

**Comments in Opposition from
HKZ Group, LLC
Regarding a Certificate of Need Application
Submitted by United Home Care, Inc. d/b/a UniHealth Home
Health Health, Inc. d/b/a UniHealth Home Health
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 United Home Care, Inc. d/b/a UniHealth Home Health Health, Inc. d/b/a UniHealth Home Health 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.¹

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.

¹ 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 United Home Care, Inc. d/b/a UniHealth Home Health Health, Inc. d/b/a UniHealth Home Health

United Home Care, Inc. d/b/a UniHealth Home Health Health, Inc. d/b/a UniHealth Home Health (UniHealth) proposes to develop a Medicare-certified home health agency in Charlotte, zip code 28262. UniHealth is a wholly owned subsidiary of United Health Services of Georgia, Inc., and a subsidiary of United Health Services, Inc.

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), and (18a), UniHealth 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 UniHealth CON Application does not conform to Policy GEN-3 and CON Review Criterion (1).

G.S. 131E-183 (3)

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

1. Unduplicated Patients – Growth Rate – 169.1%

UniHealth projects to provide home health services to 204 unduplicated patients in its first year of operation, and 549 unduplicated patients in its second year of operation. That is an annual growth rate of **169.1%**.

**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	2,986	4.0%

UniHealth projects the second highest annual growth rate of the ten applicants, as shown in the previous table. That rate of growth is 3.8 times greater than the rate proposed by Well Care, which is the third highest of the ten applicants. J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications.

UniHealth provides no justification for the unreasonably high annual growth rate for its unduplicated patient projections.

2. Duplicated Patients – Growth Rate – 184.2%

UniHealth projects to provide home health services to 253 duplicated patients in its first year of operation, and 719 duplicated patients in its second year of operation. That is an annual growth rate of **184.2%**, 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
F-10010-12	Continuum	208	1,208	480.8%
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%

UniHealth projects the second highest annual growth rate of the ten applicants, as shown in the previous table. That rate of growth is three times greater than the rate proposed by Well Care, which is the third highest of the ten applicants. J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications.

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

3. Patient Visits – Growth Rate – 209.0%

UniHealth projects to provide 3,730 patient visits in its first year of operation, and 11,527 patient visits in its second year of operation. That is an annual growth rate of **209.0%**, as shown in the following table.

**Mecklenburg County Home Health Applicants
Projected Annual Growth Rate –Patient 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%

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

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

B. Low Duplicated: Unduplicated Patient Ratio in Project Year 2

The following table shows the duplicated to unduplicated patient ratio projected by each of the ten applicants in Project Years 1 and 2.

**Mecklenburg County Home Health Applicants
Duplicated: Unduplicated Patient Ratio – PYS 1 and 2**

Project ID	Applicant	PY 1	PY 2
F-10003-12	Maxim	5.0	5.4
F-10004-12	Healthy @ Home - CMC - North Zone Office - Total	4.3	4.3
F-10001-12	Vizion One	4.0	4.0
F-10010-12	Continuum	2.8	2.5
F-10005-12	HKZ Group	2.3	2.3
F-10006-12	AssistedCare	2.1	2.1
F-10007-12	Well Care	2.1	2.1
F-10011-12	UniHealth	1.2	1.3
F-10012-12	J and D Healthcare	1.2	1.3
F-10008-12	Emerald Care - Branch Office - Total	1.0	1.0

For comparison purposes, the following table shows the average duplicated: unduplicated ratio for existing Mecklenburg County home health agencies in FY 2011.

**Mecklenburg County Home Health Agencies
Average Duplicated: Unduplicated Patient Ratio – FY 2011**

Metric	Ratio
Duplicated: Unduplicated Patient Ratio	2.3

Source: 2012 Home Health Agency License Renewal Application Data Supplement

UniHealth’s duplicated: unduplicated patient ratio of 1.2 in Project Year 1 is **53.9%** (1.2/2.3) and 1.3 in Project Year 2 is **58.1%** (1.3/2.3) lower than the average duplicated: unduplicated patient ratio reported by existing Mecklenburg County home health agencies in FY 2011.

UniHealth’s duplicated: unduplicated patient ratio of 1.2 and 1.3 are unreasonable assumptions.

C. Palliative Care Programming not Required for Medicare-certification

On pages 40-41, UniHealth describes its Palliative Care Programming.

Generally, palliative care is provided in coordination and/or partnership with a hospice organization. It appears that UniHealth seeks to provide a pseudo-hospice service to gain more market share. That may result in patients who do not receive the full spectrum of hospice services that patients truly need.

UniHealth proposes to include in its staffing a nurse specialized in palliative care. There is no requirement that a Medicare-certified home health agency provide a nurse specialized in palliative care. UniHealth does not identify a nurse specialized in palliative care in its Project Year 1 and 2 staffing tables on pages 223 and 224. UniHealth summarizes the educational background, training, and requirements for a registered nurse (RN)/Care Manager on page 207. UniHealth’s five bullet point list states “home care hospice experience **preferred.**” [Emphasis added.] Lastly, were UniHealth to employ a nurse specialized in palliative care, it would increase UniHealth’s overall cost structure.

For the reasons set forth above, the UniHealth 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), UniHealth fails to demonstrate the need for the services proposed.

Secondly, UniHealth projects the second highest total capital expenditure of the ten applicants, as shown in the following table.

**Mecklenburg County Home Health Applicants
Total Capital Expenditure**

CON Application	Applicant	Project Cost	Total Working Capital	Total Capital Expenditure
F-10004-12	Healthy @ Home – CMC – North Zone	\$450,000	\$600,000	\$1,050,000
F-10011-12	UniHealth	\$196,196	\$711,168	\$907,364
F-10007-12	Well Care	\$110,000	\$550,000	\$660,000
F-10001-12	Vizion One	\$115,099	\$461,303	\$576,402
F-10006-12	AssistedCare	\$31,874	\$407,187	\$439,061
F-10010-12	Continuum	\$92,270	\$290,391	\$382,661
F-10003-12	Maxim	\$65,000	\$225,000	\$290,000
F-10008-12	Emerald Care - Branch Office	\$111,713	\$166,921	\$278,634
F-10005-12	HKZ Group	\$62,400	\$153,592	\$215,992
F-10012-12	J and D Healthcare	\$6,000	\$50,000	\$56,000

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.

Lastly, on page 62, UniHealth states that basic pharmaceutical services are handled through the client's pharmacy. Nurses will use the client's pharmacist as their first resource for pharmaceutical consultation. UniHealth includes in Form B a total of \$300/month for physician and pharmacy consults in Project Year 1 and \$306/month in Project Year 2.

UniHealth's pharmacy program is inferior to the HealthSync Pharmacy Program provided by **HKZ Group**. 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.

For those reasons, UniHealth 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 the areas of concern in UniHealth’s financial projections.

Financial Projection/Cost	Page Reference	Comment
UniHealth indicates that it will provide Physician Services – by the agency medical director, contracted psychiatrists	Pages 26, 256	<ul style="list-style-type: none"> • A home health medical director is a consultant not a physician who treats patient in the care of the home health agency. • UniHealth does not specify the services that a physician will provide. • UniHealth will pay for pharmacy and physician consults at \$300/month in Project Year 1 and \$306/month in Project Year 2.
Staff recruitment methods	Page 201	<ul style="list-style-type: none"> • Can generate significant costs, which are not represented in Form B and Form B Assumptions
Nurse specialized in Wound Care	Page 42	<ul style="list-style-type: none"> • Personnel expenses not included in Form B and Form B assumptions
“All UniHealth’s RNs will be required to undergo rigorous training in pain management prior to caring for any client.”	Page 44	<ul style="list-style-type: none"> • No cost of a “rigorous training in pain management” is included in Form B and Form B assumptions • Form B Nursing Expenses Assumptions do not contain “rigorous training in pain management” (page 253) • Is there a cost to a patient to access a Pain Management Specialist?

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

B. Five Projects with Approved Capital Expenditure in Excess of \$21 Million

On page 221, UniHealth reports that UHS, its ultimate parent, had a positive net cash flow of \$3,732,249 and Cash and Cash Equivalents that totaled \$6,735,162 as of June 30, 2011. Based on those financial figures, UniHealth believes that “funding the proposed project from cash from ongoing operations is reasonable.”

On page 222, UniHealth reports that UHS, its ultimate parent, has four projects in development and one project under appeal. Those five projects have an approved capital expenditure of \$21,654,449. That represents a significant amount of financial risk for UniHealth and for the

residents of Mecklenburg County. During a period of economic fragility, it does not seem prudent to add the proposed Mecklenburg County agency to UniHealth’s financial risk.

C. Skilled Nursing Cost Exceeds Charges in Projects Years 1 and 2

As shown in the following table, UniHealth projects that cost per visit for nursing services will exceed the charge per visit in Project Years 1 and 2.

**UniHealth
Comparison: Skilled Nursing Cost per Visit and Charge per Visit – PYs 1 and 2**

Project Year 1	Skilled Nursing PY 1	Skilled Nursing PY 2
Proposed Cost per Visit (page 226)	\$292.17	\$169.20
Proposed Charge per Visit (page 228)	\$165	\$165
Cost:Charge Variance	+\$127.17	+\$4.20

UniHealth projects 1,772 skilled nursing visits in Project Year 1 and 5,449 skilled nursing visits in Project Year 2.

UniHealth does not provide its cost per visit for its Mecklenburg County certified agency, which would have allowed a comparison between projected cost per visit of the proposed Mecklenburg County agency.

The following table shows a comparison of the proposed cost per visit of UniHealth and **HKZ Group**, respectively, in Project Years 1 and 2.

**Comparison: UniHealth and HKZ Group
Skilled Nursing Cost per Visit – PYs 1 and 2**

	Skilled Nursing PY 1	Skilled Nursing PY 2
UniHealth Proposed Cost per Visit (page 226)	\$292.17	\$169.20
HKZ Proposed Cost per Visit	\$86.71	\$91.60
Cost Variance	+\$205.46	+\$77.60

Source: CON Application F-10005-12, page 99

As shown in the following table, UniHealth’s cost per nursing visit far exceeds **HKZ Group’s** cost per visit in Project Years 1 and 2. **HKZ Group** is based on more reasonable projections of the costs and charges for providing health services than UniHealth.

D. Low Average Visits per Day Result in High Cost per Visit in Project Years 1 and 2

As discussed in the context of CON Review Criterion (7), UniHealth’s average visits per day are lower than the Productivity Standards of the National Association for Home Care and Hospice, and lower than projected by **HKZ Group**.

A comparison of cost per visit in Project Years 1 and 2 between UniHealth and **HKZ Group** is shown in the following table.

**Comparison: UniHealth and HKZ Group
Cost per Visit – PYs 1 and 2**

Proposed Cost	UniHealth (Page 226)		HKZ Group	
	PY 1	PY 2	PY 1	PY 2
Nursing	\$292.17	\$169.20	\$ 86.71	\$ 88.96
Physical Therapy	\$214.39	\$134.43	\$ 91.60	\$ 88.81
Speech Therapy	\$214.39	\$134.43	\$ 75.00	\$ 75.00
Occupational Therapy	\$214.39	\$134.43	\$ 75.00	\$ 75.00
Medical Social Work	\$837.71	\$408.80	\$ 75.00	\$ 75.00
Home Health Aide	\$172.19	\$91.39	\$ 71.87	\$ 60.68

Source: CON Application F-10005-12, page 99

UniHealth’s projected average visits per day results in substantially higher cost per visit in every discipline in Project Years 1 and 2. **HKZ Group** is based on more reasonable projections of the costs for providing health services than UniHealth.

E. Second Highest Net Revenue per Duplicated Patient in Project Year 2

The following table shows a comparison of the 10 applicants based on each applicant’s net revenue per duplicated patient in Project Year 2. Net revenue per duplicated patient was calculated by dividing projected net revenue from Form B by the projected number of duplicated patients from Section IV.2. of each Application, as shown in the following table.

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

CON Application	Applicant	Total Unduplicated Patients	Net Revenue	Net Revenue per Duplicated Patient
F-10012-12	J and D Healthcare	123	\$1,664,138	13,530
F-10008-12	Emerald Care - Branch Office	476	\$1,937,522	\$4,070
F-10011-12	UniHealth	719	\$1,752,640	\$2,438
F-10007-12	Well Care	1,241	\$1,740,941	\$1,403
F-10005-12	HKZ Group	900	\$1,224,203	\$1,360
F-10010-12	Continuum	1,208	\$1,610,678	\$1,333
F-10006-12	AssistedCare	741	\$931,653	\$1,257
F-10001-12	Vizion One	1,306	\$1,140,200	\$873
F-10003-12	Maxim	2,737	\$1,528,574	\$558
F-10004-12	Healthy @ Home - CMC - North Zone Office	12,775	\$7,008,529	\$549

As shown in the previous table, UniHealth projects the highest net revenue per duplicated patient, second to Emerald Care. J and D Healthcare proposes an agency that is financial unviable, and cannot be used for purposes of comparison with other applications.

F. Second Highest Administrative Cost and Third Highest Administrative Cost per Patient in Project Year 2

The following table shows a comparison of the 10 applicants based on each applicant’s administrative cost and administrative cost per unduplicated patient in Project Year 2. Administrative cost per duplicated patient was calculated by dividing projected administrative cost from Form B 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
Administrative Cost and Administrative Cost per Unduplicated Patient – PY 2**

CON Application	Applicant	Administrative Cost	Unduplicated Patients	Administrative Cost per Unduplicated Patient
F-10012-12	J and D Healthcare	\$228,500	92	\$2,484
F-10001-12	Vizion One	\$503,393	325	\$1,549
F-10008-12	Emerald Care Branch Office	\$599,491	476	\$1,259
F-10011-12	UniHealth	\$667,742	549	\$1,216
F-10005-12	HKZ Group	\$461,683	395	\$1,169
F-10007-12	Well Care	\$523,840	542	\$966
F-10006-12	AssistedCare	\$329,621	352	\$936
F-10003-12	Maxim	\$391,953	503	\$779
F-10010-12	Continuum	\$333,420	492	\$678
F-10004-12	Healthy @ Home – CMC – North Zone	\$1,897,679	2,986	\$636

As shown in the previous table, UniHealth projects the highest administrative cost per unduplicated patient, second to Healthy @ Home - CMC. UniHealth’s administrative costs are the third highest of the applicants.

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 Total Cost per Patient Visit in Project Year 2

The following table shows a comparison of the 10 applicants based on each applicant’s total cost per duplicated patient visit in Project Year 2. Total cost per patient visit was calculated by dividing projected total cost from Form B 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
Total Cost per Patient Visit – PY 2**

CON Application	Applicant	Total Cost	Total Patient Visits	Total Cost per Patient Visit
F-10012-12	J and D Healthcare	\$3,116,397	1,482	\$2,103
F-10010-12	Continuum	\$1,299,562	8,556	\$152
F-10011-12	UniHealth	\$1,711,184	11,527	\$148
F-10004-12	Healthy @ Home – CMC – North Zone	\$6,793,650	47,780	\$142
F-10005-12	HKZ Group	\$1,196,680	8,578	\$140
F-10006-12	AssistedCare	\$859,289	6,159	\$140
F-10007-12	Well Care	\$1,494,905	12,268	\$133
F-10008-12	Emerald Care Branch Office	\$1,658,683	12,570	\$132
F-10001-12	Vizion One	\$1,068,007	8,125	\$131
F-10003-12	Maxim	\$1,175,706	9,499	\$124

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

H. Second Largest 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.

**Mecklenburg County Home Health Applicants
Gain – PY 2**

CON Application	Applicant	Gain (Loss)
F-10003-12	Maxim	\$352,868
F-10011-12	UniHealth	\$311,116
F-10008-12	Emerald Care Branch Office	\$278,839
F-10007-12	Well Care	\$246,036
F-10004-12	Healthy @ Home – CMC – North Zone	\$214,879
F-10006-12	AssistedCare	\$72,364
F-10001-12	Vizion One	\$72,193
F-10010-12	Continuum	\$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, UniHealth projects the highest gain, second to Maxim. **HKZ Group** projects the smallest gain.

I. Second Largest 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
F-10011-12	UniHealth	\$311,116	11,527	\$36
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	\$214,879	47,780	\$4
F-10010-12	Continuum	\$41,456	8,556	\$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, UniHealth projects the highest gain per patient visit, second to Maxim. **HKZ Group** projects the smallest gain per patient visit.

For those reasons, UniHealth 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), UniHealth fails to demonstrate the need for the services proposed. Consequently, UniHealth did not demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

Further, UniHealth proposes to locate its agency at 201 McCullough Drive Charlotte 28262. According to Mapquest.com², UniHealth's proposed location is:

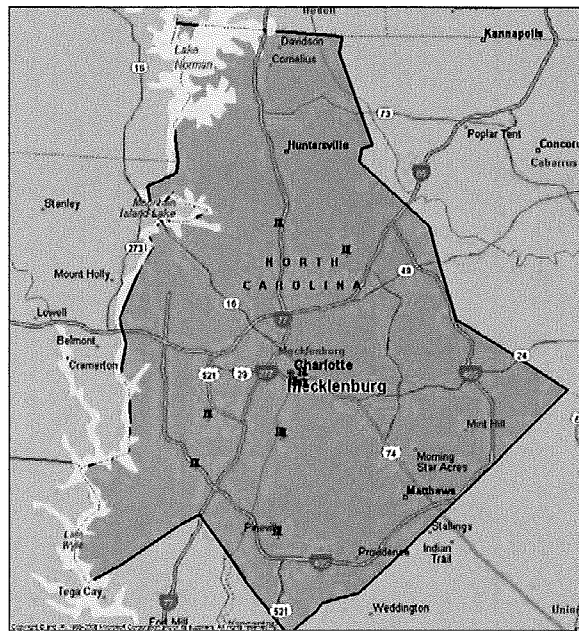
² <http://www.mapquest.com/>

- 5 minutes and 2.4 miles from Gentiva Health Services (HC0787)
- 14 minutes and 8 miles from Gentiva Health Services (HC0138).

UniHealth’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.

UniHealth 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. Projected Average Visits per Day by Discipline are Low

On pages 95-96, UniHealth projects average visits per day by discipline, which are shown in the following table.

**UniHealth
Projected Average Visits per Day**

Staff	Average Visits per Day (Visits per 8 Hours)
RN	4.47
Home Care Aide	5
Physical Therapist	5
Speech Therapist	5
Occupational Therapist	0.33
Medical Social Worker	3.38

UniHealth’s average visits per day are lower than the Productivity Standards of the National Association for Home Care and Hospice (NAHC) presented on page 197.

**Projected Average Visits per Day
Comparison: UniHealth and NAHC**

Staff	UniHealth Average Visits per Day (Visits per 8 Hours)	NAHC Productivity Standards
RN	4.47	4.96
Home Care Aide	5	5.17
Physical Therapist	5	5.39
Speech Therapist	5	Not available
Occupational Therapist	0.33	5.30
Medical Social Worker	3.38	3.48

For purposes of further comparison, **HKZ Group** projects average visits per day higher than UniHealth in each discipline, as shown in the following table.

**Projected Average Visits per Day
Comparison: UniHealth and HKZ Group**

Staff	UniHealth Average Visits per Day (Visits per 8 Hours)	HKZ Group Average Visits per Day (Visits per 8 Hours)
RN	4.47	5.0
Home Care Aide	5	5.2
Physical Therapist	5	5.4
Speech Therapist	5	5.3
Occupational Therapist	0.33	5.3
Medical Social Worker	3.38	3.5

UniHealth's skilled nursing average visits per day are **89%** (4.47/5) lower than the average visits per day projected by **HKZ Group**. UniHealth projects to make **0.06%** (0.33/5.3) of the average occupational therapy visits per day projected by **HKZ Group**.

Lower average visits per day result in significantly higher cost per visit as discussed in the context of CON Review Criterion (5).

B. "Rigorous Training in Pain Management"

On page 44, UniHealth states that "all UniHealth's RNs will be required to undergo rigorous training in pain management prior to caring for any client." That training creates a staffing capacity issue. UniHealth projects 1,772 skilled nursing visits in Project Year 1 and 5,449 skilled nursing visits in Project Year 2. It is reasonable to assume that UniHealth will not have the capacity to meet the demand for skilled nursing services in Mecklenburg County.

C. Civil Rights and Equal Access Complaints – 29 in the Last Five Years

On pages 190-195, UniHealth reports:

- 12 dismissed Civil Rights and Equal Access Complaints
- 15 pending Civil Rights and Equal Access Complaints
- 2 settled Civil Rights and Equal Access Complaints

filed against UHC related North Carolina facilities/agencies in the last five years. That is a significant number of Civil Rights and Equal Access Complaints.

Federal laws prohibit employment discrimination when it involves:

- Unfair treatment because of race, color, religion, sex (including pregnancy), national origin, age (40 or older), disability or genetic information.
- Harassment by managers, co-workers, or others in the workplace, because of race, color, religion, sex (including pregnancy), national origin, age (40 or older), disability or genetic information.
- Denial of a reasonable workplace accommodation that the employee needs because of religious beliefs or disability.
- Retaliation because the employee complained about job discrimination, or assisted with a job discrimination investigation or lawsuit.

A workplace that protects employees and job applicants from employment discrimination is a significant contributing factor in recruitment and retention of staff.

For those reasons, the UniHealth 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

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). UniHealth does not provide the required documentation for Mecklenburg County hospitals.

For that reasons, UniHealth 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, UniHealth fails to demonstrate conformity with CON Review Criteria (1), (3), (4), (5), (6), (7), and (8). Consequently, UniHealth 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), (8), and (10)

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

10A NCAC 14C .2003

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

VI. Conclusion

The UniHealth CON Application has not demonstrated conformity with multiple 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

CON Application	Applicant	% of Visits
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%
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

CON Application	Applicant	% of Visits
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%
F-10005-12	HKZ Group	66.8%
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

CON Application	Applicant	% of Visits
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%
F-10005-12	HKZ Group	81.7%
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

CON Application	Applicant	Average Number of Visits per Unduplicated Patient
F-10008-12	Emerald Care – Branch Office	26.4
F-10001-12	Vizion One	25.0
F-10005-12	HKZ Group	21.7
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
F-10005-12	HKZ Group	8,578	\$1,224,203	\$143
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

CON Application	Applicant	Total Patient Visits	Total Operating Costs	Average Total Operating Cost per Visit
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
F-10005-12	HKZ Group	8,578	\$1,196,680	\$140
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
F-10005-12	HKZ Group	8,578	\$734,997	\$86
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

CON Application	Applicant	Total Patient Visits	Total Administrative Costs	Average Administrative Cost per Visit
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
F-10005-12	HKZ Group	8,578	\$461,683	\$54
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

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
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
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

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**

CON Application	Applicant	Owned	Operated	Managed	Total NC Medicare Home Health
F-10008-12	Emerald Care – Branch Office	12	0	0	12
F-10004-12	Healthy @ Home - CMC - North Zone Office	4	0	0	4
F-10005-12	HKZ Group	3	0	0	3
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)

CON Application	Applicant	Carolinas Healthcare System	Presbyterian Healthcare	Presbyterian Hospital Matthews
F-10005-12	HKZ Group	N	Y	Y
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**

CON Application	Applicant	CFVMC	Southeastern Regional	Other Hospital
F-10005-12	HKZ Group	Y	Y	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-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	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
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 co-morbid 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%³.

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.⁴ 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 County⁵. 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.

³ Kaiser Health Facts <http://www.statehealthfacts.org/profileind.jsp?cat=6&sub=80&rgn=35>
⁴ <http://www.newsobserver.com/2012/06/17/2143293/2-new-veterans-homes-to-open.html>
⁵ 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"
F-10005-12	HKZ Group	Native American population
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

CON Application	Applicant	Annual Salary
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
F-10005-12	HKZ Group	\$70,627
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

CON Application	Applicant	Annual 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
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

CON Application	Applicant	Annual Salary
F-10005-12	HKZ Group	\$48,269
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

CON Application	Applicant	Annual 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
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	
	Vizion	Maxim	CMC - North	HKZ	Assisted	Well Care	Emerald	Continuum	UniHealth	J and D	
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	\$ 1,897,679	\$ 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