCare	ISCHH	WAKE CO.
SN	5.99	10.34	6.63	9.37	4.36	11.70	7.93	7.93
PT	6.00	11.66	6.07	9.55	4.34	7.08	7.12	7.12
ST	5.94	5.92	6.08	7.38	4.00	6.00	4.88	4.88
OT	5.87	4.66	1.92	3.93	4.24	4.40	3.23	3.22
MSW	5.36	2.92	5.63	1.47	4.14	2.00	2.36	2.35
HHA	5.94	10.06	4.42	12.63	4.18	6.65	10.47	10.47
TOTAL	35.10	45.36	27.75	44.33	25.16	37.83	35.99	35.17

Source: Table IV.2, Discipline Visits / Discipline Patients

3HC is inline and consistent with the Wake County Average for Year 1 and Year 2.

Community is not consistent with the Wake County Average or between Years.

UHS-Pruitt is not consistent with the Wake County Average consistent between Years.

Continuum is not consistent with the Wake County Average consistent between Years.

SunCrest is not consistent with the Wake County Average consistent between Years.

AssistedCare is not consistent in Yr 1 with the Wake County Average and is not consistent between Years.

ISCHH is inline and consistent with the Wake County Average for Year 1 and Year 2.

IV.7 (d) BAD DEBT

Year 1	AssistedCare	SunCrest	3HC	Community	UHS-Pruitt	Continuum	ISCHH
Bad Debt	22,356	4,572	10,895	1,983	7,237	0	4,263
% Gross Rev.	1.9%	0.4%	0.1%	1.20%	0.9%	0.0%	0.8%

Year 2	AssistedCare	SunCrest	3HC	Community	UHS-Pruitt	Continuum	ISCHH
Bad Debt	23,873	4,568	11,350	12,691	10,065	0	8,595
% Gross Rev.	1.9%	0.3%	0.1%	1.2%	0.5%	0.0%	0.8%

Source CON applications

Since Continuum projects no bad debts at all, this is an unrealistic projection.

**IV.12 PROJECTED PAYOR MIX AND ACCESS
DUPLICATED PATIENTS % UTILIZATION**

YR. 2	3HC	COMMUNITY	UHS-Pruitt	CONTINUUM	SunCrest	Assisted Care	ISCHH	WAKE CO.
Private Pay		2.0%	1.34%	.039%		2.80%		
Comm. Ins.	17.40%	9.0%	4.47%	16.24%	13.0%	25.30%	16.83%	19.45%
Medicare	64.75%	70.0%	79.78%	65.84%	75.0%	63.60%	67.96%	67.73%
Medicaid	15.30%	17.0%	12.62%	15.41%	9.0%	7.70%	12.26%	12.47%
VACHampus				0.49%				
Indigent HHSP				0.47%				
Charity	2.60%	2.0%	1.79%	1.17%	2.0%	0.60%	2.94%	0.35%
Other				0				
Total	100.05%	100.0%	100.00%	100.01%	100.00%	100.00%	99.99%	100.00%

Source: CON Applications / NC Home Health Agency Database 2009

Medicare: ISCHH reflects a percentage within 1% of the Wake County Average. All other applicants are more 1.5% higher or lower and not representative of Wake County activity.

Medicaid: UHS-Pruitt and ISCHH both reflect percents within 0.21% of Wake Average. All others are more than 3% higher or lower and are not representative of Wake County activity.

ISCHH and UHS-Pruitt project Medicaid access at the same levels as existing Wake County providers as well as committing to charity care at levels well above the average.

SECTION VI: ACCESSIBILITY

**INDIGENT/CHARITY CARE COMPARISON
WAKE COUNTY HOME HEALTH APPLICANTS**

APPLICANT	YEAR 1 DOLLAR AMOUNT (% GROSS REVENUE)	YEAR TWO DOLLAR AMOUNT (% GROSS REVENUE)
BROOKDALE SENIOR LIVING (ISCHH)	\$14,610 (2.85%)	\$29,813 (2.92%)
3HC ¹	\$1,090 (0.1%)	\$1,135 (0.1%)
AssistedCare	\$3,659 (0.3%)	\$3,908 (0.3%)
Community HH ²	\$59,598 (35%)	\$19,819 (1.9%)
Continuum ³	\$11,050 (1.0%)	\$12,341 (1.0%)
UHS-Pruitt ⁴	\$11,730 (1.1%)	\$16,920 (0.9%)
SunCrest ⁵	\$15,050 (1.23%)	\$20,545 (1.33%)

SOURCE: CON applications

¹No indigent care provided during 2008 (SOURCE: NC HH Database, 2008).

²Probably infeasible.

³Served 2 Indigent patients (0.0039 % of total patients) during 2008 according to the 2008 NC HH database.

⁴Significant Indigent care shortfall at their Georgia agencies (additional discussion in the applicant-specific comments).

⁵Provided no Indigent care during 2009 at one of their TN HHAs and only a small percentage at their other TN agency (additional discussion in the applicant-specific comments).

COMMENT:

Of the applicants with realistic Indigent/charity care amounts, ISCHH had the second highest proposed dollar amount of charity care of all the applicants and the highest dollar amount during Year 2. ISCHH also proposed the highest percentage of charity care of all the applicants.

SECTION VII: STAFFING

VII STAFFING

Visits per Day

YR. 2	3HC	COMMUNITY	UHS-Pruitt	CONTINUUM	SunCrest	AssistedCare	ISCHH
RN	5.6	5.5	5.02	5.20	6.0	5.0	6.0
LVN	0	6.5	5.92	5.20	6.0		
PT	5.0	5.5	5.27	5.50	5.0	5.0	6.0
LPTA		6.5		5.50			
ST	5.0	5.5	0	4.20	6.0	5.0	6.0
OT	5.0	5.5	5.21	5.10	6.0	5.0	6.0
COTA		6.5		5.50			
MSW	5.0	3.0	3.31	3.30	4.0	3.5	3.0
HHA	5.6	6.5	5.05	5.40	5.0	6.0	7.0
TOTAL	31.2	45.0	29.78	44.90	38.0	29.5	34.0

Source: CON applications

UHS-Pruitt's application reflects no Visits per Day for ST in the Application.

Hours per Visit

Source CON applications

Visits Per Day

YR. 2	3HC	COMMUNITY	UHS-Pruitt	CONTINUUM	SunCrest	AssistedCare	ISCHH
RN	1.43	1.45	1.59	1.54	1.33	1.60	1.33
LVN		1.23	1.35	1.54	1.33		
PT	1.60	1.45	1.52	1.45	1.60	1.60	1.33
LPTA		1.23		1.45			
ST	1.60	1.45		1.90	1.33	1.60	1.33
OT	1.60	1.45	1.54	1.57	1.33	1.60	1.33
COTA		1.23		1.45			
MSW	1.60	2.67	2.42	2.42	2.00	2.29	2.67
HHA	1.43	1.23	1.58	1.48	1.60	1.33	1.14
TOTAL	31.2	45	29.78	44.9	38	29.5	34

Note: (8 hours day / Visit per day)

FTEs Year 1

YR.1	3HC	COMMUNITY	UHS-Pruitt	CONTINUUM	SunCrest	AssistedCare	ISCHH
ADMIN		1.000	1.0	1.0	1.00	1.00	0.50
CLERICAL	1.00	.250	1.0	1.0	1.00		1.00
ACCTG				1.0			
BUS. OFF.			1.0		0.35		
DOPS	0.33			.50			0.50
OASIS/QA			1.0	.50			
MKTING	0.50		1.5		1.35		
SCHED.					1.00		
MED. REC.						1.00	
SUPERV.	1.00		1.0	.50	1.42		
RN	3.33	0.401	2.3	3.17	1.10	2.00	0.86
LPN		0.060	0.7			1.20	
DIETICIAN				.03			
THER. SUP.				.50			
PT	1.58	0.203	2.6	1.86	1.50	1.00	0.81
LPTA		0.092		.50		1.20	
ST	0.09	0.004	0.9	.18	.12	0.10	0.15
OT	0.37	0.012	1.0	.50	.36	0.50	0.04
COTA		0.002		.14			
MSW	0.09	0.004	0.9	.17	.14	0.20	0.04
HHA	1.03	0.078	0.6	.80	0.75	0.50	0.19
TOTAL	9.32	2.106	13.8	12.35	10.09	8.70	5.13

Note: 3HC FTEs do not reflect an Administrator for Year 1 or Year 2.

FTEs Year 2

YR. 2	3HC	COMMUNITY	UHS-Pruitt	CONTINUUM	SunCrest	AssistedCare	ISCHH
ADMIN	0	1.00	1.00	1.00	1.00	1.0	0.50
CLERICAL	1	1.00	1.00	1.00	1.00		1.00
ACCTG				1.00			
BUS. OFF.			1.00		1.00		
DOPS	0.33		1.00	0.50			1.00
OASIS/QA			1.00	1.00			
MKTING	0.50		2.00		2.00		
SCHED.					1.00		
MED. REC.						1.0	
SUPERV.	1	1.00	1.00	0.50			
RN	3.47	2.30	3.60	3.51	1.10	2.0	1.66
LPN		0.34	1.40		2.00	1.4	
DIETICIAN				0.03			
THER. SUP.				0.50			
PT	1.65	3.40	3.71	1.86	1.86	1.0	1.58
LPTA		0.56		0.50		1.4	
ST	0.09	0.05	0.11	0.18	0.15	0.1	0.08
OT	0.39	0.15	0.86	0.50	0.42	0.5	0.28
COTA		0.75		0.14			
MSW	0.10	0.50	0.16	0.17	0.16	0.2	0.15
HHA	1.08	0.46	1.00	0.80	0.79	0.5	0.36
TOTAL	9.61	11.06	17.84	12.85	12.48	9.1	7.62

Source: CON application.

Note: 3HC FTEs do not reflect an Administrator for Year 1 or Year 2.

Visits per Day

	3HC	COMMUNITY	UHS-PRUITT	CONTINUUM	SUNCREST	ASSISTEDCARE	ISCHH
RN	5.6	5.5	5.02	5.20			
LVN	0	6.5	5.92	5.20	6.0		
PT	5.0	5.5	5.27	5.50	5.0	5.0	6.0
LPTA		6.5		5.50			
ST	5.0	5.5	0	4.20	6.0	5.0	6.0
OT	5.0	5.5	5.21	5.10	6.0	5.0	6.0
COTA		6.5		5.50			
MSW	5.0	3.0	3.31	3.30	4.0	3.5	3.0
HHA	5.6	6.5	5.05	5.40	5.0	6.0	7.0
TOTAL	31.2	45.0	29.78	44.90	38.0	29.5	34.0

Source: CON applications

UHS-Pruitt's application reflects no Visits per Day for ST in the text.

Hours per Visit

Visits Per Day

	3HC	COMMUNITY	UHS-PRUITT	CONTINUUM	SUNCREST	ASSISTEDCARE	ISCHH
RN	1.43	1.45	1.59	1.54	1.33	1.60	1.33
LVN		1.23	1.35	1.54	1.33		
PT	1.60	1.45	1.52	1.45	1.60	1.60	1.33
LPTA		1.23		1.45			
ST	1.60	1.45		1.90	1.33	1.60	1.33
OT	1.60	1.45	1.54	1.57	1.33	1.60	1.33
COTA		1.23		1.45			
MSW	1.60	2.67	2.42	2.42	2.00	2.29	2.67
HHA	1.43	1.23	1.58	1.48	1.60	1.33	1.14
TOTAL	31.2	45	29.78	44.9	38	29.5	34

Source: (8 hours day / Visit per day)

WAGES PER FORM B

YR 1	3HC	COMMUNITY	UHS-PRUITT	CONTINUUM	SUNCREST	ASSISTEDCARE	ISCHH
RN	207,125	25,007	147,340	200,982	94,702	110,000	3,973
LPN		3,920	38,461		8,231	48,000	
PT	157,818	18,302		167,251	90,865	85,000	56,291
PT CONTRACT			195,715		42,764		
LPTA		5,921		25,417		66,000	
ST	5,396	325		12,079		6,500	3,219
ST CONTRACT			6,450		14,248		
OT	24,228	975		36,651		42,500	9,694
OT CONTRACT			71,475		41,336		
COTA							
MSW	5,592	163		8,940		8,736	3,784
MSW CONTRACT			4,980		6,620		
HHA	27,755	2,118	19,881	19,722	19,875	12,480	4,665
TOTAL	427,914	56,731	484,302	471,042	358,641	379,216	131,626

Source: CON applications

VISIT PER TABLE IV.2

YR 1	3HC	COMMUNITY (1)	UHS-PRUITT (2)	CONTINUUM (3)	SUNCREST (4)	ASSISTEDCARE (5)	ISCHH –
RN	4,474	530	1,549	3,434	1,710	2,205	1,341
LPN		93	1,747		1,343	1,323	
PT	1,899	268		2,261	1,647	1,089	1,271
PT CONTRACT					535		
LPTA		144	3,011	601		1,330	
ST	105	5		164		66	64
ST CONTRACT			86		178		
OT	446	19		654		443	227
OT CONTRACT			953		517		
COTA							
MSW	113	3		82		92	64
MSW CONTRACT			83		132		
HHA	1,390	121	706	981	603	523	341
TOTAL	8,427	1,183	8,135	8,177	6,665	7,071	3,308

Source: CON applications

Where wages on Form B reflected costs distinguished between employee types, the visit were distributed between the types based upon hours worked percentages. The computations are reflected below for each applicant:

1 Community RN Visits = $\frac{((240 \times 5.5) \times .401)}{622.92} \times 623$ RN Rate = RN wages / Visits
 LPN Visits = $\frac{((240 \times 6.5) \times .06)}{622.92} \times 623$ LPN Rate = LPN Wages / Visits
 PT Visits = $\frac{((240 \times 5.5) \times 0.202)}{411.72} \times 2496$ PT Rate = RN Wages / Visits
 LPTA Visits = $\frac{((240 \times 6.5) \times 0.093)}{411.72} \times 412$ LPTA Rate = RN Wages / Visits

2 UHS-Pruitt RN Visits = $\frac{((212 \times 5) \times 2.3)}{3269.04} \times 3269$ RN Rate = RN Wages / Visits
 LPN Visits = $\frac{(212 \times 5.6) \times .7}{3269} \times 3269$ LPN Rate = LPN Wages / Visits

3 Continuum PT Visits = $\frac{((260 \times 5.5) \times 1.86)}{3374.8} \times 2261$ PT Rate = RN Wages / Visits
 LPTA Visits = $\frac{((260 \times 5.5) \times 0.5)}{3689.4} \times 3094$ LPTA Rate = RN Wages / Visits

4 SunCrest RN Visits $\frac{(240 \times 6) \times 1.42}{3628} \times 3053$ RN Rate = RN Wages / Visits
 LPN Visits = $\frac{((240 \times 6) \times 1.10)}{3628} \times 3053$ LPN Rate = LPN Wages / Visits
 Contract Visits = Wages/80 Contract Rate = Wages / Contract Visits
 Staff Visits = Total-PT Visits - Contract Visits PT Rate = Wages / Staff Visits

5 AssistedCare RN Visits = $\frac{((240 \times 5) \times 2)}{3840} \times 3528$ RN Rate = RN Wages / RN Visits
 LPN Visits = $\frac{((240 \times 5) \times 1.2)}{3840} \times 3528$ LPN Rate = LPN Wages / Visits
 PT Visits = $\frac{((240 \times 5) \times 1)}{2640} \times 2419$ PT Rate = PT Wages / Visits
 LPTA Visits = $\frac{((240 \times 5) \times 1.2)}{2640} \times 2419$ LPTA Rate = LPTA Wages / Visits

RATE PER VISIT

YR 1	3HC	COMMUNITY	UHS-PRUITT	CONTINUUM	SUNCREST	ASSISTEDCARE	ISCHH
RN	46.30	47.22	95.11	58.53	55.38	49.89	40.25
LPN		41.95	22.02		35.91	36.28	
PT	83.11	68.29		73.97	55.17	78.05	44.29
PT CONTRACT			65.00		80.00		
LPTA		41.12		42.29		49.624	
ST	51.39	65.00		73.65		98.48	50.30
ST CONTRACT			75.00		80.04		
OT	54.32	51.32		56.04		95.94	42.70
OT CONTRACT			75.00		79.95		
COTA							
MSW	49.49	54.33		109.02		94.96	59.13
MSW CONTRACT			60.00		50.15		
HHA	19.97	17.50	28.16	20.10	32.96	23.86	13.68
TOTAL	304.57	386.73	420.29	433.61	469.57	527.09	250.34

Source: Computed Wages / Visits

Annual Salaries

YR 1	3HC	COMMUNITY	UHS-PRUITT	CONTINUUM	SUNCREST	ASSISTEDCARE	ISCHH
RN	62,192	62,400	65,000	63,436	67,000	55,000	62,790
LPN		54,600	52,000	39,441	44,000	40,000	
PT	99,694	90,480		89,892	77,250	85,000	69,092
PT CONTRACT							
LPTA		63,700		50,834		55,000	
ST	62,400	85,800		67,000		65,000	78,468
ST CONTRACT							
OT	65,229	85,800		73,301		85,000	66,628
OT CONTRACT							
COTA							
MSW	59,280	39,000		53,127		43,680	46,121
MSW CONTRACT							
HHA	26,832	27,300	33,500	24,653	26,500	24,960	21,341.0
TOTAL	375,627	509,080	150,500	461,684	214,750	453,640	344,440

Source: CON applications Table VII.2

VISIT PER YEAR 260 DAYS 2,080 HOURS YEAR

YR 1	3HC	COMMUNITY	UHS-PRUITT	CONTINUUM	SUNCREST	ASSISTEDCARE	ISCHH
RN	1,456	1,430	1,300	1,352	1,560	1,300	1,560
LPN		1,690	1,456	1,352	1,560	1,300	
PT	1,300	1,430		1,430	1,560	1,300	1,560
PT CONTRACT							
LPTA		1,690		1,430		1,330	
ST	1,300	1,300		1,092		1,300	1,560
ST CONTRACT							
OT	1,300	1,430		1,326		1,300	1,560
OT CONTRACT						1,300	
COTA		1,690		1,326			
MSW	1,300	780		858		910	780
MSW CONTRACT							
HHA	1,456	1,690	1,300	1,404	1,300	1,560	1,820
TOTAL	8,112	13,130	4,056	11,570	5,980	11,600	8,840

Source: Computed Visits per Day x 260

VISIT RATE 260 DAYS 2,080 HOURS

YR 1	3HC	COMMUNITY	UHS-PRUITT	CONTINUUM	SUNCREST	ASSISTEDCARE	ISCHH
RN	42.71	43.64	50.00	46.92	42.95	42.31	40.25
LPN		32.31	35.71	29.17	28.21	30.77	
PT	76.69	63.27		62.86	49.52	65.38	44.29
PT CONTRACT							
LPTA		37.69		35.55		41.35	
ST	48.00	66.00		61.36		50.00	50.30
ST CONTRACT							
OT	50.18	60.00		55.28		65.38	42.71
OT CONTRACT							
COTA							
MSW	45.60	50.00		61.92		48.00	59.13
MSW CONTRACT							
HHA	18.43	16.15	25.77	17.56	20.38	16.00	11.73
TOTAL	281.61	369.06	111.48	370.62	141.06	359.20	248.41

Source: Average Annual Wages Table VII.2 /Visits per Year Discipline Visits

VARIANCE VISIT RATE PER FORM B VS. TABLE VII.2 260 DAYS 2,080 HOURS

YR 1	3HC (4)	COMMUNITY (4)	UHS-PRUITT (1)	CONTINUUM (4)	SUNCREST (2)	ASSISTEDCARE (3)	ISCHH – (5)
RN	3.58	3.59	45.11	11.61	12.43	7.58	(0.00)
LPN		9.64	(13.70)	(29.17)	7.71	5.51	
PT	6.42	5.02		11.11	5.65	12.67	(0.00)
PT CONTRACT			65.00		80.00		
LPTA		3.43		6.74		8.27	
ST	3.39	(1.00)		12.30		48.48	(0.00)
ST CONTRACT			75.00		80.04		
OT	4.15	(8.68)		0.76		30.55	(0.01)
OT CONTRACT			75.00		79.95		
COTA							
MSW	3.89	4.33		47.10		46.96	(0.00)
MSW CONTRACT			60.00		50.15		
HHA	1.54	1.35	2.39	2.54	12.58	7.86	1.95
TOTAL	22.96	17.67	308.81	63.00	328.52	167.89	1.94

Source: Visit Rate per Form B – Visit Rate at 260 Days 2,080 Hours.

The following applicants reflect large variance between the visit rates used to compute Wages on Form B when compared to Annual Wages and rates using Medicare FTE Guidelines. By using 2,080 hours to compute FTEs, Paid Time Off is accounted for it treats all staff as full-time and only distinguished between staff and contractors. It is apparent that all but one applicant is computing some accrual and including it into Form B.

1. UHS-Pruitt reflects a much higher wage rate for RN than 2080 FTE requirement on Form B. As the FTE computation based upon 2080 hours takes into account vacation, sick days and holidays the additional accruals overstates wages in Form B. Wages per visit reflected on Form B amount 1.9 times as much as the Average salary rate / the visits. This most like come from an overstatement of accruals. The total variance is in excess of \$300.00 per visit, after removing the contracted variance amount the variance equals \$33.81.

Contracted services rates agree with application no exception noted.

2. SunCrest reflects a higher RN and HHA Rate than the 2080 FTE requirement reflects using the applicant's average annual wages. Contracted services reflect minor variances with the amounts reflected in the application, most likely due to rounding of visits. However, PT, ST and OT rates appear to be high overall. Total variance exceeds \$325.00 per visit but this is due to including the Contracted therapies. The Variance for Staff is in excess of \$38.00 per visit.
3. AssistedCare also reflects large variances. Specifically, the therapies are extremely high and overall total variances exceed \$167.89 per visit. Any accrual for the therapy disciplines is erroneous as they reflect being paid on a per-diem basis not salary and reflect a small percentage of a full FTE. The largest is OT with a .5 FTE. Again this overstates cost on Form B.
4. 3HC, Community and Continuum also reflect total variances in the amount of \$ 22.96, \$17.67 and \$63.00 per visit, respectively. Again overstating Wages.

5. ISCHH is the only applicant that has used the Medicare guidelines as the basis for computing FTEs and the Wages for those FTEs.

WAGES PER FORM B

YR 2	3HC	COMMUNITY	UHS-PRUITT	CONTINUUM	SUNCREST	ASSISTEDCARE	ISCHH
RN	222,283	147,631	239,255	227,113	75,646	113,300	107,003
LPN		19,323	74,302		90,640	57,680	
PT	169,368	114,586		190,433	143,730	87,550	111,729
PT CONTRACT			339,905		2,142		
LPTA		36,717		25,925		73,310	
ST	5,791	4,753		13,307		6,695	6,033
ST CONTRACT			11,297		17,620		
OT	26,001	13,390		40,413		43,775	19,215
OT CONTRACT			124,450		48,892		
COTA							
MSW	6,001	1,953		9,786		8,998	7,333
MSW CONTRACT			8,343		7,747		
HHA	29,786	12,870	34,166	21,757	21,521	12,854	9,169
TOTAL	459,230	351,223	831,718	528,734	407,938	404,162	260,482

Source: CON applications

VISIT PER TABLE IV.2

YR 2	3HC	COMMUNITY (1)	UHS-PRUITT (2)	CONTINUUM (3)	SUNCREST (4)	ASSISTEDCARE (5)	ISCHH
RN	4,663	3,140	3,889	3,712	2,263	2,223	2,594
LPN		428	1,666		1,219	1,545	
PT	1,979	1,622		2,506	2,372	1,498	2,461
PT CONTRACT			5,077		27		
LPTA		874		588		1,085	
ST	107	71		177		72	117
ST CONTRACT			146		220		
OT	464	250		707		475	439
OT CONTRACT			1,611		611		
COTA							
MSW	118	35		88		96	121
MSW CONTRACT			135		149		
HHA	1,449	714	1,186	1,061	750	559	654
TOTAL	8,780	7,134	13,710	8,839	7,611	7,553	6,386

Source: CON applications

Where wages on Form B reflected costs distinguished between employee types, the visits were distributed between the types based upon hours worked percentages. The computations are reflected below for each applicant:

1 Community RN Visits = $\frac{((240*5.5)*2.97)}{4457}*3568$	RN Rate = RN wages / Visits
LPN Visits = $\frac{(((240*6.5)*.344)}{4457}*3568$	LPN Rate = LPN Wages / Visits
PT Visits = $\frac{(((240*5.5)*1.23)}{2497.2}*2496$	PT Rate = RN Wages / Visits
LPTA Visits = $\frac{(((240*6.5)*0.56)}{2497.2}*2496$	LPTA Rate = RN Wages / Visits
2 UHS-Pruitt RN Visits = $\frac{(((212*5)*3.6)}{5478.08}*5555$	RN Rate = RN Wages / Visits
LPN Visits = $\frac{(((212*5.6)*1.4)}{5478.08}*5555$	LPN Rate = LPN Wages / Visit
3 Continuum PT Visits = $\frac{(((260*5.5)*2.08)}{3689.4}*3094$	PT Rate = RN Wages / Visits
LPTA Visits = $\frac{(((260*5.5)*0.5)}{3689.4}*3094$	LPTA Rate = RN Wages / Visits
4 SunCrest RN Visits $\frac{((240*6)*1.1)}{4464}*3482$	RN Rate= RN Wages / Visits
LPN Visits = $\frac{(((240*6)*2)}{4464}*3482$	LPN Rate = LPN Wages / Visits
Contract PT Visits = Wages/80	Contract Rate = Wages / Contract Visits
Staff Visits = Total PT Visits - Contract Visits	PT Rate = Wages / Staff Visits
5 AssistedCare RN Visits = $\frac{(((240*5)*2)}{4420}*3768$	RN Rate = RN Wages / RN Visits
LPN Visits = $\frac{(((240*5)*1.4)}{4420}*3768$	LPN Rate = LPN Wages / Visits
PT Visits = $\frac{(((240*5)*1)}{4080}*2583$	PT Rate = PT Wages / Visits
LPTA Visits = $\frac{(((240.5*1.4)}{4080}*2583$	LPTA Rate = LPTA Wages / Visits
6. All Others reflect Wages and Visits distinctly.	Rates = Wages / Visits

Annual Salaries

YR 2	3HC	COMMUNITY	UHS-Pruitt	CONTINUUM	SUNCREST	ASSISTEDCARE	ISCHH
RN	64,058	64,272	66,950	64,705	69,010	56,650	64,360
LPN		56,238	53,560	40,229	45,320	41,200	
PT	102,685	93,194		91,690	77,250	87,550	70,824
PT CONTRACT							
LPTA		65,611		51,850		56,650	
ST	64,272	88,374		68,340		66,950	80,434
ST CONTRACT							
OT	67,186	88,374		74,767		87,550	68,281
OT CONTRACT							
COTA							
MSW	61,058	59,987		54,190		44,990	47,268
MSW CONTRACT							
HHA	27,637	28,119	34,505	25,146	27,925	25,709	21,871
TOTAL	386,896	544,169	155,015	470,917	219,505	467,249	353,038

Source: CON applications Table VII.2

VISIT PER YEAR 260 DAYS 2,080 HOURS YEAR

YR 2	3HC	COMMUNITY	UHS-PRUITT	CONTINUUM	SUNCREST	ASSISTEDCARE	ISCHH
RN	1,456	1,430	1,300	1,352	1,560	1,300	1,560
LPN		1,690	1,456	1,352	1,560	1,300	
PT	1,300	1,430		1,430	1,560	1,300	1,560
PT CONTRACT							
LPTA		1,690		1,430		1,085	
ST	1,300	1,300		1,092		1,300	1,560
ST CONTRACT							
OT	1,300	1,430		1,326		1,300	1,560
OT CONTRACT						1,300	
COTA		1,690		1,326			
MSW	1,300	780		858		910	780
MSW CONTRACT						-	-
HHA	1,456	1,690	1,300	1,404	1,300	1,560	1,820
TOTAL	8,112	13,130	4,056	11,570	5,980	11,355	8,840

Source: Computed Visits per Day x 260

VISIT RATE 260 DAYS 2,080 HOURS

YR 2	3HC (4)	COMMUNITY (4)	UHS- PRUITT (1)	CONTINUUM (4)	SUNCREST (2)	ASSISTEDCARE (3)	ISCHH (5)
RN	44.00	44.95	51.50	47.86	44.24	43.58	41.26
LPN		33.28	36.79	29.76	29.05	31.69	
PT	78.99	65.17		64.12	49.52	67.35	45.40
PT CONTRACT							
LPTA		38.82		36.26		52.21	
ST	49.44	67.98		62.58		51.50	51.56
ST CONTRACT							
OT	51.68	61.80		56.39		67.35	43.77
OT CONTRACT						-	
COTA				-			
MSW	46.97	76.91		63.16		49.44	60.60
MSW CONTRACT							
HHA	18.98	16.64	26.54	17.91	21.48	16.48	12.02
TOTAL	290.06	405.54	114.83	378.03	144.29	379.59	254.60

Source: Average Annual Wages Table VII.2 /Visits per Year Discipline Visits

VARIANCE VISIT RATE PER FORM B VS. TABLE VII.2 260 DAYS 2,080 HOURS

YR 2	3HC (4)	COMMUNITY (4)	UHS- PRUITT (1)	CONTINUUM (4)	SUNCREST (2)	ASSISTEDCARE (3)	ISCHH (5)
RN	3.67	2.07	10.02	13.32	17.82	7.39	(0.01)
LPN		11.87	7.81	(29.76)	45.30	5.64	
PT	6.59	5.47		11.87	11.08	(8.90)	(0.00)
PT CONTRACT			66.95		80.00		
LPTA		3.19		7.83		15.35	
ST	4.68	(1.04)		12.60		41.49	0.00
ST CONTRACT			77.38		80.09		
OT	4.36	(8.24)		0.78		24.81	0.00
OT CONTRACT			77.25		80.02		
COTA							
MSW	3.89	(21.11)		48.05		44.29	0.00
MSW CONTRACT			61.80		51.99		
HHA	1.57	1.39	2.27	2.60	7.21	6.51	2.00
TOTAL	4.77	(6.39)	303.48	67.29	373.52	136.59	2.00

The following applicants reflect variances between the visit rates used to compute Wages on Form B when compared to Annual Wages and rates using Medicare FTE Guidelines. By using 2,080 hours to compute FTEs Paid Time Off is accounted for. The guideline treat all staff as full-time and only distinguished between staff and contractors. It is apparent that all but one applicant is computing some accrual and including it into Form B.

1. UHS-Pruitt reflects a higher wage rate for RN than 2080 FTE requirement on Form B. As the FTE computation based upon 2080 hours takes into account vacation, sick days and holidays the additional accruals overstates wages in Form B. This most likely comes from an overstatement of accruals. The total variance is in excess of \$300.00 per visit, after removing the contracted variance amount the variance equals \$20.10.

Contracted services rates agree with application no exception noted.

2. SunCrest reflects a higher rates in all disciplines than the 2080 FTE requirement reflects using the applicant's average annual wages. Contracted services reflect minor variances with the application, most likely due to rounding of visits. However, PT, ST and OT rates appear to be high overall. Total variance exceeds \$370.00 per visit but this is due to including the Contracted therapies. The Variance for Staff is in excess of \$70.00 per visit.
3. AssistedCare also reflects large variances. Specifically, the therapies are extremely high and overall total variances exceed \$136.00 per visit. Any accrual for the therapy disciplines is erroneous as they reflect being paid on a per-diem basis not salary and reflect a small percentage of a full FTE. The largest is OT with a .5 FTE. Again accruing for this overstates cost on Form B as the FTE computation takes PTO into account.
4. 3HC, Community and Continuum also reflect Total variances in the amount of \$4.77, (\$6.39) and \$67.29 per visit, respectively. Again misstating Wages.
5. ISCHH is the only applicant that has used the Medicare guidelines as the basis for computing FTEs and the Wages for those FTEs. It has a \$2.00 variance in HHA

Pursuant to Medicare Guidelines found at PRM15-2 §3205 Part II, which is the instructions for preparing the Medicare Cost Report, FTE's are computed using total hours worked and dividing by 2080 hours. PRM 15-2 states in part:

"Total all hours for which contracted and consultant staff worked and divide by 2080 hours. . Round to two decimal places, e.g., .04447 is rounded to .04. Compute contract FTEs for column 2 as follows. Add all hours for which contracted and consultant staff worked and divide by 2080 hours. If employees are paid for unused vacation, unused sick leave, etc., exclude these paid hours from the numerator in the calculations."

As one can see, the instructions specify that unused Paid Time Off not be included in the computation. Therefore, the 2080 hours takes into account holidays, vacation and sick time in the calculation. Additionally although the persons providing the direct patient care may be an employee that receives an IRS W-2 Form that does not necessarily guarantee that the staff member will actually work the 2080 hours. It is common practice for field staff to work at more than one agency and receive W-2's from each. The fact that the FTE reflects a 1 FTE does not mean that only one person is providing all of the care. More than one per diem employee may be performing part of it. As this is common occurrence in this industry it is not unusual for the field employees not to be entitled to vacation, sick time or other benefits.

SECTION VIII: CAPITAL COSTS AND FINANCING

	3HC	COMMUNITY	UHS-Pruitt	CONTINUUM	SunCrest	AssistedCare	ISCHH
DEPOSIT					3,500		
COMPUTERS		18,000	15,800	37,000	36,000	38,900	4,352
OFFICE EQ		13,000	7,500	6,500	8,500	3,000	5,700
FURNITURE		4,000	18,000	4,500	7,500	3,000	6,631
CONSULTING	40,000	100,000	45,000	750	39,400		32,000
FILING FEE					5,000		
HHA SOFTW				40,000			
Contingency			12,945				
START-UP							46,832
TOTAL	40,000	135,000	99,245	88,750	99,900	44,900	95,215
PER APPL	40,000	135,000	99,245	88,750	99,900	44,900	95,215
VARIANCE	0	0	0	88,750	0	0	0

Source: CON applications

3HC does not reflect any costs associated with furnishing or equipping its Wake County office. UHS-Pruitt reflects a \$12,945 contingency as Capital costs.

AssistedCare reflects no costs associated with for its CON preparation or filing.

SECTION IX: START-UP AND INITIAL OPERATING EXPENSES/FINANCING

IX START-UP AND INITIAL OPERATING EXPENSES/FINANCING

	3HC	COMMUNITY	UHS-Pruitt	CONTINUUM	SunCrest	AssistedCare	ISCHH
START-UP	75,000	20,880	144,594	94,520	45,057	66,323	78,832
INIT OP PER	3	20	6	3	6	4	12
INIT OP EXP	25,000	253,094	314,580	136,250	189,086	128,542	524,360
TOTAL	100,000	273,974	459,174	230,770	234,143	194,865	603,192
PER APPL	100,000	273,974	459,174	230,770	450,000	194,866	603,192
VARIANCE	0	0	0	0	215,857	1	0

Source: CON applications

3HC reflects \$75,000 in Start-up costs but the Pro-formas do not reflect any Amortization or Depreciation expense that would contain the amortization of such costs on Form B. Medicare guidelines specifically require the Amortization of those costs at PRM 15-1, §2132 and §2132.3 (A). Therefore, the projected financial accuracy and feasibility is questionable as the applicant did not include any costs associated with opening a new office or Amortization of Capital costs.

Community asserts no amortization of startup cost in Form B stating it should be expensed under GAAP. Medicare guidelines specifically require the Amortization of those costs at PRM 15-1, §2132 and §2132.3 (A). Community's

capital cost for Amortization would be the \$20,880 identified as start-up cost as well as the \$100,000 of CON preparation which totals 120,880.

Amortization expense would equal 24,176 per year for 5 years. Therefore, the projected financial accuracy and feasibility is questionable as the applicant did not include any costs associated with opening a new office or Amortization of Capital costs.

UHS-Pruitt reflects \$144,000 for Startup costs in addition to \$45,000 consulting and \$12,945 contingency under Section VIII. There is no portion of these costs reflected on Form B as Amortized costs. All three of these costs are capital in nature and would be required to be amortized along with Start-up cost. Pursuant to Medicare guidelines at PRM 15-1 § 2131 and 2132.3 (A) the amortization expense should reflect \$40,389 on form B. Therefore, the projected accuracy and feasibility are questionable.

Continuum reflects \$8,500 in Amortization of Startup/Depreciation in its financial information. Medicare guidelines specifically require the Amortization of those costs at PRM 15-1, §2132 and §2132.3 (A). According to the Medicare guidelines the \$94,520 amortization expense would equal \$18,904 a year alone. The POC computer equipment and software would require depreciation under Medicare and IRS guidelines as it is a system. Under Medicare guidelines items costing more than 5,000 each must be depreciated. The guidelines also speak to the useful life of computer equipment and software as being 5 years. While the applicant may contend they could expense the items under Section 179 for IRS purposes no such provision exists for Medicare if it costs more than 5,000 it must be depreciated. Financial projections accuracy and feasibility again is in question.

SunCrest reflects \$8,880 in Amortization of Start-up costs on Form B. This appears to be the CON Prep and filing fee (44,400). The applicant does not reflect any Start-up costs and states at IX.1(a), regarding pre-opening costs that “will be incurred before the admission of its first patient such costs have not been included in the Pro-Forma Statement of Revenues and Expenses.” The Assumptions further state, “Start up costs were assumed to be expensed prior to the start of Year One. Such costs are not capitalized under generally accepted accounting principles.”

The SunCrest “pre-opening costs” are startup cost by definition and require amortization over a five year period pursuant to PRM 15-1, §2132 and §2132.3 (A).

SECTION X: COST/CHARGE INFORMATION

X.1 COST INFORMATION

YR 1	3HC	COMMUNITY	UHS-PRUITT	CONTINUUM	SUNCREST	ASSISTEDCARE	ISCHH
SN	72.37	225.02	185.69	146.64	148.07	118.27	166.58
PT	115.66	209.22	141.93	159.36	172.07	148.31	181.00
ST	73.85	216.54	151.93	138.31	193.01	220.24	202.45
OT	77.20	209.67	151.93	132.45	186.69	198.77	175.35
MSW	70.16	201.76	136.93	197.01	114.60	184.75	233.93
HHA	19.96	165.26	105.09	50.09	103.76	87.27	17.78
MED SUP							22.97

Source Table X.1

YR 2	3HC	COMMUNITY	UHS-PRUITT	CONTINUUM	SUNCREST	ASSISTEDCARE	ISCHH
SN	74.37	140.98	159.42	146.83	156.01	117.49	123.20
PT	119.13	126.79	127.32	159.63	188.49	149.72	133.90
ST	76.07	134.27	137.62	138.88	197.88	215.20	149.77
OT	79.51	127.54	137.62	132.59	191.73	193.63	129.70
MSW	72.26	119.04	122.17	197.21	117.67	179.22	173.06
HHA	20.56	80.07	89.18	49.46	92.07	84.55	53.04
MED SUP							17.09

Source Table X.1

X.2 CHARGE INFORMATION

YR 1	3HC	COMMUNITY	UHS-PRUITT	CONTINUUM	SUNCREST	ASSISTEDCARE	ISCHH
SN	125.00	125.00	120.00	150.00	130.00	155.00	150.00
PT	130.00	150.00	130.00	150.00	160.00	165.00	160.00
ST	130.00	150.00	130.00	150.00	160.00	155.00	160.00
OT	130.00	150.00	130.00	150.00	160.00	155.00	160.00
MSW	130.00	75.00	150.00	150.00	170.00	300.00	175.00
HHA	70.00	60.00	70.00	95.00	75.00	75.00	90.00
MED SUP		12.00	14.00			Medicaid 68.00 Non Medicaid 16.00	15.00
YR 2	3HC	COMMUNITY	UHS-PRUITT	CONTINUUM	SUNCREST	ASSISTEDCARE	ISCHH
SN	125.00	125.00	120.00	155.00	130.00	155.00	154.50
PT	130.00	150.00	130.00	155.00	160.00	165.00	164.80
ST	130.00	150.00	130.00	155.00	160.00	155.00	164.80
OT	130.00	150.00	130.00	155.00	160.00	155.00	164.80
MSW	130.00	75.00	150.00	155.00	170.00	300.00	180.25
HHA	70.00	60.00	70.00	98.00	75.00	75.00	92.70
MED SUP		12.00	14.00			Medicaid 68.00 Non Medicaid 16.00	15.45

Source Table X.2

Note: ISCHH and 3HC are the only two applicants for which costs did not exceed charges in all disciplines.

X.6 NEW HOME HEALTH COMPARISON WITH EXISTING AGENCIES.

ISCHH is the only applicant to comply with providing a comparison of proposed charges with existing providers for 9 of the 11 Wake county providers. Community and UHS-Pruitt supplied charges from previously approved CON applications. Not what Item 6 specified.

X.8 FORM B

TOTAL ADMINISTRATIVE COST PER VISIT

Agency	Total Visits YR2	Total Admin Cost YR2	Admin Cost/Visit Yr2
3HC	8,782	327,608	37.30
COMMUNITY	7,134	340,988	47.80
UHS-PRUITT	13,710	827,693	60.37
CONTINUUM	8,839	326,948	36.99
SUNCREST	7,611	710,104	93.30
ASSISTEDCARE	7,550	359,985	47.68
ISCHH	6,386	451,174	70.65

Source CON applications (both years)

TOTAL COST PER VISIT

Agency	Total Visits YR2	Total Cost YR2	Total Cost/Visit Yr2
3HC	8,782	993,711	113.15
COMMUNITY	7,134	922,241	129.27
UHS-PRUITT	13,710	1,896,057	138.30
CONTINUUM	8,839	1,227,101	138.83
SUNCREST	7,611	1,238,171	162.68
ASSISTEDCARE	7,550	1,000,795	132.56
ISCHH	6,386	823,526	128.96

NET REVENUE PER PATIENT

Agency	Unduplicated Patients Yr2	Net Revenue Yr 2	Net Revenue/Visit Yr2
3HC	497	1,022,928	2,058.21
COMMUNITY	410	937,180	2,285.80
UHS-PRUITT	588	1,940,687	3,300.49
CONTINUUM	480	1,448,407	3,017.51
SUNCREST	484	1,342,830	2,774.44
ASSISTEDCARE	474	1,093,370	2,306.69
ISCHH	444	924,731	2,082.73

Source CON applications

NET REVENUE PER VISIT

Agency	Number Visits YR 2	Net Revenue Yr 2	Net Revenue/Visit Yr2
3HC	8,782	1,022,928	116.48
COMMUNITY	7,134	937,180	131.37
UHS-PRUITT	13,710	1,940,687	141.55
CONTINUUM	8,839	1,448,407	163.87
SUNCREST	7,611	1,342,830	176.43
ASSISTEDCARE	7,550	1,093,370	144.82
ISCHH	6,386	924,731	144.81

Source CON applications

RATIO NET REVENUE PER VISIT TO ADMINISTRATIVE COST PER VISIT

Agency	Number Visits YR 2	Net Rev/Visit YR 2	Total Cost/Visit YR 2	Ratio Rev/Cost Yr 2
3HC	8,782	116.48	37.30	3.12
COMMUNITY	7,134	937,180	131.37	2.75
UHS-PRUITT	13,710	1,940,687	141.55	2.34
CONTINUUM	8,839	1,448,407	163.87	4.43
SUNCREST	7,611	1,342,830	176.43	1.89
ASSISTEDCARE	7,550	1,093,370	144.82	3.04
ISCHH	6,386	924,731	144.81	2.05

Source CON applications

RATIO NET REVENUE PER VISIT TO TOTAL COST PER VISIT

Agency	Number Visits YR 2	Net Rev/Visit YR 2	Total Cost/Visit YR 2	Ratio Rev/Cost Yr 2
3HC	8,782	\$ 116.48	\$ 113.15	\$ 1.03
COMMUNITY	7,134	\$ 131.37	\$ 129.27	\$ 1.02
UHS-PRUITT	13,710	\$ 141.55	\$ 138.30	\$ 1.02
CONTINUUM	8,839	\$ 163.87	\$ 138.83	\$ 1.18
SUNCREST	7,611	\$ 176.43	\$ 162.68	\$ 1.08
ASSISTEDCARE	7,550	\$ 144.82	\$ 132.56	\$ 1.09
ISCHH	6,386	\$ 144.81	\$ 128.96	\$ 1.12

Source CON applications

Based on the specific analysis of each application and the comparative analysis contained in these comments the following factual conclusions can be made:

- ISCHH proposed the highest feasible Indigent/Charity care percentage of all the applicants and the second highest dollar amount in Year 1 and the highest dollar amount in Year 2.
- ISCHH was the only applicant to provide comparative gross charge data on the existing home health agencies in Wake County as required in the CON application form.
- ISCHH proposed one of the broadest ranges of services of any applicant.
- ISCHH provided a reasonable and attainable projection of patients during the first two years of operation and provided a detailed justification for the patient projections along with a need evaluation for each of the proposed services.
- Unduplicated patients were properly calculated by using only the three admitting disciplines.
- Staffing requirements were based upon 260 days per year pursuant to Medicare regulations and the CON form and FTE requirements were based upon nationally recognized NAHC productivity standards.
- ISCHH is the only applicant that currently provides home health therapy services to Wake County patients under contractual agreements with CareSouth and Gentiva.
- ISCHH based the discipline, payor mix and visits per patient upon the reported experience for home health agencies serving Wake County (2008 data, latest available).
- All capital cost were identified including the amortized start-up cost.
- The project is financially feasible and was supported by Wake County providers and referral sources.



Date Finalized: 03/02/2010

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JOINT ANNUAL REPORT OF HOME HEALTH AGENCIES

2009

- Schedule A – Identification
- Schedule B – Organization Structure
- Schedule C – Licensure, Accreditations & Memberships
- Schedule D – Finances
- Schedule E – Utilization
- Schedule F – Personnel
- Schedule G – Branch Offices

Schedule A – Identification				
<p>According to the Department of Health rules and regulations section 1200-8-26-.11, "a yearly statistical report, the 'Joint Annual Report of Home Care Organizations,' shall be submitted to the Department." Report data for the year specified above. Please read all information carefully before completing your Joint Annual Report. Please complete all items on the Joint Annual Report. Use 0 (zero) when appropriate. Check all computations, especially where a total is required. Please check all checkboxes. Any items which appear to be inconsistent will be queried. Agencies will be reported to the Board for Licensing Health Care Facilities for both failure to file forms and failure to respond to queries.</p> <p>Comments relating to unique aspects of your agency may be submitted with the Report.</p>				
Facility	State ID	21024		
	Legal Name	SunCrest Home Health		
	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Did the facility's name change during the reporting period?		
	If Yes, Prior Name	Home Health Concepts, Inc		
	Street	P. O. Box 90, 206 West Main Street		
	City	Smithville	County	DeKalb
	State	Tennessee	Zip	37166-0090
	Area Code	615	Phone	597-7777
Preparer	Name	Elaine Watkins		
	Title	Regional Administrator		
	Phone Number	(615) 597-7777		
	Email Address	ewatkins@suncresthealth.com		
Administration	Name of Administrator	Elaine Watkins		
	Name of Medical Director	Hugh Cripps		
Reporting Period	Is the reporting period July 1 through June 30 of the year specified above? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
	If unable to report on above dates, provide beginning and ending dates (used for all utilization and financial data);	Beginning (mm/dd/yyyy)	07/01/2008	
		Ending (mm/dd/yyyy)	06/30/2009	
	Number of days in reporting period	365		



Schedule B – Organization Structure											
Owner	Type (Check one type and one sub-type)	The type of legal entity, except proprietorship, general partnerships and government entities, can be confirmed by entering the legal entity's name into a search at the Secretary of State web site: http://www.tennesseeanytime.org/soscorp/ .									
		For-Profit		<input checked="" type="checkbox"/> Proprietorship - a business owned by one person.							
		<input checked="" type="checkbox"/>		<input type="checkbox"/> General Partnership - an association of two or more persons to carry on as co-owners of a business or other undertaking for profit formed under § 61-1-202, predecessor law, or comparable law of another jurisdiction. TCA Title 61 Chapter 1.							
				<input type="checkbox"/> Limited Partnership (LP) - a partnership formed by two or more persons under the laws of the state of Tennessee, and having one or more general partners and one or more limited partners. TCA Title 61 Chapter 2.							
				<input type="checkbox"/> Limited Liability Partnership (LLP) - governed by TCA § 61-1-106 (c). The law of this state governs relations among the partners and between the partners and the partnership and the liability of partners for an obligation of a limited liability partnership that has filed an application as a limited liability partnership in this state.							
				<input checked="" type="checkbox"/> Limited Liability Company (LLC) - established by the "The Tennessee Limited Liability Company Act" found in the Tennessee Code Annotated, § 48-201-101 through § 48-248-606.							
		Nonprofit		<input type="checkbox"/> Corporation - defined by the "Tennessee Business Corporation Act" codified in TCA Title 48 Chapters 11-27.							
		<input type="checkbox"/>		<input type="checkbox"/> Non-Religious Corporation or Association - defined by the "Tennessee Nonprofit Corporation Act" codified in TCA Title 48 Chapters 51-68.							
				<input type="checkbox"/> Religious Corporation or Association - either a corporation or association that is organized and operated primarily or exclusively for religious purposes. Most of the provisions of the Tennessee Nonprofit Corporation Act apply to a religious corporation. Exceptions are specified in TCA § 48-67-102.							
				<input type="checkbox"/> Limited Liability Company (LLC) - a company that is disregarded as an entity for federal income tax purposes, and whose sole member is a nonprofit corporation, foreign or domestic, incorporated under or subject to the provisions of the Tennessee Nonprofit Corporation Act and who is exempt from franchise and excise tax as not-for-profit as defined in TCA § 67-4-1004(15).							
Government		<input type="checkbox"/> City									
<input type="checkbox"/>		<input type="checkbox"/> County									
		<input type="checkbox"/> State									
		<input type="checkbox"/> Federal									
		<input type="checkbox"/> Other Government (specify)									
Name of Legal Entity		SunCrest Healthcare of East Tennessee, LLC									
Street		206 West Main Street									
City		Smithville									
State		Tennessee						Zip	37166		
List name(s) and address(es) of individual owner, partners, directors of the corporation, or head of the governmental entity:											
Name		Address			City		State	Zip			
1. Barbara L Rasmussen		4068 Shallowford Rd			Marietta		GA	30062			
2. Gary W Rasmussen		4068 Shallowford Rd			Marietta		GA	30062			
3. John W Dant III		3010 Old Hillsboro Rd			Franklin		TN	37064			
4. SunCrest Healthcare, Inc 401K Plan		510 Hospital Dr, Suite 100			Madison		TN	37115			
Race of Owner		Check race if owned by an individual:				If owned by corporation or partnership, give race of members/partners etc:					
		<input type="checkbox"/> White		<input type="checkbox"/> Black		<input type="checkbox"/> Other					
		White	12	Black	0	Other	0				

Gross Revenue by Revenue Source (cont.)	traditional fee for service Medicare program. ²				
	Private Pay – payment coming from consumers.				
	Commercial – payment coming from all insurance companies, including BlueCross.				
	TRICARE - the health care program for active duty members of the military, military retirees, and their eligible dependents. TRICARE was called CHAMPUS in the past.				
	Home & Community Based Waiver Programs – the Medicaid program alternative to providing long-term care in institutional settings. ³				
	Other Pay Source - payment coming from sources not included in this specific list of sources.				
		Payment Source	Gross Revenue	Percentage of Total	
		TennCare	\$78,667	7.36	
		Medicare	\$518,657	48.50	
		Medicare HMO	\$332,968	31.14	
	Private Pay	\$675	0.06		
	Commercial	\$114,618	10.72		
	TRICARE	\$0	0.00		
	Home and Community Based Waiver Programs	\$23,848	2.23		
	Other Pay Source (specify):	\$0	0.00		
	Total	\$1,069,433	100.00		
Charity Care	Charity Care (Reports as a positive number.) Do not include other adjustments to gross revenue such as contractual allowances (e.g. discounts) or bad debt (e.g. no receiving expected payments).		0		
	Charity Care – services provided to medically needy persons for which the facility does not expect payment. These persons have insufficient income and/or assets with which to pay for their care. "Insufficient income" is defined as an amount not to exceed one hundred percent (100%) of the federal poverty guidelines. They are not eligible for Medicaid or other state or federal programs, or benefits of these programs have been exhausted. The patient has no insurance or has a very limited insurance policy.				
Average Charges by Discipline	Provide actual cost per visit for Medicare Certified and/or charge per visit or charge per hour for Private Duty for the end of your cost reporting year for the following disciplines. For Medicare Certified Home Care Organizations, indicate the average cost per visit from your cost report for each of the disciplines listed as well as Medicare reimbursement. For Private Duty Company, provide the amount your organization charges per visit OR per hour for the services listed.				
	Discipline	Medicare Certified Home Care Organization		Private Duty Company	
		Cost Per Visit	Reimbursement	Average Charge Per Visit	Average Charge Per Hour
	Home Health Aide	55	38		18
	Homemaker Services				25
	Medical Social Services	174	125		
	Occupational Therapy	150	105		
	Physical Therapy	104	103		
	Skilled Nursing Care	104	93		32
	Speech Therapy	143	107		
Other (specify):					
Schedule E – Utilization					
Discharges	List the number of discharges by reason during the 12 month reporting period. Total Discharges by Number of Days (Length of Stay) should be calculated from date of admission to date of discharge.				
	Reason for Discharge			Total Number Discharged	
	Physician order (Unplanned)			0	
	No further care needed; reached maximum functional potential (Goals met)			206	
	Death			17	
Patient request			17		



TENNESSEE DEPARTMENT OF HEALTH
 Division of Health Statistics
 4th Floor, Cordell Hull Building
 425 5th Avenue North
 Nashville, TN 37243
 Telephone: (615) 741-1954 Fax: (615) 253-1688

JOINT ANNUAL REPORT OF HOME HEALTH AGENCIES

2009

Schedule A – Identification

Schedule B – Organization Structure

Schedule C – Licensure, Accreditations & Memberships

Schedule D – Finances

Schedule E – Utilization

Schedule F – Personnel

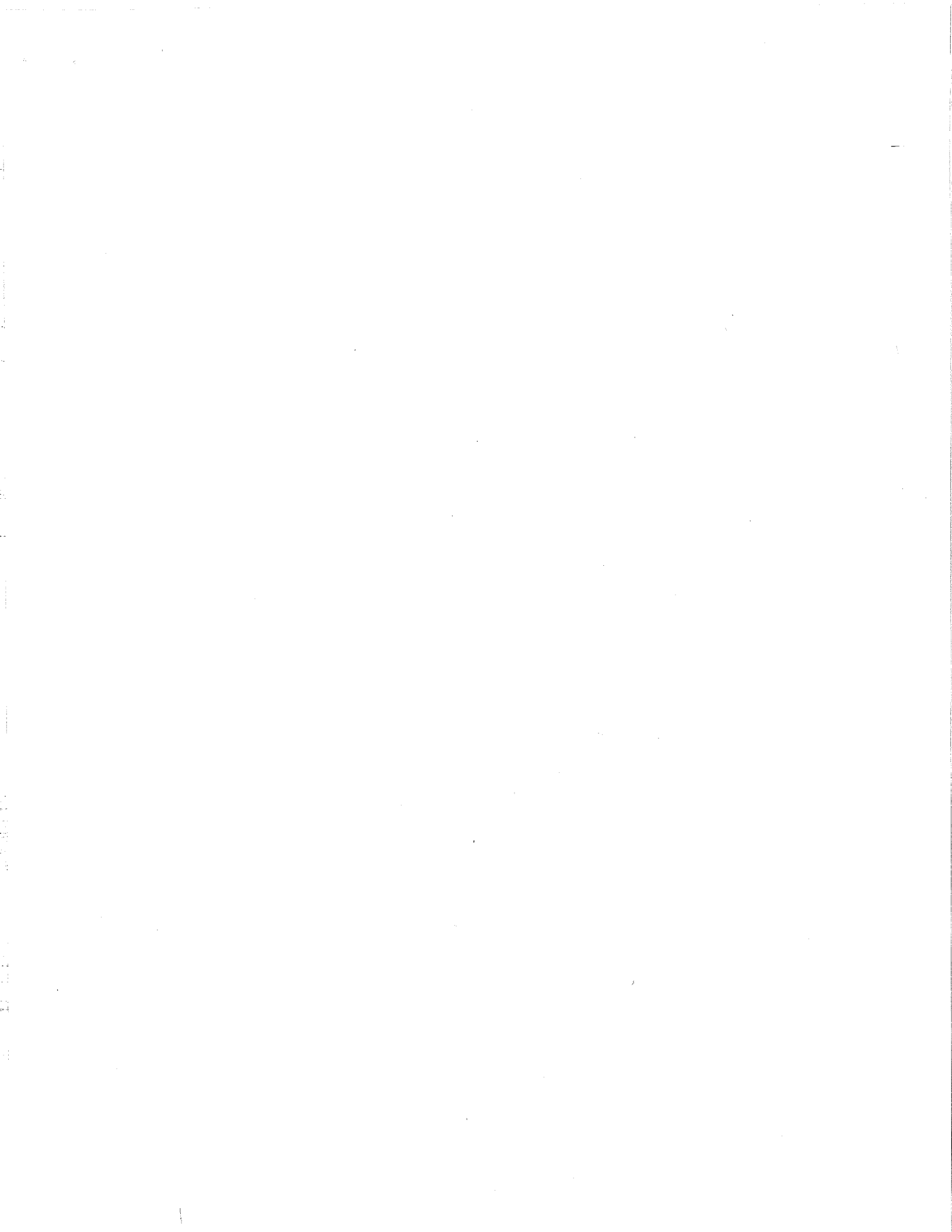
Schedule G – Branch Offices

Schedule A – Identification				
<p>According to the Department of Health rules and regulations section 1200-8-26-.11, "a yearly statistical report, the 'Joint Annual Report of Home Care Organizations,' shall be submitted to the Department." Report data for the year specified above. Please read all information carefully before completing your Joint Annual Report. Please complete all items on the Joint Annual Report. Use 0 (zero) when appropriate. Check all computations, especially where a total is required. Please check all checkboxes. Any items which appear to be inconsistent will be queried. Agencies will be reported to the Board for Licensing Health Care Facilities for both failure to file forms and failure to respond to queries. Comments relating to unique aspects of your agency may be submitted with the Report.</p>				
Facility	State ID	19324		
	Legal Name	Suncrest Home Health		
	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Did the facility's name change during the reporting period?		
	If Yes, Prior Name			
	Street	1210 Briarville Road, Building D		
	City	Madison	County	Davidson
	State	Tennessee	Zip	37115
	Area Code	615	Phone	865-9841
Preparer	Name	Christopher H. Jones		
	Title	Regional Administrator		
	Phone Number	(615) 865-9841		
	Email Address	cjones@suncresthealth.com		
Administration	Name of Administrator	Chris Jones		
	Name of Medical Director	Donald Vollmer, MD		
Reporting Period	Is the reporting period July 1 through June 30 of the year specified above? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
	If unable to report on above dates, provide beginning and ending dates (used for all utilization and financial data):	Beginning (mm/dd/yyyy)	07/01/2008	
		Ending (mm/dd/yyyy)	06/30/2009	
	Number of days in reporting period	365		

Schedule B - Organization Structure

Owner (Check one type and one sub-type)	The type of legal entity, except proprietorship, general partnerships and government entities, can be confirmed by entering the legal entity's name into a search at the Secretary of State web site: http://www.tennesseeanytime.org/soscorp/ .					
	For-Profit <input checked="" type="checkbox"/>		<input type="checkbox"/> Proprietorship - a business owned by one person.			
			<input type="checkbox"/> General Partnership - an association of two or more persons to carry on as co-owners of a business or other undertaking for profit formed under § 61-1-202, predecessor law, or comparable law of another jurisdiction. TCA Title 61 Chapter 1.			
			<input type="checkbox"/> Limited Partnership (LP) - a partnership formed by two or more persons under the laws of the state of Tennessee, and having one or more general partners and one or more limited partners. TCA Title 61 Chapter 2.			
			<input type="checkbox"/> Limited Liability Partnership (LLP) - governed by TCA § 61-1-106 (c). The law of this state governs relations among the partners and between the partners and the partnership and the liability of partners for an obligation of a limited liability partnership that has filed an application as a limited liability partnership in this state.			
			<input checked="" type="checkbox"/> Limited Liability Company (LLC) - established by the "The Tennessee Limited Liability Company Act" found in the Tennessee Code Annotated, § 48-201-101 through § 48-248-606.			
			<input type="checkbox"/> Corporation - defined by the "Tennessee Business Corporation Act" codified in TCA Title 48 Chapters 11-27.			
	Nonprofit <input type="checkbox"/>		<input type="checkbox"/> Non-Religious Corporation or Association - defined by the "Tennessee Nonprofit Corporation Act" codified in TCA Title 48 Chapters 51-68.			
			<input type="checkbox"/> Religious Corporation or Association - either a corporation or association that is organized and operated primarily or exclusively for religious purposes. Most of the provisions of the Tennessee Nonprofit Corporation Act apply to a religious corporation. Exceptions are specified in TCA § 48-67-102.			
			<input type="checkbox"/> Limited Liability Company (LLC) - a company that is disregarded as an entity for federal income tax purposes, and whose sole member is a nonprofit corporation, foreign or domestic, incorporated under or subject to the provisions of the Tennessee Nonprofit Corporation Act and who is exempt from franchise and excise tax as not-for-profit as defined in TCA § 67-4-1004(15).			
	Government <input type="checkbox"/>		<input type="checkbox"/> City			
			<input type="checkbox"/> County			
			<input type="checkbox"/> State			
			<input type="checkbox"/> Federal			
			<input type="checkbox"/> Other Government (specify)			
Name of Legal Entity		SunCrest healthcare of Middle Tennessee				
Street		1210 Briarville Road, Building D				
City		Madison				
State		Tennessee				
		Zip		37115		
List name(s) and address(es) of individual owner, partners, directors of the corporation, or head of the governmental entity:						
Name		Address		City	State	Zip
1. Barbara L. Rasmussen		4068 Shallowford Road		Marietta	GA	30062
2. Gary W. Rasmussen		4068 Shallowford Road		Marietta	GA	30062
3. John W. Dant		3010 Old Hillsboro Road		Franklin	TN	37064
4. John W. Dant, Jr.		299 Brentford Drive		Louisville	KY	40245
Race of Owner		Check race if owned by an individual:		<input type="checkbox"/> White	<input type="checkbox"/> Black	<input type="checkbox"/> Other
		If owned by corporation or partnership, give race of members/partners etc:		White 12	Black 0	Other 0

Gross Revenue by Revenue Source (cont.)	traditional fee for service Medicare program. ² Private Pay – payment coming from consumers. Commercial – payment coming from all insurance companies, including BlueCross. TRICARE - the health care program for active duty members of the military, military retirees, and their eligible dependents. TRICARE was called CHAMPUS in the past. ¹ Home & Community Based Waiver Programs – the Medicaid program alternative to providing long-term care in institutional settings. ³ Other Pay Source - payment coming from sources not included in this specific list of sources.				
	Payment Source		Percentage of Total		
	TennCare	\$5,760,890	31.26		
	Medicare	\$6,656,955	36.12		
	Medicare HMO	\$52,296	0.28		
	Private Pay	\$98,000	0.53		
	Commercial	\$5,860,944	31.80		
	TRICARE	\$0	0.00		
	Home and Community Based Waiver Programs	\$0	0.00		
	Other Pay Source (specify):	\$0	0.00		
Total		\$18,429,085	100.00		
Charity Care	Charity Care (Reports as a positive number.) Do not include other adjustments to gross revenue such as contractual allowances (e.g. discounts) or bad debt (e.g. not receiving expected payments).		71,613		
	Charity Care – services provided to medically needy persons for which the facility does not expect payment. These persons have insufficient income and/or assets with which to pay for their care. "Insufficient income" is defined as an amount not to exceed one hundred percent (100%) of the federal poverty guidelines. They are not eligible for Medicaid or other state or federal programs, or benefits of these programs have been exhausted. The patient has no insurance or has a very limited insurance policy.				
Average Charges by Discipline	Provide actual cost per visit for Medicare Certified and/or charge per visit or charge per hour for Private Duty for the end of your cost reporting year for the following disciplines. For Medicare Certified Home Care Organizations, indicate the average cost per visit from your cost report for each of the disciplines listed as well as Medicare reimbursement. For Private Duty Company, provide the amount your organization charges per visit OR per hour for the services listed.				
	Discipline	Medicare Certified Home Care Organization		Private Duty Company	
		Cost Per Visit	Reimbursement	Average Charge Per Visit	Average Charge Per Hour
	Home Health Aide	16	38	38	22
	Homemaker Services			9	20
	Medical Social Services	68	125	0	0
	Occupational Therapy	64	105	0	0
	Physical Therapy	61	103	0	0
	Skilled Nursing Care	38	93	87	35
	Speech Therapy	84	107	0	0
Other (specify):	0	0	0	0	
Schedule E – Utilization					
Discharges	List the number of discharges by reason during the 12 month reporting period. Total Discharges by Number of Days (Length of Stay) should be calculated from date of admission to date of discharge.				
	Reason for Discharge			Total Number Discharged	
	Physician order (Unplanned)			67	
	No further care needed; reached maximum functional potential (Goals met)			1,546	
	Death			13	
Patient request			136		



3HC Johnston-Springfield Payor Source Breakdown from NC 2008 Database

Source	Patients	Patients	% of Total
Medicare	730	849	0.6008
Medicare HMO	119		
Medicaid	387	387	0.2739
Medicaid HMO	--		
Private	177	177	0.1253
Private HMO	--		
Indigent	--	--	0.0000
Total Patients	1,413	1,413	1.0000

Source	Visits	Visits	% of Total
Medicare	13,956	15,888	0.7253
Medicare HMO	1,932		
Medicaid	3,955	3,955	0.1805
Medicaid HMO	-		
Private	2,063	2,063	0.0942
Private HMO	-		
Indigent			
Total Visits	21,906	21,906	1.0000

Max Mason

From: AMY HORGER [AHORGER@wakemed.org]
Sent: Monday, March 29, 2010 3:20 PM
To: Max Mason
Subject: RE: Wake County Home Health CON

Mr. Mason,

I spoke with Stan about this, and at this time, WakeMed has chosen not to officially support any of the several requests we have received for developing a new Home Health Agency in Wake County. We believe the market to already be sufficiently saturated.

However, if you are successful in obtaining a CON, WakeMed will be happy to work with Continuum on the appropriate agreements at that time.

Sincerely,

Amy E. Hörger
Executive Assistant, Corporate Planning
WakeMed Health & Hospitals
(919) 350-7622
ahorger@wakemed.org
(919) 350-6739 Fax
3000 New Bern Avenue
Raleigh, NC 27610
www.wakemed.org

From: Max Mason [mailto:maxm@corplawoffice.com]
Sent: Friday, March 26, 2010 3:31 PM
To: STAN TAYLOR
Subject: Wake County Home Health CON

Mr. Taylor,

Good afternoon. I am sending this email in follow up to a voicemail I left you a short time ago.

Continuum is applying for a Certificate of Need to develop a new home health agency in Wake County. Since WakeMed is a leading provider of acute care services we feel that it is important to advise you of our intention. Also, we wish to confirm that should we be awarded the CON WakeMed would be willing to work with Continuum to make sure that our home health services are available to WakeMed's patients and that all applicable agreements are in place to comply with Federal and State guidelines.

It is our desire to develop positive working relationships with all potential partners in the area. I thank you for your consideration of this request.

Please feel free to contact me should you have any questions about this matter. My contact information is below.

Thank you,

Max

Max Mason, Development Coordinator

000266



Subj: Re: Support letters from WakeMed in UHS Pruitt HH CON application
Date: 5/13/2010 5:53:03 A.M. Eastern Standard Time
From: Ndy@aol.com
To: AHORGER@wakemed.org
CC: Rbode@bcs-law.com, jcharles@bcs-law.com, jdrake@brookdaleliving.com

Thank you for your reply.

Buddy

In a message dated 5/12/2010 3:53:00 P.M. Eastern Standard Time, AHORGER@wakemed.org writes:

Buddy,

WakeMed has not changed our opinion in regards to public support on any of these applications. Certainly, if another provider is approved, we will work with them to establish appropriate protocols and agreements.

The letters received by UHS-Pruitt Corporation(per the sample you attached in your other email) were not officially sanctioned by WakeMed.

Sincerely,

Amy E. Hörger

Executive Assistant, Corporate Planning

WakeMed Health & Hospitals

(919) 350-7622

ahorger@wakemed.org

(919) 350-6739 Fax

3000 New Bern Avenue

Raleigh, NC 27610

www.wakemed.org

Thursday, May 13, 2010 AOL: NDY



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Home Health Compare

Help | Mailing List | E-mail This Page

Find > Results

Overview | Quality Graphs | About | Data Details | Resources

Home Health Results

Home Health Agencies you selected in North Carolina

Contact Information:

- 1-800-MEDICARE 1-800-633-4227
- State Survey Agency 1-800-624-3004
- Home Health Hotline At State Survey Agency 1-800-624-3004
- State Quality Improvement Organization 1-800-682-2650

The chart(s) below gives helpful information on the agencies that you have selected. There are a total of 1 chart(s). Scroll down the page to view all of the charts for the agencies you have selected.

Keep in mind -

- The list of Home Health Agencies generated by your search criteria, is based on the places where they have provided services in the past.
- The services that the agencies have available in these areas could change in the future. Contact the Home Health Agency to find out if they still provide the same services in your area.
- Newly Medicare-certified home health agencies may not appear in Home Health Compare for one year.
- Only Medicare-certified home health agencies are required to submit information about home health agencies.
- Agencies that exclusively serve children, or private pay, or privately insured patients are not listed here.

This information (data) is gathered from the Quality Information Evaluation System (QIES). See Data Collection Details for more information.


CONTINUUM HOME CARE AND HOSPIC			
3391 HENDERSON DRIVE EXTENSION JACKSONVILLE, NC 28546 (910) 989-2682			
Type of Ownership: Proprietary Agency's Initial Date of Medicare Certification: 12/1/1998			
Medicare-covered Services:			
Nursing Care Services: Yes Speech Pathology Services: Yes Physical Therapy Services: Yes Medical Social Services: Yes Occupational Therapy Services: Yes Home Health Aide Services: Yes			
Quality Measures	Percentage for CONTINUUM HOME CARE AND HOSPIC	State Average	National Average
HIGHER PERCENTAGES ARE BETTER			
Percentage of patients who stay at home after an episode of home health care ends	57%	67%	68%
NEW! Percentage of patients whose wounds improved or healed after an operation	71%	78%	80%
LOWER PERCENTAGES ARE BETTER			

Percentage of patients who had to be admitted to the hospital	34%	29%	29%
Percentage of patients who need urgent, unplanned medical care	32%	24%	22%
NEW! Percentage of patients who need unplanned medical care related to a wound that is new, is worse, or has become infected	3%	1%	1%

Compare Quality Measures

Provides Quality Measure information for all the home health agencies that you have selected, including National and State averages for each measure.

Page Last Updated: October 5, 2009
 Data Last Updated: April 15, 2010

 [Top of page](#)

Manage Your Health

- Preventive Services
 - Welcome to Medicare
 - Physical Exam
 - Flu Shots
 - Preventive Service Checklist
- MyMedicare.gov
- Personal Health Records
- Manage Your Drug and Pharmacy Information

Medicare Basics

- Medicare Benefits
 - Part A
 - Part B
 - Part C
 - Part D
- Coverage Choices
- Other Insurances
- Eligibility & Enrollment
- Understanding Claims
- Help with Medical and Drug Costs

Resource Locator

- Drug Plans
- Health Plans
- Check Current Enrollment
- Doctors
- Hospitals
- Formulary Finder
- Long-Term Care Planning
- Home Health Agencies
- Your Medicare Coverage
- Nursing Homes
- Medical Equipment Suppliers
- Dialysis Facilities
- Medicare & You 2010 Handbook
- Forms
- Publications

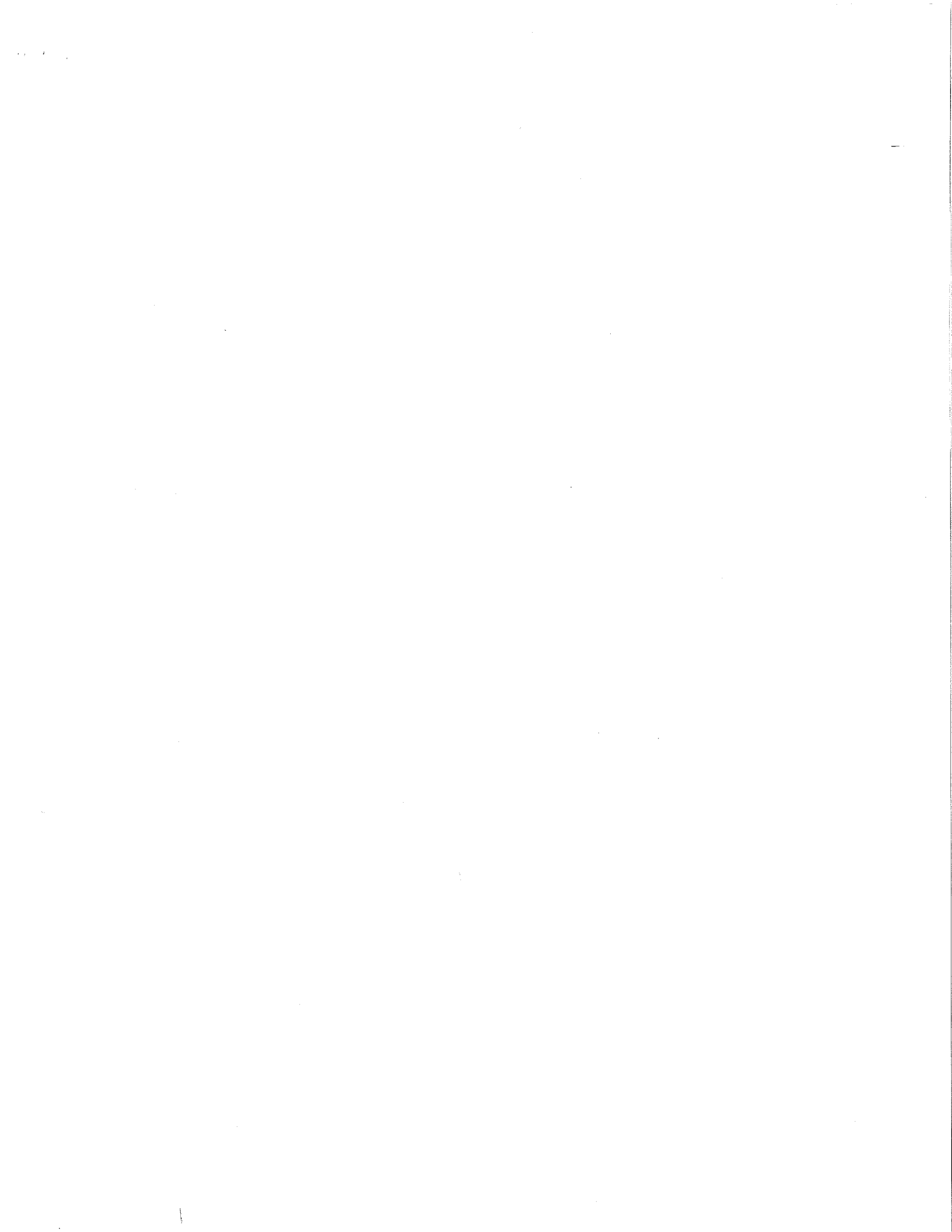
Help & Support

- Contact Medicare
- A-Z Index
- Frequently Asked Questions
- Useful Phone Numbers and Websites
- Glossary
- Order a New Card
- Change Your Address
- Caregiver Resources
- Downloadable Databases
- Filing a Complaint or Grievance
- Ombudsman
- Fraud & Abuse



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Continuum Jacksonville Payor Source Breakdown from NC 2008 Database

Source	Patients	Patients	% of Total
Medicare	342	342	0.6602
Medicare HMO	--	--	
Medicaid	142	142	0.2741
Medicaid HMO	--	--	
Private	32	32	0.0618
Private HMO	--	--	
Indigent	2	2	0.0039
Total Visits	518	518	1.0000

Source	Visits	Visits	% of Total
Medicare	8,493		0.7738
Medicare HMO	--		
Medicaid	2,442		0.2225
Medicaid HMO	--		
Private	32		0.0029
Private HMO	--		
Indigent	8		0.0007
Total Visits	10,975		1.0000