

**Comments in Opposition from  
HKZ Group, LLC  
Regarding a Certificate of Need Application  
Submitted by Continuum II Home Care and Hospice Inc. d/b/a  
Continuum Home Care of Charlotte in Response to a Need  
Determination for  
Two Home Health Agencies  
in the Mecklenburg County Service Area  
Submitted July 16, 2012 for August 1, 2012 Review Cycle**



## **I. Introduction**

In accordance with N.C.G.S. Section 131E-185(a1)(1), HKZ Group, LLC submits the following comments regarding a Certificate of Need Application submitted by Continuum II Home Care and Hospice Inc. d/b/a Continuum Home Care of Charlotte in response to a need determination for two Home Health Agencies in the Mecklenburg County Service Area for the August 1, 2012 review cycle.

The following ten CON applications were submitted in response to a need determination for two home health agencies in the Mecklenburg County Service Area in the *2012 State Medical Facilities Plan (2012 SMFP)*:

- F-10005-12: HKZ Group, LLC
- F-10001-12: Vizion One, Inc.
- F-10003-12: Maxim Healthcare Services, Inc.
- F-10004-12: Carolinas Medical Center at Home, LLC d/b/a Healthy @ Home – Carolinas Medical Center
- F-10006-12: Roberson Herring Enterprises, LLC d/b/a AssistedCare of the Carolinas
- F-10007-12: Well Care Home Health, Inc. and Well Care DME, LLC
- F-10008-12: Emerald Care, Inc. d/b/a Emerald Care, an Amedisys Company
- F-10010-12: Continuum II Home Care and Hospice Inc. d/b/a Continuum Home Care of Charlotte
- F-10011-12: United Home Care, Inc. d/b/a UniHealth Home Health Health, Inc. d/b/a UniHealth Home Health
- F-10012-12: Ogadinma Akagha d/b/a J and D Healthcare Services.<sup>1</sup>

## **II. Comparative Analysis**

The Comparative Analysis included at the end of these comments shows that the CON Application submitted by **HKZ Group** is the most effective alternative for one of the two Medicare-certified home health agencies in Mecklenburg County.

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<sup>1</sup> Legal applicant is Ogadinma Akagha. Parent company is J and D Healthcare Services. Name of proposed agency is J and D Healthcare Services. Employer Identification Number is issued to J and D Healthcare Services, LLC.

### **III. CON Application of Continuum II Home Care and Hospice Inc. d/b/a Continuum Home Care of Charlotte**

Continuum II Home Care and Hospice Inc. d/b/a Continuum Home Care of Charlotte (Continuum) proposes to develop a Medicare-certified home health agency in Charlotte, zip code 28262.

### **IV. CON Review Criteria**

The following comments are submitted based upon the CON Review Criteria found at G.S.131E-183. While some issues impact multiple Criteria, they are discussed under the most relevant review Criteria and referenced in others to which they apply.

#### **G.S. 131E-183 (1)**

*The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.*

There is one *State Medical Facilities Plan (SMFP)* Policy applicable to the review of Mecklenburg County Home Health Agencies:

- Policy GEN-3: Basic Principles.

As will be discussed in the context of CON Review Criteria (3), (4), (5), (6), (7), (8), (13c), and (18a), Continuum does not demonstrate:

- A need for the proposed project;
- That the proposed project will promote equitable access; and
- That the proposed project will maximize health care value for resources expended.

As a result, the Continuum CON Application does not conform to Policy GEN-3 and CON Review Criterion (1).

#### **G.S. 131E-183 (3) and (13c)**

*The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.*

**A. Need for Two Home Health Agencies in Mecklenburg County in the 2012 SMFP based on Application of the Standard Methodology**

**1. Need Determination for Two Home Health Agencies in Mecklenburg County in 2013 based on Home Health Agency 2011 Annual Data Supplement to the License Application**

On pages 25-26, Continuum states:

[the need determination in the 2012 SMFP, we believe, misstated the need for additional home health services; thus, we waited until FY 2011 home health utilization data became available analyze. These newer data (contained in the 2012 License Renewal Applications, and then subsequently included in the Proposed 2013) were analyzed and showed that, although not the extent reported in the 2012 SMFP, Mecklenburg County likely will be in need of one (1) new additional home health agency in 2013 and that this need will increase into future years if unaddressed. Given this more current need analysis and determination, Continuum decided that it could meet the need by means of the current proposal. [Emphasis in the original.]

Continuum contends that there is a need for **one** new Medicare-certified home health agency in Mecklenburg County in 2013 based on FY 2011 data included in the *Proposed 2013 SMFP*.

Continuum is **incorrect** in three significant respects.

First, the *Proposed 2013 SMFP* contains FY 2011 data, which data is input into the standard methodology, which methodology is used to project a need for new Medicare-certified home health agency in 2014.

Second, the *2012 SMFP* contains FY 2010 data, which data is input into the standard methodology, which methodology is used to project a need for new Medicare-certified home health agency in 2013.

Third, “[f]or the North Carolina 2012 State Medical Facilities Plan, the standard methodology resulted in need determinations for two additional home health agency offices in Mecklenburg County [...].”<sup>2</sup> Based on that need determination, a certificate of need review date was set for May 16, 2012.<sup>3</sup>

Continuum submitted a CON application for one of those two home health agency offices in Mecklenburg County.

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<sup>2</sup> *2012 SMFP*, page 252

<sup>3</sup> *2012 SMFP*, page 252 and Table 12D

## 2. 2013 Home Health Deficit of 651 Patients in Mecklenburg County and 261 in Union County

On page 50, Continuum takes issue with the home health deficit of -651 in 2013 for Mecklenburg County in the *2012 SMFP*. Instead, Continuum “conclude[s] that the likely DEFICIT will be -297.” [EMPHASIS in the original.]

Continuum also takes issue with the home health patient deficit of -261 in Union County. Instead Continuum finds that Union County has a home health patient deficit of “-136.”

On pages 51-52, Continuum states:

To achieve the most accurate projections feasible, though, Continuum made exceptions to the standard methodology leading to our conclusion of a 2013 DEFICIT of 297 Mecklenburg County residents:

- Instead of using a three year AARC in Patients Served and Change in Use-Rate, Continuum used a four (4) year rate. As discussed above, home health utilization in 2009 in Mecklenburg County was atypically low and, as evidenced by 2010 and 2011 data, one established provider has returned to its higher level of service.
- 2011 home health utilization data, from the 2012 License Renewal Applications, and contained in the Proposed 2013 SMFP, have been utilized since they represent the most comprehensive RECENT utilization data. Ignoring these 2011 data would fail to capture the most currently known home health utilization data.
- Continuum’s USE RATE calculations relied on different population data than the 2012 SMFP. Specifically, we utilized:
  - 2008 and 2009 intercensal data obtained from the Census Bureau for Mecklenburg County, Union County and all counties in the CoG Region F.
  - 2010 population data from the State Demographer that were unavailable to the MFPS (updated May 8, 2012). [EMPHASIS in the original.]

The proper venue for Continuum’s proposed changes to the standard methodology in the *Proposed 2012 SMFP* was in **March 2011** when the SHCC considered petitions for changes in basic policies and methodologies.

Continuum did **not** file a petition or comment in March 2011 to propose changes to the standard home health methodology in the *Proposed 2012 SMFP*.

The proper venue for Continuum’s proposed changes to the Mecklenburg County need determination for two home health agencies in the *Proposed 2012 SMFP* was in **August 2011** when the SHCC considered petitions for adjustments to need determinations.

Continuum did **not** file a petition or comment in August 2011 for a proposed adjustment to the home health need determination in Mecklenburg County in the *Proposed 2012 SMFP*.

The Final *2012 SMFP* was approved by Governor Perdue on December 30, 2011 and became effective on January 1, 2012. The *Final 2012 SMFP* states: “[f]or the North Carolina 2012 State Medical Facilities Plan, the standard methodology resulted in need determinations for **two** additional home health agency offices in Mecklenburg County [...]”<sup>4</sup> The standard methodology calculated a home health patient deficit of **651** in 2013 for Mecklenburg County in the *2012 SMFP*.

**B. Continuum Proposes to Serve the Lowest Number of Unduplicated Patients in Project Year 1**

The following table shows a comparison of the unduplicated Mecklenburg County patients in Project Year 1 by each of the ten applicants.

**Mecklenburg County Home Health Applicants  
Unduplicated Patients – Mecklenburg County – PY 1**

CON Application	Applicant	Mecklenburg County Unduplicated Patients
F-10004-12	Healthy @ Home - CMC - North Zone Office	1,789
F-10003-12	Maxim	426
F-10006-12	AssistedCare	326
F-10007-12	Well Care	325
F-10005-12	HKZ Group	232
F-10001-12	Vizion One	211
F-10011-12	UniHealth	204
F-10008-12	Emerald Care - Branch Office - New Patients Only	129
<b>F-10010-12</b>	<b>Continuum</b>	<b>74</b>
F-10012-12	J and D Healthcare	*

\*Patient origin data not included; projected volume cannot be allocated by county

As shown in the previous table, Continuum projects the lowest number of new patients from Mecklenburg County in Project Year 1. J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications.

<sup>4</sup> 2012 SMFP, page 252

**C. Projected Annual Growth Rate between Project Years 1 and 2 - Unreasonable**

**1. Unduplicated Patients – Growth Rate – 564.9%**

Continuum projects to provide home health services to 74 unduplicated patients in its first year of operation, and 492 unduplicated patients in its second year of operation. That is an annual growth rate of **564.9%**. Continuum includes 35 unduplicated patients from Union County in its 492 unduplicated patients in Project Year 2.<sup>5</sup>

**Mecklenburg County Home Health Applicants  
Projected Annual Growth Rate – Unduplicated Patients**

CON Application	Applicant	PY 1	PY 2	Projected Annual Growth Rate
F-10010-12	Continuum	74	492	564.9%
F-10011-12	UniHealth	204	549	169.1%
F-10007-12	Well Care	378	542	43.4%
F-10012-12	J and D Healthcare	60	92	53.3%
F-10001-12	Vizion One	211	325	54.0%
F-10008-12	Emerald Care – Branch Office	330	476	44.2%
F-10005-12	HKZ Group	282	395	40.1%
F-10003-12	Maxim	426	503	18.1%
F-10006-12	AssistedCare	326	352	8.0%
F-10004-12	Healthy @ Home – CMC – North Zone Office	2,870	2,993	4.0%

For comparison purposes, Continuum’s Onslow County agency was Medicare-certified in December 1998. The following table shows Continuum’s unduplicated patient volume from Onslow County during its first three years of operation.

**Continuum – Onslow County Agency  
Onslow County Unduplicated Patients, FYs 1999-2001**

FY	1999	2000	2001
Unduplicated Patients	91	213	331
Annual Growth Rate		134.1%	55.4%

Source: 2001-2003 SMFPs

As shown in the previous table, Onslow County unduplicated patient volume grew 134.1% between Continuum’s first and second years of operation. Equally important, Continuum’s second year volume of Onslow County patients is 43.3% of the Mecklenburg County volume Continuum projects to serve in Project Year 2 (213/492).

<sup>5</sup> CON Application F-10010-12, page 30.

Continuum's Onslow County agency has not reported serving a total of 492 unduplicated patients from Onslow County during its 13 years of operation, as shown in the following table.

**Continuum – Onslow County Agency  
Onslow County Unduplicated Patients, FYs 1999 - 2011**

FY	1999	2000	2001	2002	2003	2004	
Unduplicated Pts	91	213	331	358	386	460	
Annual Growth Rate		<b>134.1%</b>	55.4%	8.2%	7.8%	19.2%	
FY	2005	2006	2007	2008	2009	2010	2011
Unduplicated Pts	<b>466</b>	422	367	418	418	411	441
Annual Growth Rate	1.3%	-9.4%	-13.0%	13.9%	0.0%	-1.7%	7.3%

Source: 2001-2012 SMFPs, Proposed 2013 SMFP

As shown in the previous table, the largest number of unduplicated Onslow County patients served by Continuum during its 13 years of operation occurred in FY 2005, when it served 466 unduplicated Onslow County patients. Continuum has not experienced an annual growth rate of more than 134.1% during the entirety of its years of operation, as shown in the previous table.

**2. Duplicated Patients – Growth Rate – 480.8%**

Continuum projects to provide home health services to 208 duplicated patients in its first year of operation, and 1,208 duplicated patients in its second year of operation. That is an annual growth rate of **480.8%**, as shown in the following table.

**Mecklenburg County Home Health Applicants  
Projected Annual Growth Rate – Duplicated Patients**

CON Application	Applicant	PY 1	PY 2	Projected Annual Growth Rate
<b>F-10010-12</b>	<b>Continuum</b>	<b>208</b>	<b>1,208</b>	<b>480.8%</b>
F-10011-12	UniHealth	253	719	184.2%
F-10012-12	J and D Healthcare	73	123	68.5%
F-10007-12	Well Care	794	1,241	56.3%
F-10001-12	Vizion One	853	1,306	53.1%
F-10008-12	Emerald Care – Branch Office	330	476	44.2%
F-10005-12	HKZ Group	642	900	40.2%
F-10003-12	Maxim	2,131	2,737	28.4%
F-10006-12	AssistedCare	687	741	7.9%
F-10004-12	Healthy @ Home – CMC – North Zone Office	12,251	12,775	4.3%

Continuum projects the highest annual growth rate of the ten applicants, as shown in the previous table. That rate of growth is nearly three times greater than the rate proposed by UniHealth, which is the second highest of the ten applicants.

Continuum provides no justification for the unreasonably high annual growth rate for its duplicated patient projections.

### 3. Patient Visits – Growth Rate – 570.5%

Continuum projects to provide 1,276 patient visits in its first year of operation, and 8,556 patient visits in its second year of operation. That is an annual growth rate of **570.5%**, as shown in the following table.

**Mecklenburg County Home Health Applicants  
Projected Annual Growth Rate – Patients Visits**

CON Application	Applicant	PY 1	PY 2	Projected Annual Growth Rate
F-10010-12	Continuum	1,276	8,556	570.5%
F-10011-12	UniHealth	3,730	11,527	209.0%
F-10008-12	Emerald Care – Branch Office	7,570	12,570	66.1%
F-10007-12	Well Care	7,205	11,268	56.4%
F-10012-12	J and D Healthcare	949	1,482	56.2%
F-10001-12	Vizion One	5,281	8,125	53.9%
F-10005-12	HKZ Group	6,115	8,578	40.3%
F-10003-12	Maxim	7,363	9,499	29.0%
F-10006-12	AssistedCare	5,705	6,159	8.0%
F-10004-12	Healthy @ Home – CMC – North Zone Office	45,820	47,780	4.3%

Continuum projects the highest annual growth rate of the ten applicants, as shown in the previous table. That rate of growth is nearly three times greater than the rate proposed by UniHealth, which is the second highest of the ten applicants.

Continuum provides no justification for the unreasonably high annual growth rate for its patient visit projections.

### D. Medicaid Patients Less Access to Home Health Services

The following table compares the percentage of total visits provided to Medicaid recipients in the second year of operation as projected by each applicant in Section VI.12. of the Application.



**Mecklenburg County Home Health Applicants  
Percentage of Total Visits to Medicaid Recipients – PY 2**

<b>CON Application</b>	<b>Applicant</b>	<b>% of Visits</b>
F-10004-12	Healthy @ Home - CMC - North Zone Office	16.2%
F-10005-12	HKZ Group	14.9%
F-10007-12	Well Care	14.48%
F-10001-12	Vizion One	12.92%
F-10011-12	UniHealth	9.2%
F-10003-12	Maxim	8.7%
F-10006-12	AssistedCare	8.2%
<b>F-10010-12</b>	<b>Continuum</b>	<b>8.17%</b>
F-10008-12	Emerald Care - Branch Office	7.4%
F-10012-12	J and D Healthcare	0.0%

Continuum projects to provide the second lowest percentage of visits to Medicaid recipients. J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications.

For comparison purposes, existing Mecklenburg County home health agencies in FY 2011 averaged 9.8% of total visits to Medicaid patients.

**E. Continuum is Losing Market Share of Onslow County Unduplicated Patients**

Continuum’s unduplicated patients from Onslow County during the date reporting years FY 1999 through FY 2011 is shown in the following table.

**Continuum – Onslow County Agency  
Onslow County Unduplicated Patients, FYs 1999-2011**

<b>FY</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Undup Pts	91	213	331	358	386	460	466	422	367	418	418	411	441
Total Und Pts	1,385	1,530	1,613	1,660	1,728	1,976	1,876	1,929	2,203	2,322	2,303	2,594	2,704
Market Share	6.6%	13.9%	20.5%	21.6%	22.3%	23.3%	24.8%	21.9%	16.7%	18.0%	18.2%	15.8%	16.3%

Source: 1999-2012 SMFPs, Proposed 2013 SMFP

As shown in the previous table, Continuum reached its largest market share of Onslow County unduplicated patients in FY 2005 (24.8%). In the last six years, its market share of Onslow County unduplicated patients decreased, increasing only slightly in FY 2011.

## **F. No Experience Operating Multiple Agencies**

Mecklenburg County is not contiguous to Onslow County. Onslow County is more than two hours away from the proposed home health agency in Mecklenburg County. The distance between those two locations will make it more difficult to utilize combined services or realize any economies of scale.

Further, Continuum is not tested in its ability to effectively and efficiently manage multiple sites. An addition of a second site has the potential to place at risk any and all of the sites that Continuum manages.

Continuum's Proformas do not include any travel expense for management personnel that must travel between the two locations.

For the reasons set forth above, the Continuum CON Application does not document a need for the proposed Medicare-certified home health agency in Mecklenburg County, as required for conformity with CON Review Criterion (3).

### **G.S. 131E-183 (4)**

*Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.*

As discussed in detail in the context of CON Review Criterion (3), Continuum fails to demonstrate the need for the services proposed. As discussed in the context of CON Review Criterion (5), projections of cost and revenue are not based on reasonable projections and exceed costs and revenue proposed by many of the other applicants. Continuum does not demonstrate that it proposed the least costly or most effective alternative as required by CON Review Criterion (4).

### **G.S. 131E-183 (5)**

*Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.*

## A. Analysis of Financial Projections

The following table shows areas of concern in Continuum's financial projections.

Financial Projection/Cost	Page Reference	Comment
Central Office Overhead (\$5,168 in PY 1, \$40,267 in PY 2)	Form B	<ul style="list-style-type: none"> <li>Those expenses are low</li> </ul>
No Management Service Expenses	Form B, page 109	<ul style="list-style-type: none"> <li>There is no Management Agreement included in the Exhibits</li> </ul>
All on-call work will be covered by Director, Quality Assurance Nurse, and RN Case Manager	Page 91	<ul style="list-style-type: none"> <li>No allocation for "on call" pay included in Form B</li> </ul>

The items set forth in the previous table demonstrate that Continuum's financial projections are incomplete and not based upon reasonable projections of the costs for providing Medicare-certified home health services.

## B. Cost of Nursing Visits Exceed Projected Revenue for Nursing Visits in Project Year 2

On pages 34 and 114, Continuum projects a cost of \$165.26 for nursing services in Project Year 2. On pages 35 and 115, Continuum projects a charge of \$155 for nursing services in Project Year 2. Costs for nursing visits are **\$10.26 greater** than the projected revenue for nursing visits in Project Year 2.

On pages 34 and 76, Continuum projects 3,972 nursing visits to duplicated patients in Project Year 2, which will result in a loss of \$40,752.72 on those visits in Project Year 2.

## C. Taxes and Benefits Projected at 18% of Salary - Low

According to Form B, Continuum projects taxes and benefits at 18% of annual salary for its employees. For comparison purposes, **HKZ Group** projects taxes and benefits at 23% of annual salary for its employees.

## D. Highest Net Revenue per Patient Visit in Project Year 2

The following table shows a comparison of the ten applicants based on each applicant's net revenue per visit in Project Year 2. Net revenue per visit was calculated by dividing projected net revenue from Form B by the projected number of visits from Section IV. of each Application, as shown in the following table.

**Mecklenburg County Home Health Applicants  
Net Revenue per Visit – PY 2**

CON Application	Applicant	Total Patient Visits	Net Revenue	Net Revenue per Visit
F-10012-12	J and D Healthcare	1,482	\$1,664,138	\$1,123
<b>F-10010-12</b>	<b>Continuum</b>	<b>8,556</b>	<b>\$1,610,678</b>	<b>\$188</b>
F-10003-12	Maxim	9,499	\$1,528,574	\$161
F-10007-12	Well Care	11,268	\$1,740,951	\$155
F-10008-12	Emerald Care - Branch Office - Total	12,570	\$1,937,552	\$154
F-10011-12	UniHealth	11,527	\$1,752,640	\$152
F-10006-12	AssistedCare	6,159	\$931,653	\$151
F-10004-12	Healthy @ Home - CMC - North Zone Office - Total	47,780	\$7,008,529	\$147
F-10005-12	HKZ Group	8,578	\$1,224,203	\$143
F-10001-12	Vizion One	8,125	\$1,140,200	\$140

As shown in the previous table, Continuum projects the highest net revenue per patient visit. J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications.

**E. Second Highest Ratio of Net Revenue per Visit to Average Total Operating Cost per Visit in Project Year 2**

The following table shows a comparison of the 10 applicants based on each applicant's ratio of net revenue per visit to average total operating cost per visit in Project Year 2. The ratio in the following table is calculated by dividing the net revenue per visit by the average total operating cost per visit.

**Mecklenburg County Home Health Applicants  
Ratio of Net Revenue per Visit to Average Total Operating Cost per Visit - PY 2**

CON Application	Applicant	Total Patient Visits	Net Revenue per Visit	Average Total Operating Cost per Visit	Ratio of Net Revenue to Average Total Operating Cost per Visit
F-10003-12	Maxim	9,499	\$161	\$124	1.30
<b>F-10010-12</b>	<b>Continuum</b>	<b>8,556</b>	<b>\$188</b>	<b>\$152</b>	<b>1.24</b>
F-10008-12	Emerald Care - Branch Office - Total	12,570	\$154	\$132	1.17
F-10007-12	Well Care	11,268	\$155	\$133	1.16
F-10006-12	AssistedCare	6,159	\$151	\$140	1.08
F-10001-12	Vizion One	8,125	\$140	\$131	1.07
F-10004-12	Healthy @ Home - CMC - North Zone Office - Total	47,780	\$147	\$142	1.04
F-10011-12	UniHealth	11,527	\$152	\$148	1.02
F-10005-12	HKZ Group	8,578	\$143	\$140	1.02
F-10012-12	J and D Healthcare	1,482	\$1,123	\$2,103	0.53

As shown in the previous table, Continuum’s ratio is 1.24, which is the second highest of all 10 applicants.

**F. Second Highest Gain in Project Year 2**

The following table shows a comparison of the ten applicants based on each applicant’s gain (loss) in Project Year 2. Gain (loss) was calculated by subtracting total cost from net revenue in Form B of each Application, as shown in the following table.

**Mecklenburg County Home Health Applicants  
Gain (Loss) – PY 2**

<b>CON Application</b>	<b>Applicant</b>	<b>Gain (Loss)</b>
F-10003-12	Maxim	\$352,868
<b>F-10010-12</b>	<b>Continuum</b>	<b>\$311,116</b>
F-10008-12	Emerald Care Branch Office	\$278,839
F-10007-12	Well Care	\$246,036
F-10006-12	AssistedCare	\$72,364
F-10001-12	Vizion One	\$72,193
F-10004-12	Healthy @ Home – CMC – North Zone	\$214,608
F-10011-12	UniHealth	\$41,456
F-10005-12	HKZ Group	\$27,523
F-10012-12	J and D Healthcare	-\$1,452,259

As shown in the previous table, Continuum projects the second highest gain in Project Year 2. **HKZ Group** projects the lowest gain in Project Year 2. J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications.

**G. Second Highest Gain per Unduplicated Patient in Project Year 2**

The following table shows a comparison of the ten applicants based on each applicant’s gain (loss) per unduplicated patient in Project Year 2. Gain (loss) was calculated by subtracting total cost from net revenue in Form B. Gain (loss) per unduplicated patient was calculated by dividing gain (loss) by the projected number of unduplicated patients from Section IV.2. of each Application, as shown in the following table.

**Mecklenburg County Home Health Applicants  
Gain (Loss) per Unduplicated Patient – PY 2**

CON Application	Applicant	Gain (Loss)	Unduplicated Patients	Gain (Loss) per Unduplicated Patient
F-10003-12	Maxim	\$352,868	503	\$701.53
<b>F-10010-12</b>	<b>Continuum</b>	<b>\$311,116</b>	<b>492</b>	<b>\$632</b>
F-10008-12	Emerald Care Branch Office	\$278,839	476	\$586
F-10007-12	Well Care	\$246,036	542	\$454
F-10001-12	Vizion One	\$72,193	325	\$222
F-10006-12	AssistedCare	\$72,364	352	\$205.58
F-10011-12	UniHealth	\$41,456	549	\$76
F-10005-12	HKZ Group	\$27,523	395	\$72
F-10004-12	Healthy @ Home – CMC – North Zone	\$214,608	2,993	-\$72
F-10012-12	J and D Healthcare	-\$1,452,259	92	-15,785

As shown in the previous table, Continuum projects the second highest gain per unduplicated patient in Project Year 2.

**H. Second Highest Gain per Patient Visit in Project Year 2**

The following table shows a comparison of the ten applicants based on each applicant’s gain (loss) per patient visit in Project Year 2. Gain (loss) was calculated by subtracting total cost from net revenue in Form B. Gain (loss) per patient visit was calculated by dividing gain (loss) by the projected number of patient visits from Section IV.2. of each Application, as shown in the following table.

**Mecklenburg County Home Health Applicants  
Gain (Loss) per Patient Visit – PY 2**

CON Application	Applicant	Gain (Loss)	Total Patient Visits	Gain (Loss) per Patient Visit
F-10003-12	Maxim	\$352,868	9,499	\$37
<b>F-10010-12</b>	<b>Continuum</b>	<b>\$311,116</b>	<b>8,556</b>	<b>\$36</b>
F-10008-12	Emerald Care Branch Office	\$278,839	12,570	\$22
F-10007-12	Well Care	\$246,036	11,268	\$22
F-10006-12	AssistedCare	\$72,364	6,159	\$12
F-10001-12	Vizion One	\$72,193	8,125	\$9
F-10004-12	Healthy @ Home – CMC – North Zone	\$214,608	47,780	\$4
F-10011-12	UniHealth	\$41,456	11,527	\$4
F-10005-12	HKZ Group	\$27,523	8,578	\$3
F-10012-12	J and D Healthcare	-\$1,452,259	1,482	-\$980

As shown in the previous table, Continuum projects the second highest gain per patient visit in Project Year 2. **HKZ Group** projects the lowest gain per patient visit in Project Year 2. J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications.

**I. Second Highest Gain as a Percentage of Net Revenue in Project Year 2**

The following table shows a comparison of the ten applicants based on each applicant’s gain (loss) as a percentage of net revenue in Project Year 2. Gain (loss) was calculated by subtracting total cost from net revenue in Form B. Gain (loss) as a percentage of net revenue was calculated by dividing gain (loss) by the projected net revenue, as shown in the following table.

**Mecklenburg County Home Health Applicants  
Gain (Loss) as Percentage of Net Revenue – PY 2**

CON Application	Applicant	Gain (Loss)	Net Revenue	Gain-(Loss) as Percentage of Net Revenue
F-10003-12	Maxim	\$352,868	\$1,528,574	23.1%
<b>F-10010-12</b>	<b>Continuum</b>	<b>\$311,116</b>	<b>\$1,610,678</b>	<b>19.3%</b>
F-10008-12	Emerald Care Branch Office	\$278,839	\$1,937,522	14.4%
F-10007-12	Well Care	\$246,036	\$1,740,941	14.1%
F-10006-12	AssistedCare	\$72,364	\$931,653	7.8%
F-10001-12	Vizion One	\$72,193	\$1,140,200	6.3%
F-10004-12	Healthy @ Home – CMC – North Zone	\$214,608	\$7,008,529	3.1%
F-10011-12	UniHealth	\$41,456	\$1,752,640	2.4%
F-10005-12	HKZ Group	\$27,523	\$1,224,203	2.2%
F-10012-12	J and D Healthcare	-\$1,452,259	\$1,664,138	-87.3%

As shown in the previous table, Continuum projects the second highest gain as a percentage of net revenue in Project Year 2. **HKZ Group** projects the lowest gain as a percentage of net revenue in Project Year 2. J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications.

For those reasons, Continuum does not demonstrate financial feasibility of the proposal because projections of costs and charges are not based on reasonable projections for providing health services as required by CON Review Criterion (5).

**G.S. 131E-183 (6)**

*The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.*

As discussed in the context of CON Review Criterion (3), Continuum fails to demonstrate the need for the services proposed. Consequently, Continuum did not demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

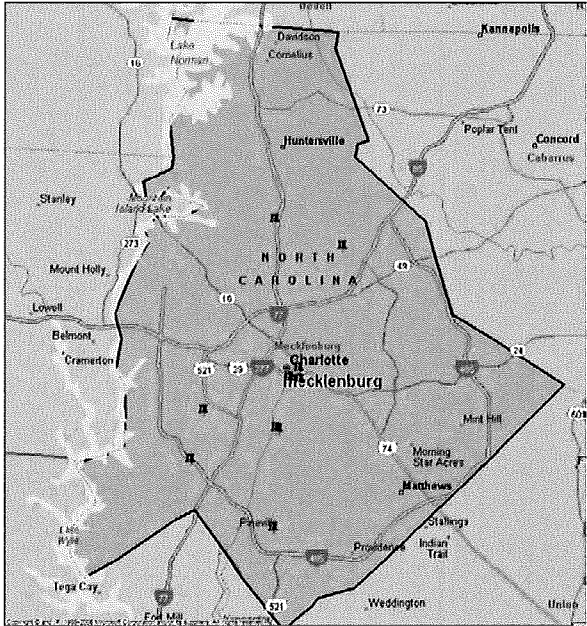
Additionally, Continuum proposes to locate at the office of its licensed home care agency at 9200 Glenwater Drive Charlotte, zip code 28262. According to Mapquest.com<sup>6</sup>, Continuum’s proposed site is:

- 5 minutes and 2.39 miles from Gentiva Health Services (HC0787)
- 14 minutes and 7.87 miles from Gentiva Health Services (HC0138).

Continuum’s proposed location is duplicative of existing health service capabilities and facilities.

**HKZ Group** undertook a location analysis in order to determine the most effective location for the proposed Mecklenburg County agency. The following map illustrates locations of existing Medicare-certified home health agency in Mecklenburg County.

**Existing Medicare-certified Home Health Agency Location**



As shown in the previous map, of the ten existing agencies, four are located in central Charlotte. Four agencies are located in southwestern Mecklenburg County. The other two agencies are located in the north-central part of Mecklenburg County. There is no agency in the eastern/southeastern area of Mecklenburg County near the Town of Matthews. **HKZ Group** proposes to locate its agency in the Town of Matthews.

<sup>6</sup> <http://www.mapquest.com/>



Continuum has not carried its burden to demonstrate that the proposed project will not result in unnecessary duplication of existing and approved capabilities as required by CON Review Criterion (6).

**G.S. 131E-183 (7)**

*The applicant shall show some evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.*

**A. Salaries are Low for Nurses and Therapists**

Salary is a significant contributing factor in recruitment and retention of staff. Nursing services are integral to the delivery of patient care by a Medicare-certified home health agency. PT services are critical to the profitability of a Medicare-certified home health agency.

**1. RN Salary**

The following table shows the annual salary projected by each of the applicants during Project Year 2 for a registered nurse.

**Mecklenburg County Home Health Applicants  
RN Salary – PY 2**

CON Application	Applicant	RN Salary
F-10008-12	Emerald Care - Branch Office - Total	\$73,987
F-10003-12	Maxim	\$72,774
F-10011-12	UniHealth	\$72,420
F-10006-12	AssistedCare	\$71,070
F-10007-12	Well Care	\$70,967
F-10005-12	HKZ Group	\$70,627
<b>F-10010-12</b>	<b>Continuum</b>	<b>\$65,938</b>
F-10004-12	Healthy @ Home - CMC - North Zone Office - Total	\$64,951
F-10001-12	Vizion One	\$64,067
F-10012-12	J and D Healthcare	\$43,784

Continuum projects the third lowest annual salary for a registered nurse. It is \$1,871 higher than the lowest salary, which was projected by Vizion One. J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications.

**2. Home Health Aide Salary**

The following table shows the annual salary projected by each of the applicants during Project Year 2 for a home health aide.

**Mecklenburg County Home Health Applicants**

### Home Health Aide Salary – PY 2

CON Application	Applicant	Home Health Aide Salary
F-10003-12	Maxim	\$33,313
F-10011-12	UniHealth	\$32,895
F-10008-12	Emerald Care - Branch Office	\$32,493
F-10007-12	Well Care	\$32,188
F-10005-12	HKZ Group	\$30,810
F-10004-12	Healthy @ Home - CMC - North Zone Office	\$30,363
F-10006-12	AssistedCare	\$29,870
<b>F-10010-12</b>	<b>Continuum</b>	<b>\$21,532</b>
F-10012-12	J and D Healthcare	\$20,828
F-10001-12	Vizion One	\$20,659

Continuum projects the second lowest annual salary for a home health aide. It is \$873 higher than the lowest salary, which was projected by Vizion One. J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications.

### 3. Licensed Practical Nurse Salary

The following table shows the annual salary projected for a licensed practical nurse by each applicant that includes a licensed practical nurse in its staffing plan in Project Year 2.

#### Mecklenburg County Home Health Applicants LPN Salary – PY 2

CON Application	Applicant	LPN Salary
F-10005-12	HKZ Group	\$48,269
F-10006-12	AssistedCare	\$45,423
<b>F-10010-12</b>	<b>Continuum</b>	<b>\$43,627</b>
F-10008-12	Emerald Care - Branch Office	\$40,035
F-10012-12	J and D Healthcare	\$39,574
F-10004-12	Healthy @ Home - CMC - North Zone Office	\$36,838

Continuum's projected annual salary for a licensed practical nurse is \$4,642 lower than the highest salary, which was projected by **HKZ Group**.

### 4. Physical Therapist Salary

The following table shows the annual salary projected for a physical therapist by each applicant that proposes to employ a physical therapist in Project Year 2.

#### Mecklenburg County Home Health Applicants PT Salary – PY 2

CON Application	Applicant	PT Salary
F-10005-12	HKZ Group	\$102,700
F-10008-12	Emerald Care - Branch Office	\$94,585
F-10004-12	Healthy @ Home - CMC - North Zone Office	\$84,445
<b>F-10010-12</b>	<b>Continuum</b>	<b>\$84,144</b>
F-10006-12	AssistedCare	\$83,945
F-10007-12	Well Care	\$83,430
F-10003-12	Maxim	\$80,353
F-10001-12	Vizion One	\$79,310
F-10012-12	J and D Healthcare	\$43,739

Continuum's projected annual salary for a physical therapist is \$18,556 lower than the highest salary, which was projected by **HKZ Group**.

### 5. Occupational Therapist Salary

The following table shows the annual salary projected for an occupational therapist by each applicant that proposes to employ an occupational therapist in Project Year 2.

#### Mecklenburg County Home Health Applicants OT Salary – PY 2

CON Application	Applicant	OT Salary
F-10008-12	Emerald Care - Branch Office	\$83,785
F-10001-12	Vizion One	\$80,718
F-10007-12	AssistedCare	\$79,001
<b>F-10010-12</b>	<b>Continuum</b>	<b>\$78,663</b>
F-10007-12	Well Care	\$77,250
F-10003-12	Maxim	\$73,856
F-10004-12	Healthy @ Home - CMC - North Zone Office	\$72,196
F-10012-12	J and D Healthcare	\$43,722

Continuum's projected annual salary for an occupational therapist is \$5,122 lower than the highest salary, which was projected by Emerald Care.

### 6. Speech Therapist Salary

The following table shows the annual salary projected for a speech therapist by each applicant that proposes to employ a speech therapist in Project Year 2.

**Mecklenburg County Home Health Applicants  
ST Salary – PY 2**

<b>CON Application</b>	<b>Applicant</b>	<b>ST Salary</b>
F-10008-12	Emerald Care - Branch Office	\$112,828
F-10004-12	Healthy @ Home - CMC - North Zone Office	\$86,677
F-10003-12	Maxim	\$78,014
F-10007-12	AssistedCare	\$77,765
F-10007-12	Well Care	\$77,250
<b>F-10010-12</b>	<b>Continuum</b>	<b>\$74,551</b>
F-10001-12	Vizion One	\$70,740
F-10012-12	J and D Healthcare	\$43,784

Continuum’s projected annual salary for an occupational therapist is \$38,277 lower than the highest salary, which was projected by Emerald Care.

**B. Contractors are Necessary to Achieve Projected Growth**

As discussed in the context of CON Review Criterion (3), Continuum projects triple digit growth between Project Years 1 and 2 in unduplicated patients, duplicated patients, and patient visits.

On page 90, Continuum states that no contractors will be used. Assuming that Continuum could achieve the explosive level of growth it projects, it will be necessary for Continuum to utilize some contract staff.

Based on the experience of HealthKeeperz, Inc., sister agencies to **HKZ Group**, it is always helpful to have the capacity to use contractors as it is difficult to predict utilization, recruitment and retention. Contractors help to ensure a higher level of care. Agencies without relationships with contractors are more vulnerable to shifts in utilization. As demand for home health services increases, its lack of contractors will become a significant issue for Continuum.

**C. On-Call Coverage Schedule is Unsustainable**

On page 91, Continuum proposes to provide services on a 24 hour, on-call basis. “The Director of Professional Services/Nursing Supervisor, the OASIS/QA nurse, and the RN Case Manager will rotate on-call responsibilities 24 hours/day.”

Staffing for patient care on evenings, weekends, and holidays will be provided by “the Director of Professional Services/Nursing Supervisor, the OASIS/QA nurse, and the RN Case Manager will rotate on-call responsibilities 24 hours/day.”

Assuming that Continuum could achieve the explosive level of growth it projects, the “1 in 3” call schedule will be unsustainable.

For those reasons, the Continuum CON Application does not conform to CON Review Criterion (7).

## **G.S. 131E-183 (8)**

*The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.*

### **No Demonstration that the Proposed Service will be Coordinated with the Existing Health Care System**

#### **Continuum does not include a letter of support from any acute care hospital in Mecklenburg County.**

Generally, hospitals make 50% of all referrals to certified home health agencies. The CON Criteria and Standards for Home Health Agencies require documentation of attempts made to establish working relationships with the sources of referrals at 10A NCAC 14C .2002 (a)(10). Continuum does not provide the required documentation for Mecklenburg County hospitals.

For those reasons, Continuum fails to demonstrate conformity to CON Review Criterion (8).

## **G.S. 131E-183 (18a)**

*The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.*

As discussed above, Continuum fails to demonstrate conformity with CON Review Criteria (1), (3), (4), (5), (6), (7), (8), and (13c). Consequently, Continuum fails to demonstrate that its CON Application is conforming to CON Review Criterion (18a).

## **V. North Carolina Criteria and Standards for Home Health Services**

### **10A NCAC 14C .2002(a)(3), (4), (5), (7), and (10)**

Projections are based on flawed and unreasonable assumptions. Please see discussion in the context of CON Review Criteria (3), (5), (7), and (8).

### **10A NCAC 14C .2003**

Projections are based on flawed and unreasonable assumptions. Please see discussion in the context of CON Review Criteria (3), (5), and (7).

### **10A NCAC 14C .2005(a) and (b)**

Projections are based on flawed and unreasonable assumptions. Please see discussion in the context of CON Review Criterion (7).

## **VI. Conclusion**

The Continuum CON Application has not demonstrated conformity with the CON Review Criteria and should be denied.

In addition, as reflected in the following Comparative Analysis, the CON Application submitted by **HKZ Group** is a more reasonable alternative and should be approved.

**HKZ Group, LLC**  
**Mecklenburg County Medicare-certified Home**  
**Health Agency CON Review**

**COMPARATIVE ANALYSIS**

Pursuant to N.C.G.S. 131E-183(a)(1) and the *2012 State Medical Facilities Plan (2012 SMFP)*, no more than two new home health agencies may be approved for Mecklenburg County in this review. Because each applicant proposes to develop a new home health agency in Mecklenburg County, all ten applicants cannot be approved.

The following comparative analysis of the proposals documents the reasons that **HKZ Group, LLC (HKZ Group)** should be approved for one of the two new home health agencies in Mecklenburg County.

**Access by Underserved Groups**

The following table compares the percentage of total visits provided to Medicaid recipients in the second year of operation as projected by each applicant in Section VI.12. of the Application.

**Percentage of Total Visits to Medicaid Recipients – PY 2**

<b>CON Application</b>	<b>Applicant</b>	<b>% of Visits</b>
F-10004-12	Healthy @ Home – CMC North Zone Office	16.2%
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>14.9%</b>
F-10007-12	Well Care	14.48%
F-10001-12	Vizion One	12.92%
F-10011-12	UniHealth	9.2%
F-10003-12	Maxim	8.7%
F-10006-12	AssistedCare	8.2%
F-10010-12	Continuum	8.17%
F-10008-12	Emerald Care – Branch Office	7.4%
F-10012-12	J and D Health Care Services	0.0%

As discussed in **HKZ Group's** Comments in Opposition, Healthy @ Home – CMC projects a higher percentage of total visits to Medicaid recipients in FY 2011 than the 10.9% reported in its 2012 License Renewal Application. There is no explanation provided to justify the difference between actual and projected percentage of total visits to Medicaid recipients. The CON application submitted by Healthy @ Home - CMC is non-conforming with multiple CON Review Criteria. Please see **HKZ Group's** Comments in Opposition to the Healthy @ Home CON application.

As shown in the previous table, **HKZ Group** projects the second highest percentage of total visits provided to Medicaid recipients. The CON application submitted by **HKZ Group** provides assumptions related to the projected payer mix and is the most effective alternative with regard to percentage of total visits provided to Medicaid recipients in Project Year 2.

The following table compares the percentage of total visits provided to Medicare beneficiaries in the second year of operation as projected by each applicant in Section VI.12. of the Application.

**Percentage of Total Visits to Medicare Beneficiaries – PY 2**

<b>CON Application</b>	<b>Applicant</b>	<b>% of Visits</b>
F-10012-12	J and D Healthcare	89.0%
F-10003-12	Maxim	80.9%
F-10011-12	UniHealth	79.36%
F-10008-12	Emerald Care – Branch Office	77.9%
F-10007-12	Well Care	72.4%
F-10004-12	Healthy @ Home – CMC North Zone Office	72.0%
F-10010-12	Continuum	67.8%
F-10006-12	AssistedCare	67.7%
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>66.8%</b>
F-10001-12	Vizion One	52.98%

J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications. Please see **HKZ Group's** Comments in Opposition to the J and D Healthcare CON application.

Further, the CON applications submitted by Maxim, UniHealth, Emerald Care, Well Care, Healthy @ Home – CMC, Continuum, and AssistedCare are non-conforming with multiple CON Review Criteria. Please see **HKZ Group's** Comments in Opposition to those CON applications.

For comparison purposes, the ten existing Medicare-certified home health agencies in Mecklenburg County reported an average of **69.4%** total visits provided to Medicare beneficiaries in FY 2011.

The CON application submitted by **HKZ Group** is the most effective alternative with regard to percentage of total visits provided to Medicare beneficiaries in Project Year 2.

The following table compares the percentage of total visits provided to Medicaid recipients and Medicare beneficiaries in the second year of operation as projected by each applicant in Section VI.12 of the Application.



**Percentage of Total Visits to Medicaid Recipients and Medicare Beneficiaries – PY 2**

<b>CON Application</b>	<b>Applicant</b>	<b>% of Visits</b>
F-10003-12	Maxim	89.6%
F-10012-12	J and D Healthcare	89.0%
F-10011-12	UniHealth	88.56%
F-10004-12	Healthy @ Home – CMC – North Zone Office	88.2%
F-10007-12	Well Care	86.9%
F-10008-12	Emerald Care – Branch Office	85.3%
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>81.7%</b>
F-10010-12	Continuum	76.0%
F-10006-12	AssistedCare	75.9%
F-10001-12	Vizion One	65.9%

The CON applications submitted by Maxim, UniHealth, Emerald Care, Well Care, and Healthy @ Home – CMC are non-conforming with multiple CON Review Criteria. Please see **HKZ Group’s** Comments in Opposition to those CON applications.

Further, J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications. Please see **HKZ Group’s** Comments in Opposition to the J and D Healthcare CON application.

For comparison purposes, the ten existing Medicare-certified home health agencies in Mecklenburg County reported an average of **79.2%** total visits provided to Medicaid recipients and Medicare beneficiaries in FY 2011.

The CON application submitted by **HKZ Group** is the most effective alternative with regard to percentage of total visits provided to Medicaid recipients and Medicare beneficiaries in Project Year 2.

**Average Number of Visits per Unduplicated Patient**

The following table shows the average number of visits per unduplicated patient projected by each applicant in the second year of operation of the proposed home health agency.

**Average Number of Visits per Unduplicated Patient – PY 2**

<b>CON Application</b>	<b>Applicant</b>	<b>Average Number of Visits per Unduplicated Patient</b>
F-10008-12	Emerald Care – Branch Office	26.4
F-10001-12	Vizion One	25.0
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>21.7</b>
F-10011-12	UniHealth	21.0
F-10007-12	Well Care	20.8
F-10003-12	Maxim	18.9
F-10006-12	AssistedCare	17.5
F-10010-12	Continuum	17.4
F-10012-12	J and D Healthcare	16.1
F-10004-12	Healthy @ Home – CMC – North Zone	16.0

The CON applications submitted by Emerald Care and Vizion One are non-conforming with multiple CON Review Criteria. Please see **HKZ Group’s** Comments in Opposition to those CON applications.

The visits per unduplicated patient projected by Emerald Care and Vizion One both exceed the historical range of visits per unduplicated patient provided by Mecklenburg County certified agencies in FY 2011. In FY 2011, that range was from 11.9 visits per unduplicated patient to 23.8 visits per unduplicated patients, as reflected in the 2012 Annual Licensure Renewal Applications submitted by Mecklenburg County home health providers.

The application submitted by **HKZ Group** is the most effective alternative with regard to projected number of visits to be provided per unduplicated patient.

**Net Revenue per Visit**

Net revenue per visit in the second year of operation was calculated by dividing projected net revenue from Form B by the projected number of visits from Section IV. of the Application, as shown in the following table.

### Net Revenue per Visit – PY 2

CON Application	Applicant	Total Visits Patients	Net Revenue	Net Revenue per Visit
F-10012-12	J and D Healthcare	1,482	\$1,664,138	\$1,123
F-10008-12	Emerald Care – Branch Office	12,570	\$9,509,999	\$757
F-10010-12	Continuum	8,556	\$1,610,678	\$188
F-10003-12	Maxim	9,499	\$1,528,574	\$161
F-10007-12	Well Care	11,268	\$1,740,941	\$155
F-10011-12	UniHealth	11,527	\$1,752,640	\$152
F-10006-12	AssistedCare	6,159	\$931,653	\$151
F-10004-12	Healthy @ Home – CMC – North Zone Office	47,780	\$7,008,528	\$147
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>8,578</b>	<b>\$1,224,203</b>	<b>\$143</b>
F-10001-12	Vizion One	8,125	\$1,140,200	\$140

The CON application submitted by Vizion One is non-conforming with multiple CON Review Criteria. Please see **HKZ Group**'s Comments in Opposition to that CON application.

**HKZ Group** projected the second lowest net revenue per visit. **HKZ Group** adequately demonstrated that the financial feasibility of its proposal is based on reasonable and supported projections of operating costs and revenues. Therefore, the CON application submitted by **HKZ Group** is the most effective alternative with regard to net revenue per visit.

### Average Total Operating Cost per Visit

The average total operating cost per visit in the second operating year was calculated by dividing projected operating costs from Form B by the total number of home health visits from Section IV. of the Application, as shown in the following table.

**Average Total Operating Cost per Visit – PY 2**

<b>CON Application</b>	<b>Applicant</b>	<b>Total Patient Visits</b>	<b>Total Operating Costs</b>	<b>Average Total Operating Cost per Visit</b>
F-10012-12	J and D Healthcare	1,482	\$3,116,397	\$2,103
F-10010-12	Continuum	8,556	\$1,299,562	\$152
F-10011-12	UniHealth	11,527	\$1,711,184	\$148
F-10004-12	Healthy @ Home - CMC - North Zone Office -	47,780	\$6,793,650	\$142
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>8,578</b>	<b>\$1,196,680</b>	<b>\$140</b>
F-10006-12	AssistedCare	6,159	\$859,289	\$140
F-10007-12	Well Care	11,268	\$1,494,904	\$133
F-10008-12	Emerald Care - Branch Office	12,570	\$1,658,683	\$132
F-10001-12	Vizion One	8,125	\$1,068,007	\$131
F-10003-12	Maxim	9,499	\$1,175,706	\$124

J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications. Please see **HKZ Group's** Comments in Opposition to the J and D Healthcare CON application.

Further, the CON applications submitted by Continuum, UniHealth, and Healthy @ Home – CMC are non-conforming with multiple CON Review Criteria. Please see **HKZ Group's** Comments in Opposition to those CON applications.

**HKZ Group** adequately demonstrated that the financial feasibility of its proposal is based on reasonable and supported projections of operating costs and revenues. Therefore, the CON application submitted by **HKZ Group** is the most effective alternative with regard to average operating cost per visit.

**Average Direct Care Cost per Visit**

The average direct care cost per visit in the second operating year was calculated by dividing projected direct care expenses from Form B by the total number of home health visits from Section IV. of the Application, as shown in the following table.

### Average Direct Care Cost per Visit – PY 2

CON Application	Applicant	Total Patient Visits	Total Direct Care Costs	Average Direct Care Cost per Visit
F-10012-12	J and D Healthcare	1,482	\$2,887,897	\$1,949
F-10010-12	Continuum	8,556	\$966,142	\$113
F-10004-12	Healthy @ Home - CMC – North Zone Office	47,780	\$4,895,971	\$102
F-10011-12	UniHealth	11,527	\$1,043,442	\$91
F-10007-12	Well Care	11,268	\$971,064	\$86
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>8,578</b>	<b>\$734,997</b>	<b>\$86</b>
F-10006-12	AssistedCare	6,159	\$529,668	\$86
F-10008-12	Emerald Care - Branch Office	12,570	\$1,059,192	\$84
F-10003-12	Maxim	9,499	\$783,753	\$83
F-10001-12	Vizion One	8,125	\$564,614	\$69

The CON applications submitted by AssistedCare, Emerald Care, Maxim, and Vizion One are non-conforming with multiple CON Review Criteria. Please see **HKZ Group's** Comments in Opposition to those CON applications.

**HKZ Group** adequately demonstrated that the financial feasibility of its proposal is based on reasonable and supported projections of operating costs and revenues. Therefore, the CON application submitted by **HKZ Group** is the most effective alternative with regard to average direct care cost per visit.

### Average Administrative Cost per Visit

The average administrative cost per visit in the second operating year was calculated by dividing projected administrative expenses from Form B by the total number of home health visits from Section IV.1. of the Application, as shown in the following table.

**Average Administrative Cost per Visit – PY 2**

<b>CON Application</b>	<b>Applicant</b>	<b>Total Patient Visits</b>	<b>Total Administrative Costs</b>	<b>Average Administrative Cost per Visit</b>
F-10012-12	J and D Healthcare	1,482	\$228,500	\$154
F-10001-12	Vizion One	8,125	\$503,392	\$62
F-10011-12	UniHealth	11,527	\$667,742	\$58
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>8,578</b>	<b>\$461,683</b>	<b>\$54</b>
F-10006-12	AssistedCare	6,159	\$329,621	\$54
F-10008-12	Emerald Care - Branch Office	12,570	\$599,491	\$48
F-10007-12	Well Care	11,268	\$523,840	\$46
F-10003-12	Maxim	9,499	\$391,953	\$41
F-10004-12	Healthy @ Home - CMC - North Zone Office	47,780	\$1,897,679	\$40
F-10010-12	Continuum	8,556	\$333,420	\$39

The CON applications submitted by Emerald Care, Well Care, Maxim, Healthy @ Home – CMC, and Maxim are non-conforming with multiple CON Review Criteria. Please see **HKZ Group’s** Comments in Opposition to those CON applications.

**HKZ Group** adequately demonstrated that the financial feasibility of its proposal is based on reasonable and supported projections of operating costs and revenues. Therefore, the CON application submitted by **HKZ Group** is the most effective alternative with regard to average administrative cost per visit.

**Ratio of Net Revenue per Visit to Average Total Operating Cost per Visit**

The ratio in the following table is calculated by dividing the net revenue per visit by the average total operating cost per visit.

**Ratio of Net Revenue per Visit: Average Total Operating Cost per Visit – PY 2**

<b>CON Application</b>	<b>Applicant</b>	<b>Total Patient Visits</b>	<b>Net Revenue per Visit</b>	<b>Average Total Operating Cost per Visit</b>	<b>Ratio of Net Revenue to Average Total Operating Cost per Visit</b>
F-10003-12	Maxim	9,499	\$161	\$124	1.30
F-10010-12	Continuum	8,556	\$188	\$152	1.24
F-10008-12	Emerald Care - Branch Office	12,570	\$154	\$132	1.17
F-10007-12	Well Care	11,268	\$155	\$133	1.16
F-10006-12	AssistedCare	6,159	\$151	\$140	1.08
F-10001-12	Vizion One	8,125	\$140	\$131	1.07
F-10004-12	Healthy @ Home - CMC – North Zone Office	47,780	\$147	\$142	1.04
F-10011-12	UniHealth	11,527	\$152	\$148	1.02
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>8,578</b>	<b>\$143</b>	<b>\$140</b>	<b>1.02</b>
F-10012-12	J and D Healthcare	1,482	\$1,123	\$2,103	0.53

J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications. Please see **HKZ Group's** Comments in Opposition to the J and D Healthcare CON application.

Further, the CON applications submitted by UniHealth and Healthy @ Home – CMC are non-conforming with multiple CON Review Criteria. Please see **HKZ Group's** Comments in Opposition to those CON applications.

**HKZ Group** projects the lowest ratio of net revenue to the average total operating cost per visit in the second operating year. The CON application submitted by **HKZ Group** is the most effective alternative with regard to the lowest ratio of net revenue per visit to the average total operating cost per visit.

**Number of Owned, Operated, and/or Managed Medicare-certified Home Health Agencies in North Carolina**

Experience in the ownership, operation, and/or management of Medicare-certified home health agencies in North Carolina is a key factor in the success of a proposed new agency in Mecklenburg County.

The following table shows number of owned, operated, and/or managed Medicare-certified home health agencies in North Carolina of each applicant.

**Number of Owned, Operated, and/or Managed  
Medicare-certified Home Health Agencies in North Carolina**

<b>CON Application</b>	<b>Applicant</b>	<b>Owned</b>	<b>Operated</b>	<b>Managed</b>	<b>Total NC Medicare Home Health</b>
F-10008-12	Emerald Care – Branch Office	12	0	0	12
F-10004-12	Healthy @ Home - CMC - North Zone Office	4	0	0	4
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>
F-10011-12	UniHealth	2	0	0	2
F-10007-12	Well Care	2	0	0	2
F-10006-12	AssistedCare	1	0	0	1
F-10010-12	Continuum	1	0	0	1
F-10003-12	Maxim	0	0	0	0
F-10001-12	Vizion One	0	0	0	0
F-10012-12	J and D Healthcare	0	0	0	0

The CON applications submitted by Emerald Care and Healthy @ Home – CMC are non-conforming with multiple CON Review Criteria. Please see **HKZ Group’s** Comments in Opposition to those CON applications.

**HKZ Group’s** sister agency, HealthKeeperz, Inc., owns three Medicare-certified home health agencies in North Carolina, which is the third largest number of all ten applicants. In addition, HealthKeeperz, Inc. existing service area is contiguous to Mecklenburg County. Thus, the CON application submitted by **HKZ Group** is the most effective alternative with regard to experience.

### **Letters of Support for Application**

#### **Mecklenburg County Acute Care Hospitals**

Generally, hospitals make 50% of all referrals to Medicare-certified home health agencies.

As shown in the following table, only **HKZ Group** has two letters of support from a Mecklenburg County acute care hospital and a Mecklenburg County health care system.



**Letter of Support from Mecklenburg County Acute Care Hospital(s)**

<b>CON Application</b>	<b>Applicant</b>	<b>Carolinas Healthcare System</b>	<b>Presbyterian Healthcare</b>	<b>Presbyterian Hospital Matthews</b>
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>N</b>	<b>Y</b>	<b>Y</b>
F-10004-12	Healthy @ Home – CMC – North Zone Office	Y	N	N
F-10006-12	AssistedCare	N	N	N
F-10010-12	Continuum	N	N	N
F-10008-12	Emerald Care – Branch Office	N	N	N
F-10012-12	J and D Healthcare	N	N	N
F-10003-12	Maxim	N	N	N
F-10011-12	UniHealth	N	N	N
F-10001-12	Vizion One	N	N	N
F-10007-12	Well Care	N	N	N

As shown in the previous table, only Healthy @ Home - CMC, which is owned by Carolinas Healthcare System, has a letter from Carolinas Healthcare System.

There are nine non-hospital owned applicants. Only **HKZ Group** has a letter from a Mecklenburg County acute care hospital and a hospital system.

**Acute Care Hospitals in Counties Served by Related Entity of Applicant**

As shown in the following table, **HKZ Group** has letters of support from two acute care hospitals in counties served by its related entity, HealthKeeperz, Inc., which owns three Medicare-certified home health agencies in Cumberland, Robeson, and Scotland counties.

**Letter of Support from Acute Care Hospital(s) in Counties Served by  
Related Entity of Applicant**

<b>CON Application</b>	<b>Applicant</b>	<b>CFVMC</b>	<b>Southeastern Regional</b>	<b>Other Hospital</b>
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>Y</b>	<b>Y</b>	<b>N</b>
F-10006-12	AssistedCare	N	N	N
F-10010-12	Continuum	N	N	N
F-10008-12	Emerald Care – Branch Office	N	N	N
F-10004-12	Healthy @ Home – CMC - North Zone Office	N	N	Y
F-10012-12	J and D Healthcare	N	N	N
F-10003-12	Maxim	N	N	N
F-10011-12	UniHealth	N	N	N
F-10001-12	Vizion One	N	N	N
F-10007-12	Well Care	N	N	N

None of the nine applicants has a letter from an acute care hospital in a county served by a related entity of the applicant.

**Unique Services Proposed by Applicants**

Each applicant’s response to Section II., Question 2. is summarized in the following table.

### Unique Services Proposed by Applicants

CON Application	Applicant	How will agency differ from existing services in service area?
F-10005-12	HKZ Group	<b>HealthSync Pharmacy Program, North Carolina's only Native American-owned multi-disciplinary post acute community health system focusing on home health agency services; Veterans Administration</b>
F-10006-12	AssistedCare	SHP to manage patient outcomes; CareAnyware electronic medical record; ability to combine behavioral health care with home health patients; pilot site for research study conducted by Martha Bruce, PhD, to train home health staff to provide behavioral health services; CCNC
F-10010-12	Continuum	No specific programs discussed - generic response about being a new provider with "fresh approach"
F-10008-12	Emerald Care – Branch Office	Home health psychiatric program supported by disease management program
F-10004-12	Healthy @ Home – CMC - North Zone	Part of a vertically-integrated health care system, substantial portion of patients are pediatric, operates an award-winning neonatal program, telemonitoring program for cardiac patients, Better Balance Fall Prevention Program, upcoming Diabetes Management program
F-10012-12	J and D Healthcare	Agency will be Medicare-certified, while existing agency is not Medicare-certified (it is a home care agency)
F-10003-12	Maxim	No specific programs discussed - generic response about experience, quality, clinical services delivery, patient-centered care, quality improvement, technology, accreditation, employee engagement and corporate support, Maxim Charitable Foundation provides financial assistance to employees in personal crisis
F-10011-12	UniHealth	No specific programs discussed
F-10001-12	Vizion One	Will provide all 6 core services along with specialized clinical services (cardiac, diabetes, rehab, pain therapy, TPN, HIV/AIDs, Alzheimer's/Dementia, wound care, telehealth)
F-10007-12	Well Care	No specific programs discussed - generic response about a new provider

## HealthSync Pharmacy Program

HealthSync Pharmacy Program was developed by HealthKeeperz, Inc. in 2009 based on its recognition of a growing problem among its home health patients known as Polypharmacy, the concurrent use of multiple prescription or over-the-counter medications by a single patient.

HealthSync Pharmacy Program is a coordination of care program under which patients transitioning from an acute care hospital are connected to pharmacists affiliated with HealthKeeperz, Inc. who will review and synchronize each patient's medication to be delivered on one day each month, eliminating multiple trips to a retail pharmacy. In addition to the free delivery, each patient receives:

- A HealthKeeperz PocketCard containing emergency and physician contacts, current prescription information, and known allergies. This card is compact to fit in each patient's wallet and carry with him/her in the event of an emergency.
- Healthy Choices Program allowing each patient to choose a FREE item with his/her monthly delivery. Free items, such as rubbing alcohol, band-aids, vitamins, and more are HealthKeeperz way of helping patients to stay a little healthier and saying thank you.
- HealthSync Medication Report, a summary of a patient's current medications and prescription history will be sent to each patient's doctor every three months or sooner upon request to assist him/her in his/her efforts to stay current and provide each patient with the best care possible.

HealthSync pharmacists and technicians have documented that patients who participate in the HealthSync Pharmacy Program are more compliant with their drug regimen, have greater communication with their physicians regarding medications prescribed, and are more likely to report adverse reactions and other issues encountered with drugs prescribed. In instances where a patient has experienced an adverse reaction or other issue, HealthSync pharmacists and technicians will follow up with that patient's physician. Physicians whose patients participate in the HealthSync Pharmacy Program have expressed their satisfaction with the Program, and often contact HealthSync pharmacists and technicians about patient compliance with prescriptions.

The HealthSync Pharmacy Program has been operational for three years, and focuses on the comorbid patient in order to decrease hospital re-admission. During the last several months, HealthKeeperz, Inc. tracked hospital inpatient admissions for patients participating in the HealthSync Pharmacy Program. From February through May 2012, less than 3% of all HealthSync patients have been hospitalized as reflected in the following table.

**HealthSync Patients Admitted to Hospital**

	February	March	April	May	Total (4 mo)
#HealthSync Patients	260	262	265	265	1,052
# Patient Hospitalized	8	10	3	8	29
Percent Hospitalized	3.08%	3.82%	1.13%	3.02%	2.76%

Source: CON Application F-10005-12, page 16

While the previous table reflects all payors, patients in the HealthSync Pharmacy Program are predominantly Medicare beneficiaries. Hospital re-admissions for the Medicare population in North Carolina exceeds 18%; nationally, it exceeds 19%<sup>7</sup>.

HealthKeeperz, Inc. has a physician who serves in an advisory role for its three existing agencies. That physician will serve in an advisory role for **HKZ Group**. The Management Service Agreement between **HKZ Group** and HealthKeeperz, Inc. includes compensation for the services of that physician.

### Veterans Administration

North Carolina has about 766,000 veterans.<sup>8</sup> The Salisbury VA Medical Center in Rowan County provides inpatient services to veterans in Mecklenburg and surrounding counties. In addition, the Charlotte Community Based Outpatient Clinic provides care to the over 50,000 veterans in Mecklenburg County<sup>9</sup>. HealthKeeperz, Inc. works with the Veterans Administration Medical Center in Fayetteville to meet the home health care needs of veterans in southeastern North Carolina. **HKZ Group** intends to pursue a similar arrangement with the Veterans Administration services in Mecklenburg County and the Salisbury VA Medical Center to provide home health care services to veterans who are residents of the defined service area. **HKZ Group** will provide the services that each veteran needs, based on a service plan that each veteran, his/her family, and his/her VA health care provider develop.

In FY 2011, only one Medicare-certified home health agency in Mecklenburg County reported serving Veteran Administration patients, as shown in the following table.

**Mecklenburg Medicare-certified Home Health Agencies  
Veteran Administration Clients as % of Total Clients  
October 1, 2010 – September 30, 2011**

Agency	Payment Source	# Clients	% of Total Clients*
Home Health Professionals	VA	67	11.0%

CON Application F-10005-12, page 18

\*Mecklenburg County Medicare-certified home health agencies reported serving a total of 16,165 clients in FY 2011 (page 4 of the Source: 2012 Home Health Agency Annual Data Supplement to License Application)

As shown in the previous table, **HKZ Group's** proposed service to Veteran Administration patients does not duplicate services in Mecklenburg County.

<sup>7</sup> Kaiser Health Facts <http://www.statehealthfacts.org/profileind.jsp?cat=6&sub=80&rgn=35>

<sup>8</sup> <http://www.newsobserver.com/2012/06/17/2143293/2-new-veterans-homes-to-open.html>

<sup>9</sup> [http://www.va.gov/vetdata/Veteran\\_Population.asp](http://www.va.gov/vetdata/Veteran_Population.asp)

## Services to “Other Underserved Population” Proposed by Applicants

Basic Assumption 8. of the Medicare-certified Home Health Need Methodology reads as follows:

8. The North Carolina State Health Coordinating Council encourages home health applicants to:
  - [...]
  - d. address special needs populations.

Each applicant’s response to Section VI., Question 3(g). is summarized in the following table.

**Availability of Proposed Home Health to “Other Underserved Populations”**

CON Application	Applicant	Availability of Existing and Proposed Home Health to “Other Underserved Population”
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>Native American population</b>
F-10004-12	Healthy @ Home – CMC -North Zone Office	Pediatric population to include neonatal/premature babies
F-10006-12	AssistedCare	No specific population identified
F-10010-12	Continuum	No specific population identified
F-10008-12	Emerald Care – Branch Office	No specific population identified
F-10012-12	J and D Healthcare	No specific population identified
F-10003-12	Maxim	No specific population identified
F-10011-12	UniHealth	No specific population identified
F-10001-12	Vizion One	No specific population identified
F-10007-12	Well Care	No specific population identified

As shown in the previous table, **HKZ Group** is one of two applicants to identify an “underserved population” to which it will provide Medicare-certified home health services. Healthy @ Home is an existing Mecklenburg County agency providing services to a pediatric population that includes neonatal and premature babies.

HealthKeeperz, Inc. is North Carolina’s only Native American-owned multi-disciplinary post acute community health system focusing on home health agency services. With three existing locations, HealthKeeperz, Inc. is experienced in dealing with the health disparities and cultural differences of minority populations. **HKZ Group** also will be a Native American-owned home health agency, and will utilize the experience of HealthKeeperz, Inc. to address Native American and other minority populations in Mecklenburg County.

According to the 2008 US Census, North Carolina has the largest American Indian population east of the Mississippi River and the sixth largest American Indian population in the nation.

According to a report published in July 2010 by the North Carolina Commission of Indian Affairs found that American Indians in North Carolina experience substantially worse health problems than whites. For many health measures, American Indians experience problems similar to those for African Americans in this state. The July 2010 Report made the following findings:

- American Indian death rates were at least twice that of whites for diabetes, HIV disease, motor vehicle injuries, and homicide.
- American Indians were more likely than whites or African Americans to report that they had no health insurance and that they could not see a doctor due to cost.
- American Indians were significantly more likely than whites to smoke, not engage in leisure-time physical exercise, and to be overweight or obese.

The North Carolina American Indian Health Task Force was created in 2004 by the North Carolina Commission of Indian Affairs and the Secretary of the North Carolina Department of Health and Human Services. The purpose of the Task Force was to identify and study American Indian health issues in North Carolina, and to evaluate and strengthen programs and services for American Indians in the state.

**HKZ Group** is committed to providing home health services to American Indians and other minority populations in Mecklenburg and surrounding counties. Thus, the CON application submitted by **HKZ Group** is the most effective alternative with regard to special needs populations.

### **Registered Nurse, Home Health Aide, and Licensed Practical Nurse Salaries in Project Year 2**

Salaries are a significant contributing factor in recruitment and retention of staff. The following three tables compare the proposed annual salary for registered nurses, home health aides, and licensed practical nurses in the second operating year.

Emerald Care projects the highest annual salary for a registered nurse, as shown in the following table.

**Annual Salary for Registered Nurse – PY 2**

<b>CON Application</b>	<b>Applicant</b>	<b>Annual Salary</b>
F-10008-12	Emerald Care – Branch Office	\$73,987
F-10003-12	Maxim	\$72,774
F-10011-12	UniHealth	\$72,420
F-10006-12	AssistedCare	\$71,070
F-10007-12	Well Care	\$70,967
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>\$70,627</b>
F-10010-12	Continuum	\$65,938
F-10004-12	Healthy @ Home – CMC -North Zone Office	\$64,951
F-10001-12	Vizion One	\$64,067
F-10012-12	J and D Healthcare	\$43,784

As shown in the previous table, **HKZ Group** projects an annual salary for a registered nurse that is less than 5% lower than Emerald Care.

Maxim projects the highest annual salary for a home health aide, as shown in the following table.

**Annual Salary for Home Health Aide – PY 2**

<b>CON Application</b>	<b>Applicant</b>	<b>Annual Salary</b>
F-10003-12	Maxim	\$33,313
F-10011-12	UniHealth	\$32,895
F-10008-12	Emerald Care – Branch Office	\$32,493
F-10007-12	Well Care	\$32,188
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>\$30,810</b>
F-10004-12	Healthy @ Home – CMC -North Zone Office	\$30,363
F-10006-12	AssistedCare	\$29,870
F-10010-12	Continuum	\$21,532
F-10012-12	J and D Healthcare	\$20,828
F-10001-12	Vizion One	\$20,659

**HKZ Group** projects the highest annual salary for a licensed practical nurse, as shown in the following table.



**Annual Salary for Licensed Practice Nurse – PY 2**

<b>CON Application</b>	<b>Applicant</b>	<b>Annual Salary</b>
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>\$48,269</b>
F-10006-12	AssistedCare	\$45,423
F-10010-12	Continuum	\$43,627
F-10008-12	Emerald Care – Branch Office	\$40,035
F-10012-12	J and D Healthcare	\$39,574
F-10004-12	Healthy @ Home – CMC – North Zone Office	\$36,838
F-10003-12	Maxim	LPN not included in staffing plan
F-10011-12	UniHealth	LPN not included in staffing plan
F-10001-12	Vizion One	LPN not included in staffing plan
F-10007-12	Well Care	LPN not included in staffing plan

**Physical Therapist, Occupational Therapist, and Speech Therapist Salaries in Project Year 2**

Salaries are a significant contributing factor in recruitment and retention of staff. The following three tables compare the proposed annual salary for physical therapists, occupational therapists, and speech therapists in the second operating year.

Physical therapy drives the profitability of a Medicare-certified home health agency. **HKZ Group** projects the highest annual salary for a physical therapist among the applicants that will employ a physical therapist, as shown in the following table.

**Annual Salary for Physical Therapist – PY 2**

<b>CON Application</b>	<b>Applicant</b>	<b>Annual Salary</b>
<b>F-10005-12</b>	<b>HKZ Group</b>	<b>\$102,700</b>
F-10008-12	Emerald Care – Branch Office	\$94,585
F-10004-12	Healthy @ Home – CMC -North Zone Office	\$84,445
F-10010-12	Continuum	\$84,144
F-10006-12	AssistedCare	\$83,945
F-10007-12	WellCare	\$83,430
F-10003-12	Maxim	\$80,353
F-10001-12	Vizion One	\$79,310
F-10012-12	J and D Healthcare	\$43,739

Emerald Care projects the highest annual salary for an occupational therapist among the eight applicants that will employ an occupational therapist, as shown in the following table.

### Annual Salary for Occupational Therapist – PY 2

CON Application	Applicant	Annual Salary
F-10008-12	Emerald Care – Branch Office	\$83,785
F-10007-12	WellCare	\$83,430
F-10001-12	Vizion One	\$80,718
F-10006-12	AssistedCare	\$79,001
F-10010-12	Continuum	\$78,663
F-10003-12	Maxim	\$73,856
F-10004-12	Healthy @ Home – CMC -North Zone Office	\$72,196
F-10012-12	J and D Healthcare	\$43,722

Emerald Care projects the highest annual salary for a speech therapist among the eight applicants that will employ a speech therapist, as shown in the following table.

### Annual Salary for Speech Therapist – PY 2

CON Application	Applicant	Annual Salary
F-10008-12	Emerald Care – Branch Office	\$112,828
F-10004-12	Healthy @ Home – CMC -North Zone Office	\$86,677
F-10003-12	Maxim	\$78,014
F-10006-12	AssistedCare	\$77,765
F-10007-12	WellCare	\$77,250
F-10010-12	Continuum	\$74,551
F-10001-12	Vizion One	\$70,740
F-10012-12	J and D Healthcare	\$43,722

### Financial Proforma Comparison Project Year 2

The following tables compare the 10 applications on basic financial measures. Values highlighted in yellow represent the two projects at the high end of each comparative metric and values highlighted in blue represent the two projects at the low end of each comparative metric. As reflected in the following tables, **HKZ Group** is based upon reasonable assumptions in the middle of the range for each metric. They only metrics in which **HKZ Group** is highlighted are lowest revenue per patient visit, lowest net gain, and highest total cost as a percent of revenue.

Financial Proforma  
Comparative Analysis

	Project Year 2											
	F-10001-12	F-10003-12	F-10004-12	F-10005-12	F-10006-12	F-10007-12	F-10008-12	F-10010-12	F-10011-12	F-10012-12	J and D	
Vizion												
Unduplicated Patients	325	503	2,993	395	352	542	476	492	549		92	
Total Patient Visits	8,125	9,499	47,780	8,578	6,159	11,268	12,570	8,556	11,527		1,482	
Visit per Patient	25.0	18.9	16.0	21.7	17.5	20.8	26.4	17.4	21.0		16.1	
Net Revenue	\$ 1,140,200	\$ 1,528,574	\$ 7,008,529	\$ 1,224,203	\$ 931,653	\$ 1,740,941	\$ 1,937,522	\$ 1,610,678	\$ 1,752,640		\$ 1,664,138	
Net Revenue per Patient	\$ 3,508.31	\$ 3,038.91	\$ 2,341.64	\$ 3,099.25	\$ 2,646.74	\$ 3,212.07	\$ 4,070.42	\$ 3,273.74	\$ 3,192.42		\$ 18,088.46	
Net Revenue per Visit	\$ 140.33	\$ 160.92	\$ 146.68	\$ 142.71	\$ 151.27	\$ 154.50	\$ 154.14	\$ 188.25	\$ 152.05		\$ 1,122.90	
Direct Cost	\$ 564,614	\$ 783,753	\$ 4,895,971	\$ 734,997	\$ 529,668	\$ 971,065	\$ 1,059,192	\$ 966,142	\$ 1,043,442		\$ 2,887,897	
Direct Cost Per Patient	\$ 1,737.27	\$ 1,558.16	\$ 1,635.81	\$ 1,860.75	\$ 1,504.74	\$ 1,791.63	\$ 2,225.19	\$ 1,963.70	\$ 1,900.62		\$ 31,390.18	
Direct Cost Per Visit	\$ 69.49	\$ 82.51	\$ 102.47	\$ 85.68	\$ 86.00	\$ 86.18	\$ 84.26	\$ 112.92	\$ 90.52		\$ 1,948.65	
Direct Cost % Total Cost	53%	67%	72%	61.4%	62%	65%	64%	74%	61.0%		93%	
Administrative Cost	\$ 503,393	\$ 391,953	\$ 1,897,579	\$ 461,683	\$ 329,621	\$ 523,840	\$ 599,491	\$ 333,420	\$ 667,742		\$ 228,500	
Adm Cost Per Patient	\$ 1,548.90	\$ 779.23	\$ 634.04	\$ 1,168.82	\$ 936.42	\$ 966.49	\$ 1,259.43	\$ 677.68	\$ 1,216.29		\$ 2,483.70	
Adm Cost Per Visit	\$ 61.96	\$ 41.26	\$ 39.72	\$ 53.82	\$ 53.52	\$ 46.49	\$ 47.69	\$ 38.97	\$ 57.93		\$ 154.18	
Admin Cost % Total Cost	47%	33%	28%	38.6%	38.4%	35%	36%	26%	39.0%		7%	
Total Cost	\$ 1,068,007	\$ 1,175,706	\$ 6,793,650	\$ 1,196,680	\$ 859,289	\$ 1,494,905	\$ 1,658,683	\$ 1,299,562	\$ 1,711,184		\$ 3,116,397	
Total Cost Per Patient	\$ 3,286.18	\$ 2,337.39	\$ 2,269.85	\$ 3,029.57	\$ 2,441.16	\$ 2,758.13	\$ 3,484.63	\$ 2,641.39	\$ 3,116.91		\$ 33,873.88	
Total Cost Per Visit	\$ 131.45	\$ 123.77	\$ 142.19	\$ 139.51	\$ 139.52	\$ 132.67	\$ 131.96	\$ 151.89	\$ 148.45		\$ 2,102.83	
Total Cost % Net Revenue	94%	77%	97%	97.8%	92%	86%	86%	81%	97.6%		187%	
Gain (Loss)	\$ 72,193	\$ 352,868	\$ 214,879	\$ 27,523	\$ 72,364	\$ 246,036	\$ 278,839	\$ 311,116	\$ 41,456		\$ (1,452,259)	
Gain (Loss) Per Patient	\$ 222.13	\$ 701.53	\$ 71.79	\$ 69.68	\$ 205.58	\$ 453.94	\$ 585.80	\$ 632.35	\$ 75.51		\$ (15,785.42)	
Gain (Loss) Per Visit	\$ 8.89	\$ 37.15	\$ 4.50	\$ 3.21	\$ 11.75	\$ 21.83	\$ 22.18	\$ 36.36	\$ 3.60		\$ (979.93)	
Gain (Loss) % Revenue	6.3%	23.1%	3.1%	2.2%	7.8%	14.1%	14.4%	19.3%	2.4%		-87.3%	

Notes:

Blue shaded cells indicate two lowest of the applicants for a particular metric of comparison

Yellow shaded cells indicate the two highest of the applicants for a particular metric of comparison

J and D Healthcare was not included for purposes of comparison with the other applicants because the project is not financially feasible.

Visits and unduplicated patients are not adjusted for any of the discrepancies and other issues identified in the individual Comments in Opposition submitted by HKZ Group