

Comments on Brunswick County Home Health Agency Application

submitted by

AssistedCare Home Health

In accordance with N.C. GEN. STAT. § 131E-185(a1)(1), AssistedCare Home Health (AssistedCare) submits the following comments related to applications to develop a home health agency in Brunswick County to meet a need identified in the 2013 *State Medical Facilities Plan (SMFP)*, specifically with regard to the proposal submitted by NHRMC Home Care (NHRMC), Project ID# O-10117-13.

BACKGROUND

The 2013 *State Medical Facilities Plan (SMFP)* included a need determination for one additional Medicare-certified home health agency in Brunswick County. The need determination was not generated by the *SMFP*'s standard methodology for determining need for additional home health agencies, but rather was a special need adjustment that resulted from an approved special need petition submitted to the State Health Coordinating Council. During the public comment period following submission of the special need petition, AssistedCare submitted written comments on the petition outlining the reasons that AssistedCare believed there not to be a need for an additional home health agency in Brunswick County. Specifically, among other factors, AssistedCare argued that patients served by existing Brunswick County providers have grown at a rate four times the county's population growth, demonstrating that existing providers are more than keeping pace with population growth, and also that home health supply is growing faster than demand in both the county and the COG as a whole, indicating no present need for an additional home health agency in Brunswick County or Region O. Following are excerpts from AssistedCare's written comments.

Brunswick County Provider Volume Growth Exceeds County Population Growth

In addition to the lack of any special circumstances in Brunswick County that would indicate a need for another home health agency, the growth in number of patients served by existing providers indicates the very opposite. Over the past three years, existing Brunswick County home health providers have increased the number of home health patients served each year by a compound annual growth rate (CAGR) of 4.1 percent. During the same time period, the population of Brunswick County has only grown by a compound annual growth rate of 1.4 percent. As such, it is clear that the deficit generated by the standard methodology was not driven by population growth. See the table below.

Brunswick County Home Health Patients	Age 0-18	Age 18-64	Age 65-74	Age 75+	Total
Home Health Patients in 2009	88	937	889	1,351	3,265
Home Health Patients in 2010	89	963	955	1,372	3,379
Home Health Patients in 2011	109	1,031	987	1,414	3,541
2-Year Increase in HH Patients Served	21	94	98	63	276
CAGR	11.3%	4.9%	5.4%	2.3%	4.1%

Brunswick County Population	Age 0-18	Age 18-64	Age 65-74	Age 75+	Total
2009 Population	19,082	63,657	15,934	8,462	107,135
2010 Population	19,398	65,102	16,625	9,154	110,279
2011 Population	20,298	64,622	16,856	8,364	110,140
2-Year Increase in Population	1,216	965	922	(98)	3,005
CAGR	3.1%	0.8%	2.9%	-0.6%	1.4%

In other words, existing Brunswick County providers are increasing the number of patients served at four times the population growth, which AssistedCare believes is clearly further evidence that Brunswick County does not have a demonstrated need for an additional home health agency at this time.

Home Health Supply Exceeds Demand

Not only are existing providers outpacing population growth in Brunswick County, the growth in the number of patients served is generally higher than the growth in home health use rates. As shown in the table below, in each age group other than the age 75 and older cohort for Brunswick County, the average annual rate of change in patients served is higher (or a lower negative) than the rate of change in use rates. As such, the "supply" of home health services in Brunswick County (as measured by the rate of change in patients served by existing agencies) is growing at a faster rate than the demand for home health services (as measured by the rate of change in use rates).

Average Annual Rate of Change in Number of Patients	Age 0-18	Age 18-64	Age 65-74	Age 75+
Brunswick County	11.8041%	4.9180%	5.3874%	2.3078%

Average Annual Rate of Change in Use Rates per 1000	Age 0-18	Age 18-64	Age 65-74	Age 75+
Brunswick County	8.2652%	4.1751%	2.4468%	3.3365%

The focus of AssistedCare's comments to this point has been on Brunswick County specifically. However, in determining potential home health patients, and subsequently the deficit or surplus of home health patients by county, the standard methodology applies the overall average annual rate of change in number of patients and average annual rate of change in use rates for the COG (rather than the actual rates of change experienced by an individual county) to each county's population. As such, it is necessary to also consider the overall COG performance.

As shown in the table below, in each age group for Region O, the average annual rate of change in patients served is higher (or a lower negative) than the rate of change in use rates. Therefore, just as was demonstrated above for Brunswick County, the "supply" of home health services in Region O is growing at a faster rate than the demand for home health services.

Average Annual Rate of Change in Number of Patients	Age 0-18	Age 18-64	Age 65-74	Age 75+
COG	-2.9208%	0.4090%	1.0218%	0.6457%
Average Annual Rate of Change in Use Rates per 1000	Age 0-18	Age 18-64	Age 65-74	Age 75+
COG	-4.9676%	-1.6615%	-2.1264%	0.1255%

With supply growth exceeding demand growth both in Brunswick County and the COG as a whole, AssistedCare believes this to be further evidence that there exists no need at the present time for an additional home health agency in Brunswick County, or anywhere in Region O.

MAY 1, 2013 BRUNSWICK COUNTY HOME HEALTH CON REVIEW

AssistedCare maintains its position as outlined in its written comments excerpted above, but believes that if an additional home health agency is to be awarded, one of the seven applicants presents a proposal that offers a unique innovation to the delivery of healthcare services in Brunswick County. As stated in NHRMC's application, "NHRMC Home Care is an extension and continuation of the hospital care provided by Pender Memorial Hospital, as well as the region's largest hospital and referral center, New Hanover Regional Medical Center. This has led to better coordination of care with the physicians and caregivers who managed a patient's treatment in the hospitals without patients having to leave their home." NHRMC Home Care projects the home health service area for its proposed Brunswick County agency to include Bladen, Brunswick, and Columbus Counties. NHRMC states in its application, "Although the home health services provided by NHRMC Home Care will be similar to the home health services provided by existing Medicare-certified home health agencies in the three-county service area, including NHRMC Home Care's Pender County agency, the Brunswick County agency will permit NHRMC Home Care to provide care to **all residents** [emphasis added] of Brunswick County, most residents of Columbus County, and expand access in Bladen County. This increased service area is essential for NHRMC Home Care's role as a regional provider of home health services and for accomplishing NHRMC's goal of meeting the needs of its 'accountable geography'...The establishment of a home health agency in Brunswick County will allow NHRMC to serve the patients from Brunswick and Columbus counties that it currently cannot serve

because they are not within the service area of the NHRMC Home Care Pender County agency." Later in its application, NHRMC defines its accountable geography as follows: "The accountable geography includes those counties where NHRMC is willing to be accountable for all (or most) of the health and health care of the residents. This is associated with NHRMC IP market share, which currently is 79% for this area. Specific to Brunswick County, NHRMC IP market share is 53%, signifying the high degree of accountability NHRMC has for these patients."

In the wake of healthcare reform, particularly with regard to the hospital readmission reduction program and bundled payments, seamless relationships between hospital and home health providers will be critically important. NHRMC demonstrates in its application that it has thoughtfully and deliberately planned for the impact of healthcare reform: "NHRMC has dedicated considerable time and effort in identifying critical success factors for the future...As a result of these factors, NHRMC has adapted a new strategic vision in 2012. The vision states: 'In partnership with physicians, NHRMC will be recognized as a patient-centered, accountable, high value healthcare system that optimizes the health of the communities we serve.'"

In summary, while we continue to believe that there does not exist a need for an incremental home health agency in Brunswick County, if one is to be awarded, we would encourage the CON Section to give serious consideration to NHRMC's proposal as a means of providing a unique response to healthcare reform in ways that no other applicant in the review can.