



August 28, 2012

Mike McKillip, Project Analyst
Certificate of Need Section
Division of Health Service Regulation
North Carolina Department of Health and Human Services
809 Ruggles Drive
Raleigh, North Carolina 27626-0530

RE: Comments on Home Health CON Applications for Mecklenburg County

Dear Mr. McKillip:

Enclosed please find comments prepared by Maxim Healthcare Services, regarding the competing CON applications for two new Medicare-certified Home Health Agencies to meet the need identified in the *2012 State Medical Facilities Plan* for Mecklenburg County. We trust that you will take these comments into consideration during the Agency's review of the applications.

If you have any questions about the information presented here, please feel free to contact me at (910) 616-0319. I look forward to seeing you at the public hearing.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Raney", with a long horizontal flourish extending to the right.

Mike Raney
Area Vice President
Maxim Healthcare Services

COMMENTS ABOUT COMPETING CERTIFICATE OF NEED APPLICATIONS

HOME HEALTH NEED DETERMINATION FOR MECKLENBURG COUNTY

SUBMITTED BY MAXIM HEALTHCARE SERVICES, INC.

AUGUST 31, 2012

Ten applicants submitted Certificate of Need (CON) applications in response to the need identified in the *2012 State Medical Facilities Plan (SMFP)* for two additional Medicare-certified Home Health Agencies in Mecklenburg County. In accordance with N.C.G.S. §131E-185(a.1)(1), this document includes comments relating to the representations made by the other applicants, and a discussion about whether the material in those applications complies with the relevant review criteria, plans, and standards. These comments also address the issue of which of the competing proposals represents the most effective alternative for development of a new Medicare-certified home health program in Mecklenburg County.

Specifically, the CON Section, in making the decision, should consider several key issues. These include, but are not limited to:

- (1) The extent to which the applicants project to increase competition and consumer choice for Mecklenburg County residents.
- (2) The extent to which the proposed project represents a cost-effective alternative for developing a new Medicare-certified home health program;
- (3) The extent to which the proposed project will increase and improve accessibility to home health services, especially for the medically underserved residents of the service area;
- (4) The extent to which each applicant projects a reasonable number of patients and patient visits, documented by credible assumptions and evidence of referral sources and relationships.
- (5) The extent to which each applicant proposes to offer competitive salaries to ensure the ability to hire and retain excellent direct care providers.
- (6) The extent to which the competing applicants submitted full and complete applications that are conforming to all statutory and regulatory criteria.

Cost Effectiveness

In the current economic climate, effective initiatives to contain unnecessary costs and expenditures are especially important to promote value in healthcare. In the current healthcare marketplace, declining reimbursement rates and increased government regulations are increasingly placing downward pressure on healthcare providers, demanding them to effectively do more with less.

Cost of care is a major concern with healthcare payors and the public. Therefore, the projected average cost of services is an important measure of consumer value. Maxim proposes the lowest average cost per visit of all applicants. The following table demonstrates that Maxim’s proposal is the most effective alternative.

**Average Operating Cost per Visit
Project Year 2**

Agency	Average Cost Per Visit
Maxim	\$124
Vizion One	\$131
Emerald Care	\$132
Well Care	\$133
HealthKeeperz	\$140
AssistedCare	\$140
Healthy @ Home	\$142
UniHealth	\$148
Continuum II	\$152
Ogadinma Akagha	N/A

Source: CON applications

Current economic conditions make low operating costs especially important to patients, payors, and providers. Maxim’s low average costs make its application the least costly and most effective alternative.

Additionally, Maxim proposes the lowest costs per patient of all the new applicants through the initial two project years. The following page has a summary of competing applicants’ proposed costs per patient.

**Average Operating Cost per Patient
Project Year 2**

Agency	Operating Cost Per Patient
Healthy @ Home	\$2,270
Maxim	\$2,337
AssistedCare	\$2,441
Well Care	\$2,529
Continuum II	\$2,641
HealthKeeperz	\$3,030
Vizion One	\$3,069
UniHealth	\$3,123
Emerald Care	\$3,485
Ogadinma Akagha	N/A

Source: CON applications

Total administrative cost per visit is another good indicator in determining an applicant’s cost effectiveness. Lower administrative costs demonstrate applicants’ organizational efficiency, and result in a cost benefit realized for patients and payors. Maxim’s administrative cost per is one of the lowest overall in the second project year. The table below shows the total administrative cost per visit for applicants in this batch review.

**Total Administrative Cost per Visit
Project Year 2**

Agency	Admin Cost Per Visit
UniHealth	\$77.01
Vizion One	\$61.96
HealthKeeperz	\$53.82
AssistedCare	\$53.52
Well Care	\$47.69
Emerald Care	\$47.69
Maxim	\$41.26
Healthy @ Home	\$39.72
Continuum II	\$38.97
Ogadinma Akagha	N/A

Source: CON applications

In summary, Maxim’s application is clearly the most effective alternative based on its demonstration of competitive costs. Maxim’s application is consistent with Policy GEN-3 of the 2012 SMFP, in projecting to maximize healthcare value for resources expended.

Access for Medically Underserved

A key factor in considering the relative accessibility of the alternative proposals is the extent to which each applicant expands access to the medically underserved, particularly Medicaid recipients. As indicated in the following table, in terms of access for the medically underserved Medicaid populations, Maxim’s proposal represents an effective alternative. The table below summarizes the projected Medicaid portion of payor mixes for the competing applicants.

**Projected Medicaid Payor Mix
Project Year 2**

Agency	% of Patients
Healthy @ Home	23.4%
Well Care	20.0%
Emerald Care	15.6%
Maxim	15.5%
HealthKeeperz	14.9%
Vizion One	13.0%
UniHealth	11.3%
AssistedCare	10.8%
Continuum II	10.7%
Ogadinma Akagha	0.0%

Source: CON Applications

Of those projected to be higher, Healthy @ Home is an existing provider, and thus does not offer any benefit in terms of consumer choice or competition. And Well Care’s application does not provide any justification for its unreasonably high projected Medicaid payor mix.

Maxim projects to serve a higher Medicaid percentage of patients than is currently served by Mecklenburg County home health agencies. Maxim has typically served a high Medicaid payor mix, and will actively market Medicaid patients. This is indicative of Maxim’s commitment to serving the medically needy and indigent with quality healthcare services. This philosophy is also consistent with the Access Basic Principle as described in the 2012 State Medical Facilities Plan.

Additionally, if Maxim is successful in developing a Medicare-certified home health agency, Maxim intends to apply to become a provider for Community Care Partners of Greater Mecklenburg (CCPGM). CCPGM is a network of over 150 providers in Mecklenburg, Union and Anson counties, and a component of Community Care of North Carolina (CCNC). CCNC is

the primary care case management health care plan for a majority of Medicaid citizens of North Carolina. The objective of CCNC is to create community health networks to achieve long-term quality, cost, access and utilization objectives. The program pro-actively identifies at-risk Medicaid enrollees who can benefit from case management services. No other applicant described a potential relationship with CCPGM.

Utilization

Maxim projects to serve the second highest number of unduplicated patients in the first project year among all competing applicants. Maxim also projects a reasonable and conservative growth between the first and second project years. This utilization is based on sound assumptions regarding historical experience, an established referral base and projected patient utilization described in Maxim’s application. Several competing applicants project unreasonable patient growth in year 2. Please refer to the following table.

Total Unduplicated Patients Project Years 1 & 2

HH Patients	Maxim	Vizion One	Healthy @ Home	Health Keeperz	Assisted Care	Well Care	Emerald Care	Continuum II	United	Ogadinma Akagha
YR 1	426	211	2,870	282	326	378	330	74	204	50
YR2	503	348	2,993	395	352	591	476	492	548	92
Growth	18.1%	64.9%	4.3%	40.1%	8.0%	56.3%	44.2%	564.9%	168.6%	84.0%

Source: CON Applications

Additionally, Maxim projects a high, yet reasonable number of patient visits among the competing applicants in the second project year. Again, several applicants project unrealistic growth in the number of patient visits between the first two project years. Please refer to the table below.

Total Unduplicated Visits Project Years 1 & 2

HH Visits	Maxim	Vizion One	Healthy @ Home	Health Keeperz	Assisted Care	Well Care	Emerald Care	Continuum II	United	Ogadinma Akagha
YR 1	7,363	5,281	45,820	6,115	5,705	7,205	7,570	1,276	3,730	949
YR2	9,499	8,125	47,780	8,578	6,159	11,268	12,570	8,556	11,527	1,482
Growth	29.0%	53.9%	4.3%	40.3%	8.0%	56.4%	66.1%	570.5%	209.0%	56.2%

Source: CON Applications

Maxim’s utilization projections result in 18.9 visits per patient in the second project year. The following table shows all competing applicants’ projected visits per patient for project years one and two.

**Projected Visits per Patient
Initial Two Project Years**

Visits/ Patient	Maxim	Vizion One	Healthy @ Home	Health Keeperz	Assisted Care	Well Care	Emerald Care	Continuum II	United	Ogadinma Akagha
YR 1	17.3	25.0	16.0	21.7	17.5	19.1	22.9	17.2	18.3	19.0
YR2	18.9	23.3	16.0	21.7	17.5	19.1	26.4	17.4	21.0	16.1

Source: CON Applications

In summary, Maxim projects to serve a reasonable number of patients, and offers a reasonable ratio of visits per patient among the competitors in this batch review. Maxim also utilizes a sound and reasonable projection methodology. Thus, Maxim’s application is the most effective alternative in terms of utilization by Mecklenburg County patients.

Clinical Staff Salaries

Salaries are a significant contributing factor in recruitment and retention of quality clinical staff, and therefore, from a quality of care perspective, represent a significant comparative metric for this CON batch review. Please see the following tables.

**Projected Nursing Salaries
Project Year 2**

Agency	RN
Emerald Care	\$73,987
Maxim	\$72,774
UniHealth	\$72,420
AssistedCare	\$71,070
Well Care	\$70,967
HealthKeeperz	\$70,627
Continuum II	\$65,938
Healthy @ Home	\$64,591
Vizion One	\$64,067
Ogadinma Akagha	\$43,784

Source: CON Applications

**Projected Nurse Aide Salaries
Project Year 2**

Agency	Aide
Maxim	\$33,313
UniHealth	\$32,895
Emerald Care	\$32,493
Well Care	\$32,188
HealthKeeperz	\$30,810
Healthy @ Home	\$30,363
AssistedCare	\$29,870
Continuum II	\$21,532
Ogadinma Akagha	\$20,828
Vizion One	\$20,659

Source: CON Applications

Maxim projects the second highest RN salary per FTE RN and the highest Nurse Aide salary. Therefore, Maxim is the most effective alternative with regard to payments for nursing and certified nursing assistants.

Scope of Services

As described in its CON application, Maxim will provide a full continuum of home health services to Mecklenburg County residents. Some of the competing applicants may describe specialized services such as pediatrics or behavioral health as a method to differentiate their proposal from the competing applicants. Maxim will offer these services as part of its continuum of care.

Specific Comments Regarding Competing Applicants

Vizion One, Inc.

- Vizion One projects to serve the lowest percentage of Medicare patients of all applicants. Please see the table below. In fact, Vizion One only proposes 53% of its payor mix to be Medicare patients; much less than the current Mecklenburg County average of 68%. Vizion One’s application is not an effective alternative at expanding access to the medically underserved as identified by the access basic principle in the 2012 SMFP.

Medicare Access Year Two

Agency	% of Patients
Ogadinma Akagha	89.0%
United	74.6%
Emerald Care	69.6%
Maxim	67.9%
HealthKeeperz	66.8%
Healthy @ Home	64.4%
Well Care	60.0%
AssistedCare	58.2%
Continuum II	58.0%
Vizion One	53.0%

Source: CON Applications

- Vizion One’s application projects to serve a low number of patients and visits. Vizion One barely projects to meet the 325 patient performance threshold in the second year of the project. The applicant projects to serve the fewest patients, and second lowest number of patient visits, of the nine legitimate applicants.
- The applicant projects an unrealistic project timetable, with operation of the proposed agency scheduled for December 2012, which is within the 150-day CON review period. In addition, Vizion One’s anticipated certification of the home health agency one week after licensure is not reasonable.

- Vizion One projects 1) the 2nd highest Average Charge/Patient, 2) the 2nd highest Average Net Revenue/Patient, and 3) the 2nd highest Operating Cost/Patient of any legitimate applicant. The applicant is therefore not a cost-effective alternative for Mecklenburg County residents seeking home health services.
- Vizion One does not propose a cost-effective alternative, as it proposes higher average operating costs per visit than does Maxim.

**Average Cost per Visit
Project Year 2**

	Vizion One	Maxim
Average Cost	\$131	\$124

Source: CON Applications

- Vizion One proposes a higher administrative cost per visit than does Maxim. Higher administrative costs are indicative of less organizational efficiency and these additional costs are eventually incurred by patients and payors. Vizion One proposes an average administrative cost per visit of \$62 in the second year of the project. Maxim proposes an average administrative cost of only \$41 in year two. Therefore Maxim is the more effective alternative in regard to low administrative costs.
- Vizion One projects lower salaries than Maxim for RNs. In fact, Vizion One projects the lowest RN staff salary of all the legitimate applicants, and the lowest CNA staff salaries. Therefore, Vizion One is the least effective alternative in regard to clinical staff salaries.

RN Salary

Agency	RN
Emerald Care	\$73,987
Maxim	\$72,774
UniHealth	\$72,420
AssistedCare	\$71,070
Well Care	\$70,967
HealthKeeperz	\$70,627
Continuum II	\$65,938
Healthy @ Home	\$64,591
Vizion One	\$64,067
Ogadinma Akagha	\$43,784

Source: CON Applications

Nurse Aide Salary

Agency	Aide
Maxim	\$33,313
UniHealth	\$32,895
Emerald Care	\$32,493
Well Care	\$32,188
HealthKeeperz	\$30,810
Healthy @ Home	\$30,363
AssistedCare	\$29,870
Continuum II	\$21,532
Ogadinma Akagha	\$20,828
Vizion One	\$20,659

Source: CON Applications

Healthy @ Home

- Healthy @ Home already operates a licensed home health agency in Mecklenburg County. On page 32 of its application, Healthy @ Home states that the proposed new office represents an expansion of existing services already being provided in the area. Health @ Home will continue to provide the same services that are currently being provided to Mecklenburg County. Therefore, approval of this application by the State in this batch review does not offer local residents the benefits of a new Medicare-certified home health provider. Therefore, this application is the least effective of all the applicants from the perspective of increasing competition and consumer choice.
- On page 34 of its application, Healthy @ Home states, “Clearly, a segment of patients served out of the current metro office will shift to the proposed north office.” However, shifting patients from one office to another is not responsive to the need identified in the 2012 SMFP. Healthy @ Home failed to demonstrate in its application that the Mecklenburg County residents it proposes to serve need Healthy @ Home to locate an additional office in Mecklenburg County as opposed to Healthy @ Home continuing to provide services to Mecklenburg County residents from its existing home health agency office. Healthy @ Home states on page 47 that it has already been operating in two regions for staffing purposes. Thus, a second office would not directly benefit patients. A second office would only benefit Health @ Home. Therefore, this application is the least effective of all the applicants from the perspective of increasing competition and consumer choice.
- Healthy @ Home projects to provide the lowest visits per patient of any applicant, and therefore is the least effective alternative from a patient care perspective. Please see the following table.

Projected Visits Per Patient (Year 2)

Agency	Visits Per Patient
Emerald Care	26.4
Vizion One	23.3
HealthKeeperz	21.7
United	21.0
Well Care	19.1
Maxim	18.9
AssistedCare	17.5
Continuum II	17.4
Ogadinma Akagha	16.1
Healthy @ Home	16.0

Source: CON Applications

- Healthy @ Home does not propose a cost-effective alternative, as it proposes higher average operating costs per visit than does Maxim.

**Average Cost per Visit
Project Year 2**

	Healthy @ Home	Maxim
Average Cost	\$142	\$124

Source: CON Applications

- Healthy @ Home proposes the highest project capital costs among all competing applicants, as shown in the table below.

Project Capital Costs

Agency	Capital Cost
Healthy @ Home	\$450,000
United	\$196,196
Vizion One	\$115,099
Emerald Care	\$111,713
Well Care	\$110,000
Continuum II	\$92,270
Maxim	\$65,000
HealthKeeperz	\$62,400
AssistedCare	\$31,874
Ogadinma Akagha	\$6,000

Source: CON Applications

Emerald Care, Inc.

- Emerald Care provides no rationale or specific methodology for its home health patient projections. On page 47 of its application Emerald Care states that during Year 1, it will serve a total of 330 patient admissions. Of these, 201 patients will be shifted from its Gaston County agency and 129 patients are additional patients. However, Emerald Care failed to provide any methodology or statistical data to support the additional 129 patients. Furthermore, during Year 2, Emerald Care projects 476 total admissions, of which 201 represent existing patients and 275 are additional patients. This represents a 44.2% increase in patients from Year 1 to Year 2. However, the applicant did not provide any evidence in the application to support its assumption that there will be a 44.2% increase in the number of home health patients it serves, in one year. The substantial increase cannot be attributed to a shift of patients from its Gaston County home health agency because Emerald Care stated the patients would shift beginning in Year 1. Thus, it is unclear how utilization would increase by 44.2% in one year without a shift of patients from its Gaston County office to its Mecklenburg County office. Therefore, Emerald Care’s projections of the number of patients to be served are unsupported and unreliable and the applicant is non-conforming with Criterion 3.
- Emerald Care projects an unrealistically high number of visits (26.4) per patient. The applicant provides no rationale or explanation for this assumption. Emerald Care states on page 47 of its application that its assumptions are based on historical data of Emerald Care’s service to Mecklenburg County patients out of the Gastonia office; however, Emerald Care failed to provide any specific historical data for its Mecklenburg County patients served by the Gastonia office. On page 48, Emerald Care provides a table with projected visits per patient (by payor source), please see below.

**Emerald Care
Visits per Patient**

Item	Description/Source	Year 1	Year 2
Visits Per Patient	Medicare	25.2	29.5
	Medicaid	11.7	12.6
	Commercial	28.8	32.2
	Charity/Other	19.3	20.4

Source: Emerald Care CON application, page 48

As seen in the previous table, Emerald Care projects visits per patient (by payor source) will increase substantially from Year 1 to Year 2. However, Emerald Care provides no assumptions or rationale to justify the increase in visits per patient. In addition to there being no assumptions or rationale provided by the applicant, any increase in visits per patient seems inconsistent with Emerald Care’s previous statement that assumptions are based on historical data for Mecklenburg County patients served by the Gastonia office. Regardless, because the applicant’s projections of the number of patients to be served are unsupported

and unreliable, the applicant’s projections of the total number of visits to be provided are also unsupported and unreliable. For these reasons, Emerald Care is non-conforming with Criterion 3.

- In FY2010, Emerald Care’s Gaston County Medicare-certified home health agency served 201 home health patients in Mecklenburg County which is 1.4% of the total number of Mecklenburg County home health patients served by all providers $(201/14,878) = 0.0135$. Emerald Care failed to demonstrate in its application that the Mecklenburg County residents it proposes to serve need Emerald Care to locate an office in Mecklenburg County as opposed to Emerald Care continuing to provide services to Mecklenburg County residents from its Gaston County home health agency. Further, Emerald Care did not demonstrate that the proposed services would not duplicate the services provided by its Gaston County home health agency given the number of Mecklenburg County patients the applicant proposes to serve at the Mecklenburg County home health agency. Therefore, Emerald Care is non-conforming with Criterion 6.
- Emerald Care projects lower salaries than Maxim for CNAs. Therefore, Emerald Care is a less effective alternative in regard to CNA salaries.

Aide Salary

Agency	RN Salary
Maxim	\$33,313
Emerald Care	\$32,493

Source: CON Applications

- Emerald Care’s projected development timetable is unrealistic. Specifically, it projects to recruit staff and acquire equipment within the 150-day CON review period. Of greater concern is its projection that licensure and certification will occur on the same day. As many CON applicants have commented in recent home health reviews, certification takes weeks or months, and is not feasible immediately upon operation.
- Emerald Care projects the lowest amount of combined charity care and bad debt for both Years 1 & 2 of any applicant.
- Emerald Care’s projected payor mix table in Section VI.12 totals only to 97%, and not 100%, thereby calling into question the accuracy and reasonableness of its payor mix projections. Further, Emerald Care does not provide any assumptions to explain the basis for its payor mix projections.
- Emerald Care projects 1) the highest Average Charge/Patient, 2) the highest Average Net Revenue/Patient, and 3) the highest Operating Cost/Patient of any legitimate applicant. Emerald Care is therefore not a cost-effective alternative for Mecklenburg County residents seeking home health services.

**Average Charge per Patient
Project Year 2**

	Emerald Care	Maxim	Difference
Average Charge	\$4,355	\$3,246	34.2%

Source: CON Applications

**Average Net Revenue per Patient
Project Year 2**

	Emerald Care	Maxim	Difference
Average Net Revenue	\$4,070	\$3,039	33.9%

Source: CON Applications

**Average Cost per Patient
Project Year 2**

	Emerald Care	Maxim	Difference
Average Cost	\$3,485	\$2,337	49.1%

Source: CON Applications

- Emerald Care does not propose a cost-effective alternative. Emerald Care proposes higher average operating costs per visit than does Maxim, as shown on the following table.

**Average Cost per Visit
Project Year 2**

	Emerald Care	Maxim
Average Cost	\$132	\$124

Source: CON Applications

- Emerald Care proposes a higher administrative cost per visit than does Maxim. Higher administrative costs are indicative of less organizational efficiency and these additional costs are eventually incurred by patients and payors. Emerald Care proposes an average administrative cost per visit of \$48 in the second year of the project. Maxim proposes an average administrative cost of only \$41 in year two. Therefore Maxim is the more effective alternative in regard to low administrative costs.

- Emerald Care is aggressive in its projection of standard visits per day (5) for its MSW staff. Emerald Care does not adequately document its justification for this unrealistic standard.
- Emerald Care projects a Medicare episode to patient rate of 1.7 episodes, which is much higher compared to the FY2011 Mecklenburg County average of 1.33 episodes. The applicant failed to provide any rationale to justify the reasonableness of this assumption. Therefore, Emerald Care's projected Medicare episode to patient rate of 1.7 episodes is unreliable and results in overstated projections.

Well Care Home Health

- Well Care provides no rationale or specific methodology to support its patient projections during the first three project years. Specifically, on page 47 of its application the applicant states, “*Well Care reasonably projects that in its first year of operation it will serve approximately 50 percent of the projected -651 deficit or 325 patients.*” Well Care states its projection is supported by its depth of services; however, the applicant failed to provide any specific methodology or statistical data to describe how it will serve 325 patients. Additionally, Well Care projects to serve a portion of the projected home health patient deficits for the counties in its secondary service area (Cabarrus, Iredell, Lincoln, Gaston and Union Counties); however, the applicant failed to provide any rationale to describe how it will serve 5-10% of the projected deficits for these counties.

During project years 2 and 3 Well Care projects to increase market shares for each of the counties in its primary and secondary service area, but again failed to provide any specific rationale to justify the increase in market share. The applicant states on page 48 that it intends to have two full time liaison/business development staff members assigned to the Mecklenburg home health agency in the second project year; however, failed to provide any specific methodology to describe the annual increases in market share for each of the counties in its primary and secondary service area. Therefore, Well Care’s patient projections are unreliable and unsupported. Finally, because the applicant’s projections of the number of patients to be served are unsupported and unreliable, the applicant’s projections of the total number of visits to be provided are also unsupported and unreliable. Therefore, Well Care is non-conforming with Criterion 3.

- Well Care projects a high Medicaid payor mix, but provides very little specific justification for its claim. The applicant did not provide any documentation of specific referral sources of Medicaid patients. Well Care did not document any specific analysis of the insurance coverage (or lack thereof) of Mecklenburg County residents vis-à-vis home health services. And Well Care’s claim of a high Medicaid payor mix at its Wilmington office has no relevance to Mecklenburg County access.

- Well Care projects lower salaries than Maxim for RNs and CNAs. Therefore, Well Care is a less effective alternative in regard to RN and CNA salaries.

Nurse Salary

Agency	RN Salary
Maxim	\$72,774
Well Care	\$70,967

Source: CON Applications

Aide Salary

Agency	RN Salary
Maxim	\$33,313
Well Care	\$32,188

Source: CON Applications

- Well Care projects the lowest amount of charity care for Years 1 & 2 combined of any applicant.
- Well Care does not propose a cost-effective alternative. Well Care proposes higher average operating costs per visit than does Maxim.

**Average Cost per Visit
Project Year 2**

	Well Care	Maxim
Average Cost	\$133	\$124

Source: CON Applications

- Well Care proposes a higher administrative cost per visit than does Maxim. Higher administrative costs are indicative of less organizational efficiency and these additional costs are eventually incurred by patients and payors. Well Care proposes an average administrative cost per visit of \$46 in the second year of the project. Maxim proposes an average administrative cost of only \$41 in year two. Therefore Maxim is the more effective alternative in regard to low administrative costs.

- Well Care is aggressive in its projection of standard visits per day for its entire clinical staff (including nursing, therapy, aide, and social worker). Well Care does not adequately document its justification for these unrealistic standards.
- While most the other applicants propose to serve 100% Mecklenburg County residents, Well Care projects to serve a secondary service area that includes Cabarrus and other counties. Approximately 15 percent of Well Care’s patients will originate from the counties in its secondary services area (Cabarrus, Iredell, Lincoln, Gaston and Union Counties) during project year two. This makes Well Care a less effective alternative for meeting the home health needs of Mecklenburg County residents, which is the basis of the SMFP need determination.

J & D Healthcare Services, LLC (Ogadinma Akagha)

The applicant appears to be an operator of a home care agency in Charlotte. Their CON application is completely deficient from practically every perspective, including Review Criteria 3, 4, 5, 6, 7, 8, 13, 14, 18a, and 20. Also, the applicant did not adequately respond to the .2000 criteria and standards specific to home health.

A brief summary of the deficiencies includes:

- Proforma financial statements are incomplete, with all the expense lines missing following the nursing services portion of the Form B statement.
- As shown in Sections VI & X, J&D does not project to serve any Medicaid patients.
- A complete lack of a methodology and justification for need for the proposed agency, as well as a lack of evidence of referral relationships or support.
- The projected volume of unduplicated patients listed in Section IV does not begin to address the need in Mecklenburg County for additional access to Medicare-certified home health services.
- The proposed charges per visit are absurdly high, and do not correspond to the financial realities of offering Medicare-certified home health services.
- An absence of supporting documentation. The only exhibits included with the application are documents related to ownership of the proposed site of the office. The applicant provided no evidence of clinical, quality or patient financial policies and procedures.
- As stated in Section VII, the applicant “anticipates difficulty” recruiting experienced professional staff. This is not surprising since the applicant proposes by far the lowest salaries of any applicant.
- Unrealistic project timetable, with operation of the proposed agency scheduled for December 2012, which is within the 150-day CON review period.

Without going into further review of the deficiencies (which are self-evident upon review of the application), this CON application is simply not approvable.

Assisted Care of the Carolinas

- Assisted Care projects a 10.8% Medicaid payor mix, which is the second lowest of all the legitimate applicants. Assisted Care’s application is not an effective alternative at expanding access to the medically underserved as identified by the access basic principle in the 2012 SMFP.

Medicaid Access

Agency	% of Patients
Healthy @ Home	23.4%
Well Care	20.0%
Emerald Care	15.6%
Maxim	15.5%
HealthKeeperz	14.9%
Vizion One	13.0%
United	11.3%
AssistedCare	10.8%
Continuum II	10.7%
Ogadinma Akagha	0.0%

Source: CON Applications

- Assisted Care projects lower salaries than Maxim for RNs and CNAs. Therefore, Assisted Care is a less effective alternative in regard to clinical staff salaries.

Nurse Salary

Agency	RN Salary
Maxim	\$72,774
Assisted Care	\$71,070

Source: CON Applications

Aide Salary

Agency	RN Salary
Maxim	\$33,313
Assisted Care	\$29,870

Source: CON Applications

- The applicant projects fewer visits per patient than does Maxim, and is thus a less effective alternative.
- Assisted Care does not propose a cost-effective alternative. Assisted Care proposes higher operating costs per visit than does Maxim. The table below shows the difference in costs between the Assisted Care and Maxim proposals.

**Average Cost per Visit
Project Year 2**

	Assisted Care	Maxim
Average Cost	\$140	\$124

Source: CON Applications

- Assisted Care proposes a higher administrative cost per visit than does Maxim. Higher administrative costs are indicative of less organizational efficiency and these additional costs are eventually incurred by patients and payors. Assisted Care proposes an average administrative cost per visit of \$54 in the second year of the project. Maxim proposes an average administrative cost of only \$41 in year two. Therefore Maxim is the more effective alternative in regard to low administrative costs.
- Assisted Care’s application projects to serve a comparatively low number of patients and visits of the competing applicants. See the table below.

Projected Patient Visits (Year 2)

Agency	Visits Per Patient (Year 2)	Home Health Patients (Year 2)
Emerald Care	26.4	476
Vizion One	23.3	348
HealthKeeperz	21.7	395
United	21.0	548
Well Care	19.1	591
Maxim	18.9	503
AssistedCare	17.5	352
Continuum II	17.4	492
Ogadinma Akagha	16.1	92
Healthy @ Home	16.0	2,993

Source: CON Applications

Continuum II Home Care

- Continuum projects to serve the lowest percentage of Medicaid patients of all the legitimate applicants. Please see the table below. In fact, Continuum only proposes 10.7% of its payor mix to be Medicaid patients; approximately 30% lower than Maxim’s 15.5%. Continuum’s application is the least effective alternative at expanding access to the medically underserved as identified by the access basic principle in the 2012 SMFP.

Medicaid Access, Year Two

Agency	% of Patients
Healthy @ Home	23.4%
Well Care	20.0%
Emerald Care	15.6%
Maxim	15.5%
HealthKeeperz	14.9%
Vizion One	13.0%
United	11.3%
AssistedCare	10.8%
Continuum II	10.7%
Ogadinma Akagha	0.0%

Source: CON Applications

- Continuum projects unrealistic growth in unduplicated patients and duplicated visits. Continuum projects to increase its unduplicated patients from 74 to 492 between the initial two project years. This is a 565% annual increase, and is unreasonable and unsupported by Continuum’s projection methodology. The applicant did not provide any evidence in the application to support its assumption that there will be a 565 percent increase in the number of home health patients it serves, in just one year. Continuum states that it will take at least nine months to obtain Medicare certification; however, failed to provide any specific methodology to describe how it will serve 74 patients during year one and nearly 500 patients in year two. Therefore, Continuum’s projections are unsupported.

Continuum also provides several conflicting home health patient projections during its second project year. Specifically, on page 46 Continuum projects a deficit of 457 Mecklenburg County home health patients during Year 2; however, on page 47 Continuum states it will “meet the full 483 person need” in Year 2. It is unclear how the 483 person need was determined or calculated. On page 73 Continuum states it will serve 492 unduplicated home health patients in Year 2; however, the sum of 483 Mecklenburg County patients and 35 Union County patients is 518, not 492. Therefore, Continuum’s patient projections are unreliable.

Continuum also proposes to increase its duplicated visits from 1,276 to 8,556 in project years one and two respectively. This is a 571% annual increase and is also unreasonable. Continuum also failed to provide any specific methodology to describe how it projected duplicated patient visits. The applicant describes on page 74 its rationale for projecting visits by service type, but failed to describe the methodology for calculating its overall number of visits. Furthermore, because the applicant’s projections of the number of patients to be served are unsupported and unreasonable, the applicant’s projections of the total number of visits to be provided are also unsupported and unreliable.

- Continuum projects lower salaries than Maxim for RNs and CNAs. In fact, Continuum projects among the lowest RN and CNA salaries of all the applicants. Therefore, Continuum is a less effective alternative in regard to RN and CNA salaries. Please see the table below.

**RN & CNA Salaries
Project Year 2**

Agency	CNA	RN
Maxim	\$33,313	\$72,774
Continuum	\$21,532	\$65,938

Source: CON Applications

- Continuum does not propose a cost-effective alternative. Continuum proposes higher average costs than does Maxim in the second project year. The table below shows a comparison of the average operating costs per patient as proposed in the Continuum and Maxim applications.

**Average Cost per Patient
Project Year 2**

	Continuum	Maxim	Difference
Average Cost	\$2,641	\$2,337	13.0%

Source: CON Applications

- Continuum proposes the highest average operating cost per visit of any applicant. Please see the following table. Continuum’s average costs per patient are over 22 percent higher compared to Maxim.

Average Operating Cost Per Visit (Year 2)

Agency	Average Cost Per Visit
Continuum II	\$152
United	\$148
Healthy @ Home	\$142
AssistedCare	\$140
HealthKeeperz	\$140
Well Care	\$133
Emerald Care	\$132
Vizion One	\$131
Maxim	\$124
Ogadinma Akagha	N/A

Source: CON Applications

HealthKeeperz

- On page 56 of its application, HealthKeeperz projects that it will provide home health services to 50 Union County residents in Project Years 1-3. However, the applicant failed to provide any rationale or specific methodology to justify the reasonableness of its assumption. HealthKeeperz states the 50 Union County patients “represent 19% of the identified home health deficit for Union County included in the 2012 SMFP”; however, there is no specific methodology provided to describe how HealthKeeperz determined 50 Union County residents was reasonable and supported. Therefore, HealthKeeperz projections are overstated and unsupported. Thus, the HealthKeeperz application is non-conforming with Criterion 3.
- HealthKeeperz proposes a much higher cost per patient than Maxim. Please see the table below.

Average Cost Per Patient (Year 2)

Agency	Total Patients (Year 2)	Operating Expense (Year 2)	Expense Per Patient (Year 2)
HealthKeeperz	395	\$1,196,680	\$3,030
Maxim	503	\$1,175,706	\$2,337

Source: CON Applications

- Additionally, the applicant proposes higher charges and net revenues per patient than Maxim. Thus, HealthKeeperz is not a cost effective alternative.

**Average Charge per Patient
Project Year 2**

	Healthkeeperz	Maxim
Average Charge	\$3,350	\$3,246

Source: CON Applications

**Average Net Revenue per Patient
Project Year 2**

	Healthkeeperz	Maxim
Average Net Revenue	\$3,099	\$3,039

Source: CON Applications

- HealthKeeperz projects lower salaries than Maxim for nurses. Therefore, HealthKeeperz is a less effective alternative in regard to nurse salaries.

Nurse Salary

Agency	RN Salary
Maxim	\$72,774
HealthKeeperz	\$70,627

Source: CON Applications

- HealthKeeperz proposes to serve fewer unduplicated patients and duplicated visits in both project years than does Maxim. Please see the table below. In a county with as great a need as Mecklenburg, this is a serious detriment to the HealthKeeperz application.

Projected Patients & Visits, Year 2

	Maxim	HealthKeeperz
Patients (PY2)	503	395
Visits (PY2)	9,499	8,578

Source: CON Applications

- HealthKeeperz projects lower salaries than Maxim for CNAs. Therefore, HealthKeeperz is a less effective alternative in regard to CNA salaries.

CNA Salary

Agency	CNA Salary
Maxim	\$33,313
HealthKeeperz	\$30,810

Source: CON Applications

- HealthKeeperz projects much administrative cost per visit than Maxim. Higher administrative costs are indicative of less organizational efficiency and these additional costs are eventually incurred by patients and payors. The total administrative cost per visit proposed in HealthKeeperz’ application is more than 30% higher than the total administrative cost per visit proposed by Maxim.
- The applicant projects a lower charity care percentage than does Maxim.
- HealthKeeperz projects both a lower Medicare and lower Medicaid payor mix than Maxim.

- As shown in Section XII, HealthKeeperz projects Medicare certification on the same day that the agency becomes operational, which is not a reasonable assumption. This results in faulty projections about revenue collected from Medicare, which makes the proformas financial statements unreliable. Thus, HealthKeeperz application is non-conforming with Criterion 5.

United Home Health

- United projects a lower Medicaid payor mix than Maxim. Furthermore, United provides conflicting statements regarding the percentage of Medicaid patients that it will serve. Specifically, on page 128 of its application United states it will serve 14% Medicaid patients in Project Year 2; however, on page 196 United states it will serve 11.3 percent Medicaid patients.
- United projects higher charges and costs than does Maxim. See the table below. United is therefore not a cost-effective alternative for Mecklenburg County residents seeking home health services.

**Average Charge per Patient
Project Year 2**

	United	Maxim	Difference
Average Charge	\$3,984	\$3,246	22.7%

Source: CON Applications

**Average Net Revenue per Patient
Project Year 2**

	United	Maxim	Difference
Average Net Revenue	\$3,217	\$3,039	5.9%

Source: CON Applications

**Average Cost per Patient
Project Year 2**

	United	Maxim	Difference
Average Cost	\$3,123	\$2,337	33.6%

Source: CON Applications

- United projects lower salaries than Maxim for clinical staff (RNs and CNAs). Therefore, United is a less effective alternative in regard to clinical staff salaries.

- United proposes a higher administrative cost per visit than does Maxim. In fact, United projects the highest administrative cost of any applicant. See the table below. Higher administrative costs are indicative of less organizational efficiency and these additional costs are eventually incurred by patients and payors.

Average Administrative Cost Per Visit (Year 2)

Agency	Admin Cost Per Visit
United	\$77.01
Vizion One	\$61.96
HealthKeeperz	\$53.82
AssistedCare	\$53.52
Well Care	\$47.69
Emerald Care	\$47.69
Maxim	\$41.26
Healthy @ Home	\$39.72
Continuum II	\$38.97
Ogadinma Akagha	N/A

Source: CON Applications