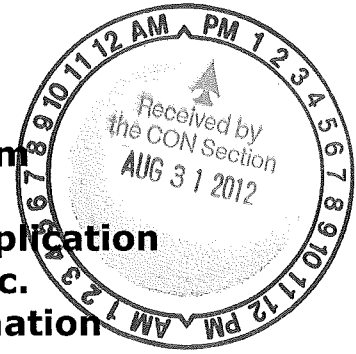


**Comments in Opposition from
HKZ Group, LLC
Regarding a Certificate of Need Application
Submitted by Vizion One, Inc.
in Response to a Need Determination
for Two Home Health Agencies
in the Mecklenburg County Service Area
Submitted July 16, 2012 for August 1, 2012 Review Cycle**



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 Vizion One, Inc. 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 Vizion One, Inc.

Vizion One, Inc. proposes to develop a Medicare-certified home health agency in Charlotte, zip code 28262 (Vizion One). Vizion One is a Maryland corporation.

IV. Vizion One has Very Little Experience Operating a Medicare-certified Home Health Agency

A. Vizion One Home Care Agency in Mecklenburg County – Operational for 6 Months

According to the records of the Acute and Home Care Licensure and Certification Section, Vizion One's home care agency in Mecklenburg County became active on February 6, 2012.

It is a significant undertaking to develop a new licensed home care agency.

Simultaneous development of a new licensed home care agency AND a Medicare-certified agency is enormous, particularly for a provider, like Vizion One, which has little to no experience developing a certified agency.

B. Vizion One Home Care Agency in Mecklenburg County – Director of Marketing Terminated in March 2012

As discussed in the context of CON Review Criterion (8), Vizion One terminated its director of marketing of its home care agency due to poor performance. Termination occurred in March 2012.

As discussed in the context of CON Review Criterion (7), Vizion One does not include a director of marketing in its staffing plan for the proposed certified agency.

Lack of a director of marketing for the proposed agency calls into question whether the proposed new agency can be viable.

Further, there is no Management Agreement referenced in Vizion One's Application, no draft Management Agreement included in the Exhibits, and there is no management fee included in Form B.

Vizion One, therefore, leaves unanswered who is accountable for meeting census goals, and who is responsible for building relationships with and increasing community presence, conducting presentations of home health service offered to families and professionals, event planning, developing new referral sources, and representing Vizion One through community involvement and networking.

C. Vizion One does not Operate a Medicare-certified Agency

On page 264², Vizion One provides in tabular format its experience as a provider of home care and home health services.

On pages 265-266³, Vizion One provides a list of its office locations, which include:

- Hyattsville, Maryland
- Worcester, Massachusetts
- Philadelphia, Pennsylvania
- Wichita, Kansas
- Charlotte, North Carolina – licensed home care office only
- Indianapolis, Indiana
- Brooklyn Park, Minnesota.

According to a table labeled “Vizion One Offices,” two offices are reported to be “in service” since 2011:

- District of Columbia
- Maryland.

The remaining offices are reported as being “in service” since 2012:

- Pennsylvania
- Massachusetts
- Kansas
- Wisconsin
- Indiana
- North Carolina (Note: licensed home care office).

According to a table labeled “Certified Services,” Vizion One reports that two of its offices are “Medicare-certified” from 2010 to the present.

- Pennsylvania
- Massachusetts.

Those two tables contain an obvious contradiction: Pennsylvania and Massachusetts are reported to be in service since 2012 – but are reported to be Medicare-certified since 2010.

According to CMS Home Health Compare website, which was last updated on July 19, 2012, **none of Vizion One’s seven offices are Medicare-certified.**^{4, 5, 6, 7, 8, 9}

² CON Application F-10001-12, Appendix to Table of Contents, Item 5 Office Locations (264-269)

³ CON Application F-10001-12, Appendix to Table of Contents, Item 5 Office Locations (264-269)

⁴ <http://medicare.gov/homehealthcompare/results.aspx?loc=Worcester,%20MA>

⁵ <http://medicare.gov/homehealthcompare/results.aspx?loc=Philadelphia,%20PA>

⁶ <http://medicare.gov/homehealthcompare/results.aspx?loc=Hyattsville,%20MD>

⁷ <http://medicare.gov/homehealthcompare/results.aspx?loc=Indianapolis,%20IN>

⁸ <http://medicare.gov/homehealthcompare/results.aspx?loc=Wichita,%20KS>

V. 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), Vizion One 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 Vizion One 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. Counties Included in Secondary Service Area are not Identified

On pages 31 and 61, Vizion One explains that “[t]he primary service area is Mecklenburg County, while the secondary service area represents geographies within a 60 mile radius of Mecklenburg.”

Vizion One provides a 60-mile radius map on page 31, but does not identify the counties included within its secondary service area. [counties within a 60-mile radius include]

⁹ <http://medicare.gov/homehealthcompare/results.aspx?loc=Brooklyn%20Park,%20MN&>

Absence of identified counties makes it impossible to determine whether Vizion One includes:

- A county that has a home health patient deficit, and the extent of that deficit
- A county that has a home health patient surplus, which could not be reasonably included in volume projections.

As a result, Vizion has failed to identify the population to be served by the proposed home health agency

B. No Project Year 3 Unduplicated Patient Projection for Mecklenburg County

On page 63, Vizion One states that “[d]uring the first two years of operation, 100% of the patients served by Vizion One will be Mecklenburg County residents.”

On pages 31 and 61, Vizion One explains that “[t]he primary service area is Mecklenburg County, while the secondary service area represents geographies within a 60 mile radius of Mecklenburg.” It is reasonable to assume that in Project Year 3, Vizion One will serve patients in its secondary service area.

On page 64, Vizion One provides an unduplicated patient count for Project Year 3 of 348.

Vizion One does not include patient origin projections for Project Year 3 from which to determine how many of the projected 348 unduplicated patients are residents of Mecklenburg County and how many are residents of the secondary service area.

C. Tables IV.1 and IV.2 are not Completed for Project Year 3

Vizion One did not complete Table IV.1 with monthly projections by service discipline for Project Year 3. Vizion One also did not complete Table IV.2 with monthly duplicated patient and visit projections by service discipline for Project Year 3.

D. Visits per Unduplicated Patient in Project Year 2 Greater Than All Current Providers

The following table shows the average visits per unduplicated patient projected by each of the ten applicants in Project Year 2.

**Mecklenburg County Home Health Applicants
Average Visits per Unduplicated Patient – PY 2**

CON Application	Applicant	Total Patient Visits	Unduplicated Patients	Average Visits per Unduplicated Patient
F-10008-12	Emerald Care Branch Office - Total	12,570	476	26.4
F-10001-12	Vizion One	8,125	325	25.0
F-10005-12	HKZ Group	8,578	395	21.7
F-10011-12	UniHealth	11,527	548	21.0
F-10007-12	Well Care	12,268	591	20.8
F-10003-12	Maxim	9,499	503	18.9
F-10010-12	Continuum	8,556	492	17.4
F-10012-12	J and D Healthcare	1,482	92	16.1
F-10004-12	Healthy @ Home - CMC - North Zone Office - Total	47,780	2,993	16.0
F-10006-12	AssistedCare	6,159	352	17.5

As shown in the previous table, Vizion One projects the second highest ratio of patient visits to unduplicated patients.

For comparison purposes, the following table shows the range for average visits per unduplicated patients by existing Mecklenburg County home health agencies in FY 2011.

**Mecklenburg County Home Health Agencies
Average Visits per Unduplicated Patient – FY 2011**

Mecklenburg Low	Mecklenburg High
11.9	23.8

Source: 2012 Home Health License Renewal Application Data Supplement

Vizion One’s 25.0 average visits per unduplicated patient is 105% (25.0/23.8) higher than the highest average visits per unduplicated patient reported existing Mecklenburg County home health agencies in FY 2011.

Vizion One’s assumption of 25.0 average visits per unduplicated patient is not a reasonable assumption, and results in overstated patient visits.

E. Third Highest Unduplicated Patient Ratio in Project Years 1 and 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

Vizion One’s duplicated: unduplicated patient ratio of 4.0 in Project Years 1 and 2 is **176%** (4.0/2.3) greater than the average duplicated: unduplicated patient ratio reported by existing Mecklenburg County home health agencies in FY 2011.

Vizion One’s use of an unreasonably large duplicated: unduplicated patient ratio results in overstated projections.

F. Project Years 1 and 2 Volume Overstated -- Based on Performance of Newly Opened Home Health Agency in Wichita, Kansas

According to information included in an email from Bev Johnson, RN to Hope Daub, Administrator of Vizion One’s licensed home care agency in Mecklenburg County, dated June 26, 2012, included on page 243,¹⁰ Ms. Johnson was hired in December 2011 as Administrator/RN for the Wichita agency.

Vizion One began operating a home health agency in Wichita, Kansas in December 2011. According to Ms. Johnson’s email, **in the first six months of operation, Vizion One’s Wichita agency served a total of 13 patients, and had a census of 7 as of June 26, 2012.**

¹⁰ CON Application F-10001-12, Appendix to Table of Contents, Item 3 Support Efforts (238-262)

For comparison purposes, in Table IV.1. on page 66, Vizion One projects that its **proposed Mecklenburg home health agency will serve a total of 72 unduplicated patients by the end of the sixth month of operation (June 2013)**, consisting of:

- 39 unduplicated skilled nursing patients
- 31 unduplicated physical therapy patients
- 2 unduplicated speech therapy patients

Based on precedent of the Wichita, Kansas agency, it is reasonable to assume that Vizion One will have difficulty reaching the volume projected in Project Years 1 and 2 for the proposed Mecklenburg County agency.

For the reasons set forth above, the Vizion One 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 the context of CON Review Criterion (3), Vizion One fails to demonstrate the need for the services proposed.

Vizion One projects the fourth 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

Lastly, 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.

For those reasons, Vizion One 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

Vizion One failed to include all necessary capital and operational expenditures and therefore is non-conforming to CON Review Criterion (5). The following table shows items which should have been included in Vizion One’s financial projections, in addition to those already discussed, to reflect true expenses necessary for the development of the proposed Mecklenburg County Medicare-certified home health agency.

Financial Projection/Cost	Page Reference	Comment
Telehealth Expenses	Page 15	<ul style="list-style-type: none"> Not included in Financial Projections Data processing cost \$504 in PY1 and \$516 in PY 2, which are insufficient to pay telehealth expense
CHAP Accreditation Expenses	Pages 8, 71	<ul style="list-style-type: none"> Not included in Financial Projections
Employee to take call on weekends and nights.	Page 80	<ul style="list-style-type: none"> No extra pay included for weekend and night call
Management Fee	Form B	<ul style="list-style-type: none"> \$0 included in Financial Projections; There is no Management Agreement included in the Exhibits

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

B. Taxes and Benefits Projected at 12% of Salary –Lowest of all Applicants

According to Form B, Vizion One projects taxes and benefits at 12% of annual salary for its employees, which is the lowest of all ten applicants. For comparison purposes, **HKZ Group** projects taxes and benefits at 23% of annual salary for its employees.

C. Second Highest Net Revenue per Unduplicated Patient in Project Year 2

The following table shows a comparison of the net revenue per unduplicated patient in Project Year 2. It was calculated by dividing projected net revenue from Form B by the projected number of unduplicated patients from Section IV.1. of the application.

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

CON Application	Applicant	Total Unduplicated Patients	Net Revenue	Net Revenue per Unduplicated Patient
F-10012-12	J and D Healthcare	92	\$1,664,138	\$18,088
F-10008-12	Emerald Care - Branch Office	476	\$1,937,552	\$4,070
F-10001-12	Vizion One	325	\$1,140,200	\$3,508
F-10010-12	Continuum	492	\$1,610,678	\$3,274
F-10007-12	Well Care	591	\$1,740,941	\$3,212
F-10011-12	UniHealth	548	\$1,752,640	\$3,192
F-10005-12	HKZ Group	395	\$1,224,203	\$3,099
F-10003-12	Maxim	503	\$1,528,574	\$3,039
F-10006-12	AssistedCare	352	\$931,653	\$2,647
F-10004-12	Healthy @ Home - CMC - North Zone Office	2,993	\$7,008,529	\$2,342

As shown in the previous table, Vizion One’s net revenue per unduplicated patient is the second 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.

D. Highest Average Administrative Cost per Patient Visit - Project Year 2

The following table shows a comparison of the average administrative cost per visit in Project Year 2. It was calculated by dividing projected administrative cost from Form B by the projected number of duplicated visits from Section IV.2. of the Application.

**Mecklenburg County Home Health Applicants
Average Administrative Cost per Visit – PY 2**

CON Application	Applicant	Total Patient Visits	Total Administrative Cost	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 - Total	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 - Total	47,780	\$1,897,679	\$40
F-10010-12	Continuum	8,556	\$333,420	\$39

As shown in the previous table, Vizion One’s average administrative cost per patient visit is the 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.

Further, Vizion One’s administrative cost as a percentage of total cost is 47% (\$1,068,007/\$503,392), which is the highest of the ten applicants in Project Year 2.

E. Lowest Direct Cost as Percentage of Total Cost in Project Year 2

The following table shows a comparison of the direct cost as a percentage of total cost in Project Year 2. It was calculated by dividing projected direct cost by the projected total cost from from Form B of each Application.

**Mecklenburg County Home Health Applicants
Direct Cost as Percentage of Total Cost – PY 2**

CON Application	Applicant	Direct Cost	Total Cost	Direct Cost as Percentage of Total Cost
F-10012-12	J and D Healthcare	\$2,887,897	\$3,116,397	92.7%
F-10010-12	Continuum	\$966,142	\$1,299,562	74.3%
F-10004-12	Healthy @ Home - CMC - North Zone Office	\$4,895,971	\$6,793,650	72.1%
F-10003-12	Maxim	\$783,753	\$1,175,706	66.7%
F-10007-12	Well Care	\$971,065	\$1,494,905	65.0%
F-10008-12	Emerald Care - Branch Office	\$1,059,192	\$1,658,683	63.9%
F-10006-12	AssistedCare	\$529,668	\$859,289	61.6%
F-10005-12	HKZ Group	\$734,997	\$1,196,680	61.4%
F-10011-12	UniHealth	\$1,043,442	\$1,711,184	61.0%
F-10001-12	Vizion One	\$564,614	\$1,068,007	52.9%

As shown in the previous table, Vizion One projects the lowest direct cost as a percentage of total cost in Project Year 2 of all ten applicants. For comparison purposes, all other applicants project direct cost as a percentage of total cost at 61% to 74.3% 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.

F. Fifth Highest Net Revenue per Visit to Average Total Operating Costs in Project Year 2

The following table shows a comparison of the ten 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
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

As shown in the previous table, Vizion One's ratio is 1.07 is the fifth 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.

For those reasons, Vizion One does not demonstrate the immediate and long term financial feasibility of the proposal are based upon reasonable projections of the costs of and charges for providing health services, 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), Vizion One fails to demonstrate the need for the services proposed.

Further, Vizion One proposes to locate its agency at 10925 David Taylor Drive Charlotte 28262, which is the site of its newly-licensed home care agency. According to Mapquest.com¹¹, Vizion One's proposed location is:

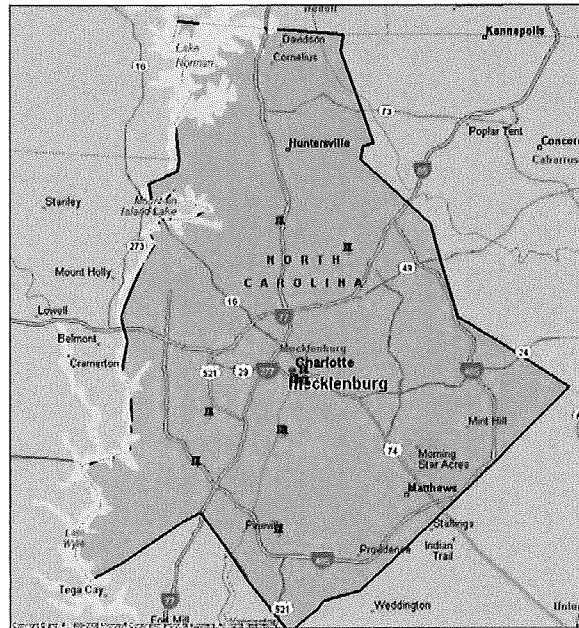
- 4 minutes/2.25 miles from Gentiva Health Services (HC0787)
- 13 minutes/7.85 miles from Gentiva Health Services (HC0138).

¹¹ <http://www.mapquest.com/>

Vizion One’s proposed location is duplicative of existing Medicare-certified home health agency capabilities and facilities in Mecklenburg County.

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.

Vizion One 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. Staff is Insufficient to Provide All Projected Visits in Project Year 2

On page 67, Vizion One provides Table IV.2., which includes all duplicated patients and patient visits by discipline in Project Years 1 and 2. In Project Year 2, Vizion One projects a total of 8,125 visits to duplicated patients.

On page 113, Vizion One provides its staffing assumptions for Project Year 2. Please note that Vizion One did not complete Table VII.2 for its staffing in Project Year 2.

The following formula was used to analyze whether Vizion One includes sufficient staff to provide all projected visits to duplicated patients in Project Year 2:

- # FTE x # Visits/day x 5 days/week x 50 weeks/year (assumes 2 weeks off per FTE).

The following table shows a variance between the number of patient visits projected and the number of patient visits for which Vizion One can accomplish with the staff proposed.

**Vizion One
Comparison of Patient Visits Projected and
Visits with Proposed Staff - PY 2**

Discipline	Visits Projected (Table IV.2)	Visits with Proposed Staff (Page 113)	Variance
RN	3,707	3,562.5	-144.5
Home Health Aide	549	525	-24
MSW	58	52.5	-5.5
PT	2,958	2,850	-108
OT	680	650	-30
ST	173	162.5	-10.5
Total	8,125	7,802.5	-322.5

As shown in the previous table, Vizion One does not include sufficient staff necessary to provide 322.5 projected patient visits in Project Year 2.

B. Salaries are Very Low

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. Physical therapy 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	\$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	\$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

Vizion One projects the lowest annual salary for a registered nurse. 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	RN 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

Vizion One projects the lowest annual salary for a home health aide.

3. 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
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

Vizion One projects the lowest annual salary for a physical therapist. J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications.

4. 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**

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

Vizion One projects the second lowest annual salary for a speech therapist. J and D Healthcare proposes an agency that is not financially viable, and cannot be used for purposes of comparison with other applications.

C. Vizion One did not Complete Table VII.1. for its Existing Home Care Agency in Mecklenburg County

Section VII., Question 1. requires an existing licensed home care office to complete Table VII.1

Vizion One did not complete Table VII.1. on page 83 for its existing home care agency in Mecklenburg County, as instructed by Section VII., Question 1.

D. Contractors Help to Ensure a Higher Level of Care

On page 80, Vizion One states that no contractors will be used. As such, Vizion One does not provide a copy of an executed contract or letter of intent for contracted services.

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 Vizion One.

For those reasons, the Vizion One 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). Vizion One does not provide the required documentation for Mecklenburg County hospitals.

There is no demonstrated coordination by Vizion One with the existing health care system in Mecklenburg County. For that reason, Vizion One 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, Vizion One fails to demonstrate conformity with CON Review Criteria (1), (3), (4), (5), (6), (7), and (8). Consequently, Vizion One fails to demonstrate that its CON Application is conforming to CON Review Criterion (18a).

VI. North Carolina Criteria and Standards for Home Health Services

10A NCAC 14C .2002(a)(1)

As discussed in the context of CON Review Criterion (3), on page 31, Vizion One explains that “[t]he primary service area is Mecklenburg County, while the secondary service area represents geographies within a 60 mile radius of Mecklenburg.”

Vizion One provides a 60 mile radius map on page 31, but does not identify the counties included within its secondary service area. Absence of identified counties makes it impossible to determine whether Vizion One includes a county that does not have a home health patient deficit. Further, Vizion One does not provide any patient origin projections, which makes it impossible to determine its allocation of patients and visits to the counties included in the secondary service area.

10A NCAC 14C .2002 (3), (4), (5), 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

10A NCAC 14C. 2003 requires each applicant to project, in the third year of operation, an annual unduplicated patient caseload for Mecklenburg County that meets or exceeds the minimum need used in the *2012 State Medical Facilities Plan* to justify the establishment of a new home health agency office in that county.

The minimum need used to establish a new home health agency office in the *2012 SMFP* is 275 unduplicated patients. The Mecklenburg County home health patient deficit in 2013 is 651 for two agencies.

On page 36, in response to 10A NCAC 14C. 2003, Vizion One states:

APPLICANT NOTE: The since [sic] the new home health CON application form dated 1/5/11 requires only two years of projections, it is assumed that the second years [sic] is now used in place of the third year of operation. [Emphasis in the original.]

As a result, Vizion One provides unduplicated patient count for Project Years 1 (211) and 2 (325).

On page 63, Vizion One states that “[d]uring the first two years of operation, 100% of the patients served by Vizion One will be Mecklenburg County residents.”

On pages 31 and 61, Vizion One explains that “[t]he primary service area is Mecklenburg County, while the secondary service area represents geographies within a 60 mile radius of Mecklenburg.” It is reasonable to assume that in Project Year 3, Vizion One will serve patients in its secondary service area.

On page 64, Vizion One provides an unduplicated patient count for Project Year 3 of 348.

Vizion One does not include patient origin projections for Project Year 3 from which to determine how many of the projected 348 unduplicated patients are residents of Mecklenburg County and how many are residents of the secondary service area.

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).

VII. Conclusion

The Vizion One 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

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 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%¹².

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.¹³ 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 County¹⁴. 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.

¹² Kaiser Health Facts <http://www.statehealthfacts.org/profileind.jsp?cat=6&sub=80&rgn=35>

¹³ <http://www.newsobserver.com/2012/06/17/2143293/2-new-veterans-homes-to-open.html>

¹⁴ 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