Comments on BAYADA Hospice

submitted by

Home Health and Hospice Care, Inc.

In accordance with N.C. GEN. STAT. § 131E-185(a1)(1), Home Health and Hospice Care, Inc. (3HC) submits the following comments related to competing applications to develop an additional hospice home care agency in Cumberland County. 3HC's comments include "*discussion and argument regarding whether, in light of the material contained in the application and other relevant factual material, the application complies with the relevant review criteria, plans and standards*." *See* N.C. GEN. STAT. § 131E-185(a1)(1)(c). In order to facilitate the Agency's review of these comments, 3HC has organized its discussion by issue, noting the general CON statutory review criteria and specific regulatory criteria and standards creating the non-conformity relative to each issue, for the following application:

M-11357-17 BAYADA Home Health Care, Inc. d/b/a BAYADA Hospice (Bayada)

GENERAL COMMENTS

While the comments below will discuss the multiple specific deficiencies in the Bayada application that necessitate its denial, 3HC believes that an overall comparison of the applications demonstrates the clear superiority of its proposed project over that of Bayada.

First, as discussed throughout 3HC's application, if approved, 3HC will be the first and only not-for-profit hospice agency located in Cumberland County, allowing it to more fully expand to the Cumberland County community its commitment to serving all in need throughout southeastern North Carolina. On page 4 of its application, Bayada, which is a for-profit entity wholly owned by one individual, states that it has announced a Lasting Legacy Plan that involves gifting the company to a newly created non-profit foundation "over the next three to five years." [emphasis added] There is no assurance as to if or when this might really occur. 3HC will bring a much needed not-for-profit provider to Cumberland County immediately.

Second, while Bayada is a large national organization with extensive home health experience nationally and beyond, its hospice experience is relatively limited. On page 5 of its application, Bayada states that it currently operates more than 300 offices in 22 states and India, Germany, Ireland, and South Korea. On page 7, Bayada indicates that of those 300+ offices, nine are hospice offices with one additional hospice office under development. More notably, Bayada has no hospice experience in North Carolina. Each of its ten hospice offices either in operation or under development is located in Vermont, New Jersey, or Pennsylvania. In comparison, 3HC has a proven track record of dedicated service to the residents of southeastern North Carolina for over 35 years. 3HC has extensive experience and expertise providing comprehensive hospice services in North Carolina.

Because of its long history of providing hospice services in southeastern North Carolina, 3HC has established support and coordination with other healthcare providers in Cumberland County, something that Bayada fails to adequately demonstrate. In fact, according to page 80 of its application, Bayada received only ten letters of support for its project in total, two from community organizations, four from physicians, one from Cape Fear Valley Health System, and three from three different people all representing Technical Community College. Of the ten support letters included with Bayada's

application, only five are from healthcare providers. In comparison, 3HC received over 50 letters of support, approximately half of which are from local healthcare providers. Further, Bayada has no commitments from any Cumberland County facility for establishing contractual agreements for the provision of inpatient and respite care. In comparison, 3HC operates Kitty Askins Hospice Center, a 24-bed inpatient and residential hospice facility in Goldsboro and has an existing contract with Cape Fear Valley Health System for the provision of inpatient services and respite. 3HC also has existing contracts to provide hospice care to patients of two skilled nursing facilities in Cumberland County, Bethesda Health Care Facility and Rehabilitation and Health Care Center at Village Green and currently provides residential hospice care to residents of several Cumberland County assisted living facilities, including Carolina Inn Assisted Living, Carillon Assisted Living, Cumberland Village Assisted Living, Forest Hills Family Care, and Hope Mills Retirement Center in Cumberland County.

Finally, while Bayada serves pediatric patients through its licensed home care agency in Cumberland County and participates in the *We Honor Veterans* program, 3HC has demonstrated its significant experience and expertise in providing comprehensive hospice service to veterans and pediatric patients as discussed in detail on pages 24 through 33 of its application.

APPLICATION-SPECIFIC COMMENTS

Bayada's application should not be approved as proposed. 3HC identified the following specific issues, each of which contributes to Bayada's non-conformity:

(1) Unreasonable projection of patients served
(2) Unreasonable calculation of caseload
(3) Unreasonable calculation of days of care and visits
(4) Failure to include all necessary expenses
(5) Failure to demonstrate support and coordination

Each of the issues listed above is discussed in turn below. Please note that relative to each issue, 3HC has identified the statutory review criteria and specific regulatory criteria and standards creating the non-conformity.

Unreasonable Projection of Patients Served

Bayada's utilization methodology includes several unreasonable assumptions. On page 42, Bayada projects the population of Cumberland County in 2019 to be 316,382 as shown below. Bayada provided no assumptions or methodology for its county population estimates. In its application, Bayada claims that this estimate excludes active duty military personnel consistent with the hospice home care office need methodology in the *State Medical Facilities Plan* (*SMFP*). However, the population estimate for Cumberland County in the *Proposed 2018 SMFP* which excludes active duty military personnel is 300,182.

Cumberland County	***2019***
Bayada Projection	316,382
SMFP table 13B	300,182

Source: Bayada application, page 42, *Proposed 2018 SMFP*

As such, Bayada appears to have overstated the Cumberland County population. Given that its projected utilization is based on this population estimate, Bayada's utilization is also overstated.

Bayada also unreasonably assumes that its projected number of unserved deaths in its service area will be equivalent to the number of unserved patients. In Step 6 of its utilization methodology on page 44, Bayada states that it calculates the "numbers of underserved patient hospice deaths" (emphasis added) as shown below:

> **6. This step calculates the BAYADA Hospice projections for the numbers of underserved patient hospice deaths for each of the counties. The values calculated in D for each county are based on the values of A (Median Projected Deaths) minus B (Projected Deaths Served by Existing Hospice) minus C (Placeholder values) for each of the counties for respective years. Consistent with the 2017 SMFP, the values are rounded to the nearest whole numbers.**

However, the final table in Step 6 on page 44 refers to the resulting calculation as unserved patients, not deaths, and the rest of Bayada's methodology and application assumes that this calculation represents patients, not deaths.

D. Projected Unserved Patients	2018	2019	2020
Cumberland	176	211	177
Sampson	107	98	89
Hoke	47	49	48
Harnett	46	39	25

It is unreasonable to assume that every patient to be served by Bayada's proposed agency will result in a patient death. As shown in Table 13A the *2017 SMFP,* there were 860 Cumberland County hospice patients served in 2015 and only 658 patient deaths or a ratio of 1.3 patients per death. Of note, 3HC assumes in its application that it will serve a greater number of patients than deaths based on its historical experience in Cumberland County. As a result, while Bayada and 3HC project to serve a similar number of deaths at each proposed agency, 3HC projects to serve a higher number of hospice patients because it reasonably assumes that not all hospice patients admitted will die within the year they are admitted.

Based on this discussion, Bayada has either understated the number of unduplicated patients it will serve (thus understating its projected visits and related expenses) or overstated the number of deaths it will serve. In either case, Bayada's utilization projections are unreasonable.

Based on the issue described above, 3HC believes that the Bayada application is non-conforming with Criteria 3, 4, 5, and 6.

Unreasonable Calculation of Caseload

On page 63, Bayada discussed its methodology for projecting its caseload as shown in the table below.

	Admissions	*ALOS*	*Patient Days*	*Days per Month*	*Average Daily Census*	*Caseload (Duplicated Patients)*
Oct-18	1	45.51	45.51	31	1.5	1
Nov-18	3	45.51	136.53	30	4.6	5
Dec-18	6	45.51	273.06	31	8.8	9
Jan-19	9	45.51	409.59	31	13.2	13
Feb-19	10	45.51	455.1	28	16.3	16
Mar-19	11	45.51	500.61	31	16.1	16
Apr-19	12	45.51	546.12	30	18.2	18
May-19	12	45.51	546.12	31	17.6	17
Jun-19	12	45.51	546.12	30	18.2	18
Jul-19	13	45.51	591.63	31	19.1	19
Aug-19	13	45.51	591.63	31	19.1	19
Sept-19	13	45.51	591.63	30	19.7	20
Total	**115**		**5,234**	**365**		**171**

Source: Bayada application, page 63

As the table shows, Bayada projected one admission and one duplicated patient during the first month of Year 1 (October 2018). In November 2018, Bayada projected three admissions, but a total of five duplicated patients. As Bayada projects a total of four admissions within its first two months, it is simply impossible to have a caseload of five patients during the second month of operations.

Bayada's calculations in subsequent months are also incorrect. For example, in its third month, December 2018, Bayada projects a caseload of nine patients. The single patient admitted in October 2018 would be discharged prior to December 2018 based on Bayada's assumed average length of stay of 45 days. In November and December 2018, Bayada assumes nine total admissions. In order for Bayada to achieve a caseload of nine patients in December 2018, each of those nine admissions must be cared for during the entirety of the month. In order for that to be true, all of the six admissions in December 2018 must occur on the first day of the month. If any occur later in December 2018, then the caseload for the month in total would be lower than nine. Similarly, each of three admissions in November 2018 must occur in the second half of that month so that they are still patients for the entirety of December 2018 based on Bayada's assumed average length of stay of 45 days, further evidence that the projected caseload for November 2018 cannot be five patients. This distribution of patients is simply unreasonable and demonstrated that Bayada's case load projections are unsupported.

Based on the issues described above, 3HC believes that the Bayada application is non-conforming with Criteria 3, 4, and 5.

Unreasonable Calculation of Unduplicated Patients, Days of Care, and Visits

On page 61 of its application, Bayada projects unduplicated patients by level of care by month, the sum of which equals the total number of unduplicated patients projected per year on page 60. However, a projection of unduplicated patients by level of care assumes that each patient projected received only one level of care during their hospice stay. In other words, based on Bayada's methodology, the nine unduplicated patients in the Inpatient column in year 1 will be admitted directly to Bayada as inpatients and never receive any routine home care days of care. Similarly, Bayada's methodology assumes that it will directly admit five continuous care patients and four respite patients and that those patients will not ever been served by Bayada as a routine home care patient. This logic is faulty given that most hospice patients will first be admitted as routine home care patients and then transferred to a different level of care if needed. Particularly absent an inpatient hospice facility, direct inpatient or respite admissions would be very unlikely.

Bayada's projected days of care are not supported by a reasonable methodology. On page 73 of its application, Bayada states:

In Year 1, the projected days of care for the first month are adjusted because there are no patients from the previous month and there are only 31 days in the month.
For the subsequent months the projected days are based on admissions by level of care and the ALOS.

This is Bayada's only statement in support of its projected days of care. This statement does not provide enough information to support the reasonableness of Bayada's projections. First, there is no discussion of the basis for Bayada's projected average length of stay by level of care. On page 65 of the application, Bayada converts its annual hospice days of care to annual visits based on 0.77 visits per day, derived from the most recent utilization data for Bayada's existing hospices in New Jersey, Pennsylvania, and Vermont. Then, Bayada projects annual visits by discipline and level of care based on a set of factors by level of care and discipline. Bayada provides no methodology explaining how the factors used to calculate visits by discipline by level of care are calculated or what the factors are based on. A close analysis of the percentages and factors provided by Bayada do not result in its projected visits. There is no mathematical explanation for the tables provided, no clear logical connection between the two sets of assumptions, nor a clear methodology outlined explaining how these assumptions are applied to arrive at the annual visits by discipline and level of care. As a result, the information provided by Bayada does not support its projected visits.

Based on the issues described above, 3HC believes that the Bayada application is non-conforming with Criteria 3, 4, and 5.

Failure to Include All Necessary Expenses

Bayada's pro forma expenses for its proposed hospice agency are understated based on a review of supporting information in the application. In Exhibit 4 of its application, Bayada included a letter from Melrose Road Associates regarding space for the proposed Agency. The letter specifies that the rental amount for each suite is $23,760/year, or $1,980/month. The letter also stated that there is an additional expense of $300 per month for water and electric, paid to Melrose Road Associates, and all telephone service, alarm monitoring, internet, cable services and waste services are paid separately by the tenant. The only expense on Bayada's pro forma financial statements that reflects these amounts is

Building Lease expense at $23,760 in the first year. As such, Bayada failed to include both the water and electricity fees paid to Melrose Associates, an annualized amount of $3,600, as well as expenses for the other listed utilities.

Bayada's proforma expenses are also understated as it did not project sufficient staff to provide the services proposed in the application. In Section II, Bayada states it will provide bereavement services with trained staff members under a bereavement coordinator, as well as spiritual care counseling provided by a Bayada hospice chaplain and staff volunteers. The proposed staffing in Section VII includes no bereavement coordinator or trained staff members to provide bereavement services. Though Bayada proposed 0.8 FTE spiritual/bereavement counselor, it is unclear how this role can provide sufficient bereavement services as well as spiritual counseling. Nowhere in the proposed staffing plan is it apparent that Bayada intends to recruit a hospice chaplain or a bereavement coordinator to supervise trained and experienced staff.

Based on the issues described above, 3HC believes that the Bayada application is non-conforming with Criteria 5 and 7.

Failure to Demonstrate Support and Coordination

On page 20 of its application, Bayada states that it intends to establish agreements for both general inpatient and respite care at three Genesis HealthCare facilities in North Carolina, none of which are located in Cumberland County. In fact, each is located in a different county and each is between 45 minutes and over one hour travel time from Fayetteville, where Bayada's proposed Cumberland County hospice agency will be located as shown in the table below.

Facility	City	County	Minutes from Fayetteville*
Pembroke Center	Pembroke	Robeson	51
Poplar Heights Center	Elizabethtown	Bladen	47
Mount Olive Center	Mount Olive	Wayne	1 hour+

*Per Google Maps

Of note, Bayada includes in Exhibit 7 of its application copies of letters that it sent to a lengthy list of local facilities in Cumberland County and adjacent counties requesting return letters of support for its project. However, Bayada received no support from any local facility. In fact, Bayada did not even demonstrate a firm commitment from Genesis HealthCare to establish agreements at each of the facilities listed in the table above. Rather, Exhibit 13 of Bayada's application includes a letter from Genesis that states, "Genesis HealthCare has designated BAYADA as a preferred provider for care in the home through a nationally recognized relationship. Likewise, BAYADA has designated Genesis a preferred quality partner." The letter then goes on to list the three Genesis facilities listed in the table above and closes by stating, "Pending the approval of the BAYADA Hospice proposal, the Genesis facilities would be willing to discuss establishing agreements regarding inpatient and respite hospice." However, Bayada has not demonstrated that it will establish such relationships with any Cumberland County providers. Bayada also includes in Exhibit 21 a letter from Cape Fear Valley Health System that states, "Pending approval of the BAYADA Hospice proposal, Cape Fear Valley Health System will add BAYADA Hospice to the list of providers that are available to serve the needs of hospice appropriate

patients in our area." This letter does not address any future contractual agreement for the provision of inpatient or respite care at the hospital.

On page 38 of its application, Bayada states the following with regard to its existing home care agency in Fayetteville, "Physician referral relationships have been established with numerous physicians in Cumberland County and neighboring counties. Over 30 physicians routinely refer patients and coordinate care with the existing Fayetteville BAYADA office." However, Bayada received only four letters of support from physicians for its proposed project. In fact, according to page 80 of its application, Bayada received only ten letters of support for its project in total, two from community organizations, four from physicians, one from Cape Fear Valley Health System, and three from three different people all representing Technical Community College.

Based on the issues described above, 3HC believes that the Bayada application is non-conforming with Criterion 8.

COMPARATIVE ANALYSIS

Given that both 3HC and Bayada propose to meet the need for the additional hospice home care agency in Cumberland County, only one of the applications can be approved as proposed. In reviewing comparative factors that are applicable to this review, 3HC compared the applications on the following factors:

- Consistency with *SMFP* Policy GEN-3
- Demonstration of Need
- Services to the Medically Underserved
- Geographic Access/Location of Office
- Charges and Costs per Level of Care
- Net Revenue per Visit
- Net Revenue per Patient
- Administrative Cost per Visit
- Average Total Compensation for Direct Care Staff
- Management Personnel
- Demonstration of Adequate Staffing
- Cost per Patient Day
- Volunteer Services
- Visits per Patient
- Support and Coordination

3HC believes that the factors presented above and discussed in turn below should be used by the Analyst in reviewing the competing applications. These factors are appropriate and have been used in previous competitive hospice home care office review findings including the most recent competitive review of hospice home care offices in the state, the 2013 Granville County Hospice Home Care Review.

Consistency with SMFP Policy GEN-3

As noted above, Bayada's utilization projections are unreasonable. Thus, Bayada fails to demonstrate the need for its project and therefore does not demonstrate that its proposal is consistent with *SMFP* Policy GEN-3. 3HC's application demonstrates the need for its proposed project and is consistent with *SMFP* Policy GEN-3. With regard to consistency with *SMFP* Policy GEN-3, 3HC is the more effective applicant.

Demonstration of Need

As noted above, Bayada's utilization projections are unreasonable. Thus, Bayada fails to demonstrate the need for its project. 3HC's application demonstrates the need for its proposed project. With regard to demonstration of need, 3HC is the more effective applicant.

Services to the Medically Underserved

The table below shows 3HC and Bayada's proposed Year 2 Medicare, Medicaid, and Combined patient mix percentages.

Year 2	***Medicare Days as % of Total***	***Medicaid Days as % of Total***	***Combined***
3HC	90.0%	4.6%	94.6%
Bayada	90.0%	5.0%	95.0%

Both applicants state that their proposed payor mix is based on the historical experience of Cumberland County hospice agencies. 3HC believes the minor difference (0.4 percent) between its projected Medicaid mix and Bayada's is the result of Bayada's rounding. Given these factors, the proposed projects are comparable with regard to access to the medically underserved.

Geographic Access/Location of Office

Both applicants propose to locate their hospice office in Fayetteville and serve residents of Cumberland County. In addition, both applicants propose to serve Hoke and Harnett counties. 3HC also proposes to serve Bladen County, while Bayada does not. Bayada proposes to serve Sampson County, while 3HC does not as 3HC has an existing hospice agency in Sampson County. Neither of the applicants propose to serve patients in a county without any existing hospice agency. Given these factors, the proposed projects are comparable with regard to geographic access to hospice services.

Charges and Costs per Level of Care

The table below shows 3HC and Bayada's proposed Year 2 projected costs and Medicare gross charges per patient day. The applicants' projected charges for Medicare are used, as Medicare is the predominant payor for each applicant.

Year 2		*Routine*	*Inpatient*	*Respite*	*Continuous Care (Hourly)*
3HC	Medicare Charge per Patient Day	$199.14	$869.24	$204.63	$47.27
	Cost per Patient Day	$119.96	$1,656.08	$91.20	$108.40
Bayada	Medicare Charge per Patient Day	$176.00	$682.00	$161.00	$37.00
	Cost per Patient Day	$173.97	$674.15	$159.15	$36.57

While Bayada projects the lowest charges for all four levels of care, due to differences in the reimbursement as percentage of charges assumed by each applicant, gross charges are not an effective measure of revenue. As shown below, Bayada assumes that 95.8 percent of charges will be reimbursed in comparison to 3HC which assumes that only 82.7 percent of charges will be reimbursed.

Year 2	*Total Gross Revenue*	*Total Net Revenue*	*% Reimbursement*
3HC	$3,351,665	$2,772,674	82.7%
Bayada	$1,936,981	$1,855,465	95.8%

As a result, this comparative factor may be of the little value. Comparisons based on net revenue, shown in the following two factors, and which reflect only the reimbursement or revenue received by each applicant, are more effective comparative measures.

3HC projects the lowest cost for routine home care and respite care. Bayada projects the lowest cost for inpatient and continuous care. Both 3HC and Bayada project that 90 percent of days of care provided to hospice patients will be routine home care days. Therefore, 3HC is the most effective applicant with regard to projected routine home care days for hospice patients. However, due to differences in the allocation of costs to levels of care assumed by each applicant, cost per patient day by level of care are not an effective measure of costs and this comparative factor may be of little value. Comparisons based on costs for all levels of care, shown in several factors below, are more effective comparative measures.

Net Revenue per Visit

The table below shows 3HC and Bayada's proposed Year 2 net revenue per visit. As stated in 3HC's Form B Assumptions #6 "No room and board charges (or expenses) [are included] as these charges and costs are passed-through and are revenue neutral." As such, the comparison below is based on Bayada's projected net revenue excluding its revenue pass through which is projected to be $313,021 per the Contractual Services – Pass Through expense of its income statement. Net revenue per visit is calculated by dividing net revenue in Year 2 by the projected number of visits.

Year 2	Projected Total Visits	Net Revenue (incl. Bayada Pass Through)	Net Revenue (Excl. Pass Through)	Net Revenue per Visit (Excl. Pass Through)
3HC	14,504	$2,772,674	$2,772,674	$191
Bayada	7,228	$1,855,465	$1,542,444	$213

3HC projected lower net revenue per visit and therefore is the more effective applicant with regard to net revenue per visit.

Net Revenue per Patient

The table below shows 3HC and Bayada's proposed Year 2 net revenue per patient. As stated in 3HC's Form B Assumptions #6 "No room and board charges (or expenses) [are included] as these charges and costs are passed-through and are revenue neutral." As such, the comparison below is based on Bayada's projected net revenue excluding its revenue pass through which is projected to be $313,021 per the Contractual Services – Pass Through expense of its income statement. Net revenue per patient is calculated by dividing net revenue in year 2 by the projected number of patients.

Year 2	Projected Total Patients	Net Revenue (incl. Bayada Pass Through)	Net Revenue (Excl. Pass Through)	Net Revenue per Patient (Excl. Pass Through)
3HC	274	$2,772,674	$2,772,674	$10,119
Bayada	154	$1,855,465	$1,542,444	$10,016

With regard to net revenue per patient, the two proposals are comparable (one percent difference). The comparability of net revenue per patient is even more apparent when understood in the context of the number of visits per patient. As noted under that comparative factor, 3HC's total visits per patient are more than 10 percent higher than Bayada's. Thus, 3HC is providing more visits per patient at both a lower net revenue per visit and a comparable net revenue per patient.

Administrative Cost per Visit

The table below shows administrative costs per visit for 3HC and Bayada. Administrative cost per visit is calculated by dividing the total administrative cost by the projected total visits.

	Admin. Cost	Projected Total Visits	Admin Cost per Visit
3HC	$670,237	14,504	$46
Bayada	$577,684	7,228	$80

Admin cost includes administrative personnel salary, legal and accounting expenses, home office expenses/allocated expenses, insurance, plant and maintenance expenses, travel and training, building lease, depreciation and interest expenses.

3HC projects lower administrative costs per visit compared to Bayada and therefore is the more effective applicant.

Average Total Compensation for Direct Care Staff

The table below shows total compensation for direct care staff for 3HC and Bayada. Salaries and benefits are important factors in staff recruitment and retention. Average total compensation includes average direct care staff annual salary as well as benefits.

Year 2	*RN*	*CNA*	*Social Worker*
3HC	$89,816	$31,436	$68,709
Bayada	$75,452	$31,242	$66,847

3HC provides higher total compensation to all three categories of direct care staff compared to Bayada and therefore is the more effective applicant.

Management/Administrative Personnel

The tables below show management/administrative personnel staff and total compensation for 3HC and Bayada.

3HC Management Personnel Year 2

Position	*FTEs*	*Annual Compensation*	*Compensation Expense (FTEs x Annual Compensation)*
Administrator	1.00	$109,126	$109,126
Secretary	1.00	$40,417	$40,417
Accounting	0.50	$43,112	$21,556
Other Adm. (Marketer)	1.00	$96,193	$96,193
Medical Records/QAPI Analyst	1.00	$80,834	$80,834
Total	**4.50**		**$348,127**

Bayada Management Personnel Year 2

Position	*FTEs*	*Annual Compensation*	*Compensation Expense (FTEs x Annual Compensation)*
Director	1.00	$94,315	$94,315
Clinical Manager	1.00	$85,473	$85,473
Client Services Manager	1.00	$48,616	$48,616
Hospice Clinical Liaison	1.00	$76,996	$76,996
	4.00		**$305,401**

3HC proposes more FTEs and higher compensation expense for management/administrative personnel and therefore is the more effective applicant.

Demonstration of Adequate Staffing

As noted previously, Bayada does not project sufficient staff to provide bereavement/spiritual counseling services. The proposed staffing in Section VII includes no bereavement coordinator or trained staff members, nor does it include a hospice chaplain. 3HC's application demonstrates sufficient staffing for its proposed project. With regard to demonstration of adequate staffing, 3HC is the more effective applicant.

Cost per Patient Day

The table below shows operating cost per patient day. As stated in 3HC's Form B Assumptions #6 "No room and board charges (or expenses) [are included] as these charges and costs are passed-through and are revenue neutral." As such, the comparison below is based on Bayada's projected operating expenses excluding its pass through which is projected to be $313,021 per the Contractual Services – Pass Through expense of its income statement.

Year 2	*Projected Patient Days*	*Operating Cost (incl. Bayada Pass Through)*	*Operating Cost (Excl. Pass Through)*	*Operating Cost per Patient Day (Excl. Pass Through)*
3HC	16,656	$2,074,572	$2,074,572	$125
Bayada	9,396	$1,704,806	$1,391,785	$148

3HC projects lower operating costs per patient day compared to Bayada and therefore is the more effective applicant from this perspective. Moreover, as Bayada failed to include expenses associated with bereavement services, the difference between operating costs per day will increase.

Volunteer Services

3HC proposes 1.0 FTE to coordinate volunteer services whereas Bayada proposed a psycho-social manager/volunteer coordinator for a total of 0.7 FTE. Therefore, 3HC is more effective with regard to staffing for the coordination of volunteer services.

Visits per Patient

The tables below show year 2 direct care visits per patient day by discipline projected by 3HC and Bayada. Average visits per patient is calculated by dividing the number of total visits by the projected number of patients. Average visits per patient per week is then calculated by dividing the average visits per patient the number of weeks within the ALOS.

RN/LPN Visits	*# of Patients*	*Projected Visits*	*Average Visits per Patient*	*ALOS*	*# of Weeks (LOS/7)*	*Average Visits/Patient /Week*
3HC	274	6,089	22.22	61	8.71	2.55
Bayada	154	2,608	16.94	61.01	8.72	1.94

CNA/Aide Visits	*# of Patients*	*Projected Visits*	*Average Visits per Patient*	*ALOS*	*# of Weeks (LOS/7)*	*Average Visits/Patient /Week*
3HC	274	5,995	21.88	61	8.71	2.51
Bayada	154	3,027	19.66	61.01	8.72	2.26

Social Worker Visits	*# of Patients*	*Projected Visits*	*Average Visits per Patient*	*ALOS*	*# of Weeks (LOS/7)*	*Average Visits/Patient /Week*
3HC	274	1,124	4.10	61	8.71	0.47
Bayada	154	678	4.40	61.01	8.72	0.51

Spiritual Counseling Visits	*# of Patients*	*Projected Visits*	*Average Visits per Patient*	*ALOS*	*# of Weeks (LOS/7)*	*Average Visits/Patient /Week*
3HC	274	759	2.77	61	8.71	0.32
Bayada	154	248	1.61	61.01	8.72	0.18

The table below shows the year 2 average of total visits per patient per week projected by Bayada and 3HC.

	# of Patients	*Projected Visits*	*Average Visits per Patient*	*ALOS*	*# of Weeks (LOS/7)*	*Average Visits/Patient /Week*
3HC	274	14,264	52.06	61	8.71	5.97
Bayada	154	7,234	46.98	61.01	8.72	5.39

3HC projected more visits per patient per week for nursing, nursing aide, and clergy visits, as well as in total compared to Bayada. Thus, 3HC is the more effective applicant with regard to visits per patient.

Support and Coordination

As noted above, 3HC has established support and coordination with other healthcare providers in Cumberland County including 3HC's inpatient and residential hospice facility in Goldsboro, an existing contract with Cape Fear Valley Health System for the provision of inpatient services and respite, existing contracts to provide hospice care to patients of two skilled nursing facilities in Cumberland County, existing relationships and provision of residential hospice care to residents of several Cumberland County assisted living facilities. Finally, 3HC's application includes 52 letters of support, approximately half of which are from local healthcare providers.

As also noted above, Bayada's application fails to adequately demonstrate support and coordination with other healthcare providers in Cumberland County. Bayada has no commitments from any Cumberland County facility for establishing contractual agreements for the provision of inpatient and respite care. Of the ten support letters included with Bayada's application, only five are from healthcare providers.

SUMMARY

As noted above, 3HC maintains that Bayada's application cannot be approved as proposed. As such, 3HC maintains that it has the only approvable application based on the comments herein. Based on both its comparative analysis and the comments on Bayada's application, 3HC believes that its application represents the most effective alternative for meeting the need identified in the *2017 SMFP* for an107 additional hospice home care agency in Cumberland County. As such, the CON Section can and should approve 3HC's application.

Please note that in no way does 3HC intend for these comments to change or amend its application as filed on June 15, 2017. If the Agency considers any statements to be amending 3HC's application, those comments should not be considered.