Competitive Comments Regarding the CON Applications Submitted for the 2021 Need Determination for a Medicare-certified Home Health Agency in Mecklenburg County

Five competing applications were submitted in response to the need determination for one additional Medicare-certified home health agency in Mecklenburg County:

F-012053-21, FID # 210256 BAYADA Home Health (BAYADA)
F-012058-21, FID # 210260 Aldersgate Home Health (Aldersgate)
F-012061-21, FID # 210267 PHC Home Health (PHC)
F-012072-21, FID # 210274 PruittHealth @ Home Charlotte (PruittHealth)
F-012071-21, FID # 210269 Well Care Home Health (Well Care)

BAYADA submits these comments in accordance with N.C. Gen. Stat. § 131E-185(a1)(1) to address the representations in the competing applications. It also includes a comparative analysis and a discussion of the most significant issues regarding the applicants' conformity with the statutory and regulatory review criteria ("the Criteria") in N.C. Gen. Stat. §131E-183(a) and (b). Nothing contained in this document should be considered an amendment to the BAYADA application as submitted.

COMPARATIVE COMMENTS

The following factors are suggested for the review of the five home health applications.

- Conformity to CON Review Criteria
- Prior Experience in Providing Home Health
- Commitment to Serve COVID-19 Patients
- Geographic Location and Access
- Projected Access by Medicare Recipients
- Projected Access by Medicaid Recipients
- Average Number of Visits per Unduplicated Patient
- Average Net Revenue Per Visit
- Average Net Revenue per Unduplicated Patient
- Average Total Operating Cost per Visit
- Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit
- Staffing Levels
- Administrator FTEs and Corporate Support
- RN, LPN and Home Health Aides Visits per Day
- Nursing Staff and Home Health Aide Salaries
- Staff Benefits

The table on the following page provides BAYADA's summary of the comparative data for the applications in this review.

Comparisons (Utilization and Financial Comparisons based on Year 3 Projections)	**BAYADA**		**Aldersgate**		**PHC**		**PruittHealth**		**Well Care**	
Conforming to all CON Review Criteria	**Yes**	**Most Effective**	No	Least Effective	No	Least Effective	No	Least Effective	No	Least Effective
# of Existing Home Health Agencies or Offices in N.C.	9	**Most Effective**	0	Least Effective	2	Less Effective	8	More Effective	5	More Effective
DHSR / CMS Immediate Jeopardy 18 Months Previous	None	Equally Effective	None	Equally Effective	None	Equally Effective	Yes 1/4/2021	Least Effective	None	Equally Effective
# Mecklenburg Patients for Existing HHAs (2021 LRA Data)	1718	**Most Effective**	0	Least Effective	612	More Effective	0	Least Effective	38	Least Effective
Commitment to serve COVID-19 Patients	Yes	More Effective	No	Less Effective	No	Less Effective	Yes	More Effective	No	Less Effective
Geographic Location of Proposed Office	Matthews	More Effective	Charlotte	Less Effective	Charlotte	Less Effective	Charlotte	Less Effective	Charlotte	Less Effective
Geographic Access - Projected Patient Origin Counties	Mecklenburg, Cabarrus and Union	Equally Effective	Mecklenburg	Least Effective	Mecklenburg, Cabarrus, Iredell	Equally Effective	Mecklenburg, Cabarrus and Union	Equally Effective	Mecklenburg, Union, Lincoln	Equally Effective
Total Unduplicated Patients	1,863	**Most Effective**	550	Least Effective	1,007	Less Effective	888	Less Effective	818	Less Effective
Total Unduplicated Patients in Mecklenburg	1,342	**Most Effective**	550	Least Effective	599	Less Effective	786	Less Effective	752	Less Effective
Total Visits	35,535	**Most Effective**	8,481	Least Effective	14,916	Less Effective	14,803	Less Effective	15,002	Less Effective
# of Medicare Episodes	2,066	**Most Effective**	443	Not approvable / Least Effective	930	Not approvable / Least Effective	868	Not approvable / Least Effective	845	Not approvable / Least Effective
% Medicare Patients	79.12%		74.30%		65.60%		60.80%		80.00%	
# of Medicaid Patients	18	**Most Effective**	19	Not approvable / Least Effective	254	Not approvable / Least Effective	133	Not approvable / Least Effective	102	Not approvable / Least Effective
% Medicaid Patients	1.00%		3.50%		22.90%		15.00%		12.50%	
Average Number of Visits per Unduplicated Patient	24.00	**Most Effective**	18.32	Less Effective	18.92	Less Effective	21.64	More Effective	18.34	Less Effective
Average Net Revenue per Visit	160.89	**Most Effective**	198.67	Not approvable / Not based on reasonable assumptions	112.53	Not approvable / Not based on reasonable assumptions	152.90	Not approvable / Not based on reasonable assumptions	176.42	Not approvable / Not based on reasonable assumptions
Average Total Operating Cost per Visit	145.18	**Most Effective**	158.60		100.93		149.28		109.46	
Average Net Revenue per Unduplicated Patient	3,860.60	**Most Effective**	3,639.62		2,129.06		3,309.09		3,235.56	
Average Total Cost per Unduplicated Patient	3,483.59	**Most Effective**	2,905.50		1,909.60		3,230.72		2,007.44	
Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit	1.11	**Most Effective**	1.25		1.11		1.02		1.61	
Administrator / Director FTEs	1.00	More Effective	1.00	More Effective	0.75	Not Credible / Less Effective	0.33	Least Effective	0.50	Least Effective
Corporate Support / Management Fees as a % of Net Revenue	7.50%	Most Effective	5.00%	Less Effective	4.00%	Less effective	5.00%	Less Effective	2.00%	Least Effective
RN Visits per Day	5.00	More Effective	4.50	Most Effective	5.60	Less Effective	5.27	Less Effective	6.00	Least Effective
LPN Visits per Day	5.00	**Most Effective**	NA	NA	5.60	Less Effective	6.00	Less Effective	7.00	Least Effective
Home Health Aide Visits per Day	5.00	More Effective	6.00	Less Effective	5.00	More Effective	5.60	Less Effective	7.00	Least Effective
RN Nurse Salary	85,059	Credible / More Effective	74,533	Less Effective	84,700	Credible / More Effective	98,093	Not Credible / Less Effective	103,487	Not Credible / Less Effective
LPN Nurse Salary	55,683	Credible / More Effective	NA	NA	53,330	Credible / More Effective	62,433	Not Credible / Less Effective	67,611	Not Credible / Less Effective
Home Health Aide Salary	36,835	Credible / More Effective	36,971	Credible / More Effective	36,599	Credible / More Effective	42,451	Not Credible / Less Effective	44,126	Not Credible / Less Effective
Benefits % of Salary	25.00%	More Effective	23.00%	Less Effective	21.00%	Less Effective	26.70%	More Effective	20.32%	Less Effective
Approvable / Not Approvable	**Approvable**		**Not Approvable**		**Not Approvable**		**Not Approvable**		**Not Approvable**	

Conformity to CON Review Criteria

Five applications were submitted, each proposing to develop one additional Medicare-certified home health agency in Mecklenburg County; only one application can be approved. The Aldersgate, PHC, PruittHealth and Well Care applications fail to comply to multiple CON Review Criteria as discussed in the application-specific comments that follow. Aldersgate, PHC, PruittHealth and Well Care are not approvable applications due to non-conformities to multiple CON criteria. The BAYADA application is fully conforming to the Criteria, Policies and Rules and therefore is the most effective application for this review.

Prior Experience in Providing Home Health

Of the five applicants, BAYADA has the most extensive experience in providing Medicare-certified home health in North Carolina with nine existing home health offices in the State that have achieved high utilization and an outstanding quality throughout the State and in Mecklenburg County. BAYADA application is the most effective alternative for this comparative factor. PruittHealth has a total of eight existing home health offices with no Mecklenburg patient utilization. PruittHealth @ Home – Wake received an Immediate Jeopardy determination that was remedied within 18 months previous to submitting its application. PHC and Well Care have fewer home health offices in North Carolina and have served fewer patients in existing offices in Mecklenburg County. Aldersgate has no prior experience as a Medicare-certified home health provider. The applications by Aldersgate is least effective regarding prior experience statewide and PruittHealth is the least effective in terms of prior experience in Mecklenburg and regarding the quality of care demerit for the Immediate Jeopardy determination.

Commitment to Serve COVID-19 Patients

Only two applications in this review, BAYADA and PruittHealth, documented their specific commitment to accepting referrals and providing services to COVID-19 patients. Aldersgate, PHC and Well Care applications discussed the impact of COVID-19 but failed to document their capabilities and willingness to provide care to this population. Therefore, the BAYADA and PruittHealth application are more effective and the Aldersgate, PHC and Well Care applications are less effective.

Geographic Location and Access

Geographic location and access are relevant factors in the home health CON comparative analysis because driving distances and time for the staff affect productivity, cost of services and the duration of visits. The vast majority of the existing and proposed home health office in Mecklenburg County are located in Charlotte. BAYADA proposes to establish its new office in Matthews to improve access in the southern and southeastern regions of Mecklenburg County and to balance the distribution of staff resources with its existing office in north Charlotte. BAYADA proposes to serve patients in Mecklenburg, Cabarrus and Union Counties with the highest overall projected total numbers of Mecklenburg patients (1,342 in Year 3) of all applicants. PHC, PruittHealth and Well Care are less

effective because these applicants propose Charlotte-based offices to serve Mecklenburg and two adjoining counties with fewer than 800 Mecklenburg patients in the third year. Aldersgate is the least effective application because it proposes that its Charlotte office would only serve 550 Mecklenburg residents in its third year.

Numbers of Unduplicated Patients

The BAYADA application projects to serve the highest total numbers of unduplicated patients, both in total and from Mecklenburg County, of all the applicants in this review. PHC, PruittHealth and Well Care are less effective because these applicants project to serve fewer patients and their projections are based on unreasonable assumptions. The Aldersgate proposal is least effective based on its projections to serve the fewest patients and its utilization projections are not adequately supported and reasonable.

Projected Access by Medicare Recipients

BAYADA projects to provide the highest number of Medicare episodes and the second highest percentage of home health services to Medicare patients. The Aldersgate, PHC, PruittHealth and Well Care applications fail to comply to multiple CON Review Criteria due to unreasonable operational and financial projections and, thus, are not approvable. Consequently, the BAYADA application is the most effective application for this comparative factor.

Projected Access by Medicaid Recipients

BAYADA projects to serve the lowest percentage and number of Medicaid patients. However, the Aldersgate, PHC, PruittHealth and Well Care applications fail to comply to multiple CON Review Criteria due to unreasonable operational and financial projections and thus, are not approvable. Consequently, the BAYADA application is the most effective application for this comparative factor.

Average Number of Visits per Unduplicated Patient

BAYADA projects to provide the highest (24) average number of visits per patient. PruittHealth projects to provide the second highest (21.64) average number of visits per patients. The Aldersgate, PHC, and Well Care applications project lower numbers of visits per patient and are less effective. Consequently, the BAYADA application is the most effective application for this comparative factor.

Financial Factors:
Average Net Revenue Per Visit and Average Net Revenue per Unduplicated Patient
Average Total Operating Cost per Visit
Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit

The BAYADA application provides financial pro forma statements that are based on reasonable and adequately supported financial and operational assumptions. In contrast the Aldersgate, PHC,

PruittHealth and Well Care applications fail to comply to multiple CON Review Criteria as discussed in the application-specific comments that follow. The BAYADA application is fully conforming to the Criteria, Policies and Rules and is the most effective application in this review.

Administrator Staffing and Central Office Overhead / Management Services Fees

The five applicants project a broad range of FTE staffing levels for the administrator positions as well as great diversity in the assumptions for the percentage of net revenue for the Corporate Support or Management Fees. The higher FTEs and higher percentage for corporate support are more effective because the implementation of a new home health office requires extensive support. In previous years, development and implementation of a new Medicare certified offices in Mecklenburg County have not met their schedule projections or the utilization projections.

BAYADA is the most effective application because the application projects a full-time (1.0 FTE) Administrator position with 7.5% of net revenue for corporate support. Aldersgate projects (1.0 FTE) Administrator position with 5.0% of net revenue for corporate support and is less effective. PHC projects (0.75 FTE) Administrator position in the staffing table (which is inconsistent with the written staffing assumptions) combined with 4.0% of net revenue for corporate support and is not a credible or effective application. PruittHealth projects 0.33% FTE for Administrator position (lowest FTE of all) with 5.0% of net revenue for corporate support which is less effective. Well Care projects 0.5 FTE administrator (second lowest of all) and 2.0% of net revenue for corporate support (lowest of all) for the least effective application.

Visits per Day for Nursing and Home Health Aide

The following table shows the five applicants' projected visits per day. Generally, the application with the lowest visits per day are more effective with longer duration visits. BAYADA projects the lowest LPN and Home Health Aide visits per day and the second lowest for RN visits per day, all with 5.0 visits per day. Aldersgate projects the lowest RN visits per day but the second highest projected Home Health Aide visits per day. PHC projects 5.0 Home Health Aide visits per day (tied with BAYADA) but higher RN visits per day for RNs and LPNs as compared to BAYADA. Well Care projects the unreasonably high RN visits per day as well as irrationally overstated visits per day for LPN and Home Health Aide positions.

	BAYADA	Aldersgate	PHC	PruittHealth	Well Care
RN Visits per Day	5.00	4.50	5.60	5.27	6.00
LPN Visits per Day	5.00	NA	5.60	6.00	7.00
Home Health Aide Visits per Day	5.00	6.00	5.00	5.60	7.00

The BAYADA application is the most effective overall proposal regarding visits per day. Aldersgate, PHC and Pruitt Health are the less effective proposals. Well Care is the least effective application regarding visits per day.

Nursing and Home Health Aide Salaries in Project Year 3

BAYADA, Aldersgate and PHC propose salaries for RN, LPN and Home Health Aide positions that are credible and more effective because these projections are adequately supported based on the information contained in the applications. The PruittHealth and Well Care applications fail to demonstrate that their projected salaries are credible based on their overstated visits per day assumptions. Therefore, the PruittHealth and Well Care applications are less effective.

Staff Benefits Percentages

BAYADA projects the second highest percentage of salaries for staff benefits at 25% of salary expense. PruittHealth projects the highest benefits percentage of salaries at 27%. BAYADA and PruittHealth applications are more effective because these proposed the higher percentages for benefits. Aldersgate projects 23% for benefits, PHC projects 21.0% for benefits. Well Care projects the lowest percentage of all applicants at 20.3% based on the Form F.3 assumptions. Aldersgate, PHC and Well Care are the less effective applications for this factor.

Comments Regarding Aldersgate Home Health (Aldersgate), F-012058-21, FID # 210260

Comments Regarding Criteria 1, 3, 4 and 6

The Aldersgate application should be found non-conforming to CON Criteria 1, 3, 4 and 6. The applicant's methodology and assumptions for its projected utilization are unreasonable and lack adequate support. Aldersgate's lack of prior experience in providing Medicare-certified home health is evident in this proposal.

- Aldersgate wrongly assumes that its proposal to provide home health services to its own well-served CCRC residents takes priority over the unmet needs of the population of Mecklenburg County.
- The proposal lacks adequate referral relationships with hospitals and community physicians to effectively compete and obtain home health referrals for complex patients.
- The application falsely blames existing Home Health providers for the declines in use rates for the population segments ages 0 to 74 in Mecklenburg County even through the home health use rates for other regions in North Carolina have experienced similar declines.

Pages 68 and 69 include the applicant's unsupported assumption that the proposed project will serve the vast majority of the patient discharges, ranging from 50 to 80 percent of all discharges from Asbury Health and Rehabilitation SNF. However, the applicant fails to demonstrate that these percentage assumptions take into consideration the location of the patient's home since the proposed project would only serve Mecklenburg residents. According to the Asbury Health and Rehabilitation Center historical patient origin data (that was omitted from the applicant's exhibits) numerous patients originate from outside of Mecklenburg County.

The application erroneously states that declining home health use rates for some of the age segments less than 75 years of age indicates a lack of access to home health services in Mecklenburg County when in fact the decline is statewide and primarily due to increasing difficulty in obtaining prior approval from insurance companies, changes in the North Carolina Medicaid authorization process, and time limited preapprovals.

On page 36 of the application Aldersgate HH states that their proposed scope of services will include dialysis services, which is a separately regulated service by North Carolina CON law and for which there is no need determination that coincides with their home health CON application. The application fails to provide documentation that the existing contract service relationship with one dialysis provider, specifically for the retirement community residents, can be expanded to be a service component of the proposed Aldersgate HH to serve patients throughout Mecklenburg County. The applicant's claim that dialysis service is a component of the proposed home health agency has no merit because there are no assumptions for dialysis expenses or revenues included in the financial statements.

Asbury Health and Rehabilitation cannot restrict any patient's right to chose their home health provider or their dialysis provider once they are discharged from a facility. The applicant's assumption that they

will capture 80 percent market share of all discharges in Years 2 and 3 is overstated and unreasonable because:

- Mecklenburg County has an abundance of existing home health providers that already offer a more comprehensive scope of services that include telemedicine and collaborative services with hospitals; patients are free to choose other home health providers with more capabilities.
- Page 68 of the application shows that discharges from Aldersgate Health and Rehabilitation that had home health orders declined by 25 percent from 2018 to 2020 with no certainty of rebound due to the impact of COVID-19 on the public's perceptions regarding nursing facilities.
- Page 69 of the application incorrectly states that 95% of Aldersgate Health and Rehabilitation patients are discharged to their own homes in the greater Mecklenburg area community because the 2019 patient origin data shows that 10% of patients originate from other counties as seen in Attachment A.

The Aldersgate utilization projections are based on unreasonable assumptions.

- The application fails to explain the basis for the referral assumption of 5% of discharges in Years 1, 2 and 3 for patients referred from the home care company, Aldersgate at Home.
- Page 70 of the application includes Table 19 that incorrectly assigns the Region F Average Annual Rate of Change (AARC) from the 2021 SMFP to future years which is unreasonable because the AARC rates change dramatically from year to year. For example, the Region F AARC for the 75+ age segment in the 2019 SMFP was 1.846% as compared to the 2021 SMFP rate of 8.585%.
- The applicant's Table 21 shows the projected "Net Need" for the Mecklenburg population 2022 to 2025 that is incorrect due to erroneous assumptions regarding the above use rates.
- Aldersgate Table 23 shows the unsupported market share capture of the Community Need at 10% to 15% with absolutely no basis for these assumptions. As seen in Table 10A of the SMFP, Aldersgate Health and Rehabilitation has a total of 120 licensed nursing facility beds which represents only 3.5% of Mecklenburg County's total inventory of 3,386 nursing facility beds. Thus, a capture rate of 3.5% would be rational instead of the unsupported 15% assumption.

Because the utilization projections are faulty, the Aldersgate application is non-conforming to Criteria 1 and 3. Unreasonable utilization projections undermine the applicant's conformity to Criterion 1 and Policy GEN 3 because the proposal fails to demonstrate that the project will maximize value.

The Aldersgate proposal is non-conforming to Criterion 4 because it is not an effective alternative. The Table 23 projections on page 72 demonstrate that the main focus of Aldersgate Home Health is to serve the home health patients that are referred from the Aldersgate community. The applicant's responses to the Criterion 4 questions on page 85 are deficient because:

- No documentation is provided to demonstrate that Aldersgate patients have been unable to obtain home health services from the existing providers.

- The application omits any supporting data and projections to demonstrate a need for dialysis services to be provided as a home health service component.
- Financial projections for the proposal are flawed due to unreasonable utilization projections and erroneous expense projections (as discussed regarding the Criterion 5 comment).

The Aldersgate proposal is non-conforming to Criterion 6 because in Year 3, the project would only serve 268 "Community Need" home health patients which is less than the performance standard of 325 patients. The Aldersgate patients that are expected to be served by the proposed project already have access to home health services from existing providers such that these patients do not comprise the unmet need that triggered the need determination in the 2021 SMFP.

Comments Regarding Criterion 5

Aldersgate's application should be found non-conforming to CON Criterion 5 because the financial projections for the start up and working capital cost are understated and the financial projections for Years 1, 2 and 3 are based on unreasonable operational projections.

Page 126 of the application document that the proposed project will have a loss from operations in the partial year 4/01/2022 to 12/31/2022 (eight months) and throughout the first year 1/1/2023 through 12/31/2023 (twelve months) which totals a 20-month period where expenses exceed revenues. For this initial period the loss from operations is projected to be $133,895. The applicant's operating cost and working capital projections on page 33 are based on a 19-month period with a different amount of $131,895. This inconsistency demonstrates that the financial projections are unreliable.

Financial projections for Years 1, 2 and 3 are unreasonable as follows:

- The financial projections are based on unreasonable utilization projections.
- The Aldersgate proposal fails to explain how the proposed project would change the contract options for residents in accordance with the requirements of the Disclosure Statement that is required by NCGS 58-64-20.
- Revenues and expenses for the proposed home health dialysis service are omitted.
- Since the proposed project is a component of the CCRC the overall financial viability of the applicant is relevant; Aldersgate has experienced major operating losses as seen in the Consolidated Statement of Operations for December 31, 2019 and 2018 in Exhibit F-2.3.
- The projected staffing and salary expenses are based on garbled assumptions as seen on Form H assumptions on page 40.

Expenses that are entirely omitted from Form F.3b include Training Expenses, Professional Fees and Interest Expense.

- Aldersgate unreasonably provides no budget for staff training in Years 1, 2 and 3 even though page 88 indicates that staff training expenses will be required in the start up period. It is unreasonable to project zero staff training expenses for the later years because Form H shows increases in FTEs.

- Expenses for professional services are omitted even though page 49 of the application states that the Aldersgate Home Health will be under the direction and supervision of a physician Medical Director, Dr. John Gambino.
- The applicant's omission of interest expense is unreasonable because the Promissory Note in Exhibit F-2.2 states that the interest expense will be calculated monthly.

For all of these reasons, the Aldersgate application is non-conforming to Criterion 5.

Comments Regarding Criterion 7

Aldersgate is non-conforming to Criterion 7 due to unreasonable staffing projections for the proposed project:

- The nursing salary positions do not identify the numbers of salaried and per diem positions and how the annual salaries are calculated.
- Aldersgate failed to disclose if the per diem staff are paid separately for mileage or if this is included in the per diem rate that is provided on page 140.
- The numbers of contracted FTEs for Physical Therapy, Occupational Therapy and Speech Therapy positions are omitted from the Form H staffing table.
- The Medical Director position is excluded from Form H which is inconsistent with the description of the scope of services on page 49.

For all of these reasons the Aldersgate application should be found non-conforming to Criterion7.

Comments Regarding Criterion 8

It is exceedingly rare for any CON application to be found non-conforming to Criterion 8 but the Aldersgate application provides no evidence of coordination of services with the hospital systems in Mecklenburg County, which are typically the highest volume referral sources for home health agencies. Page 33 of the Aldersgate application documents the tremendous potential cost savings offered by home health services to prevent hospital readmissions. However, Aldersgate doesn't propose to be focused on serving the more complex hospital discharged patients. Instead, the main focus is to provide home health services to their own patients discharged from the nursing home beds.

The transfer agreement between Novant Health Care and Aldersgate that is included in Exhibit I-2.2 would only be applicable to patients that reside at Aldersgate and not patients who live outside the CCRC.

Comments Regarding Criterion 13(c)

The Aldersgate application is non-conforming to CON Criteria (13c) because the payor mix projections are based on unreasonable operational projections as discussed in the Criteria 3 comments. It is also unreasonable for Aldersgate to project its payor mix of patients based on its analysis of existing providers because none of the existing providers are mainly focused on serving CCRC residents while neglecting the home health referral needs of the hospitals.

Comments Regarding Criterion 18a

The application fails to conform to Criterion (18a) because the proposal does not adequately demonstrate that it will promote cost-effective services nor enhance competition. Aldersgate as experienced major operating losses in the Consolidated Statement of Operations for December 31, 2019 and 2018 in Exhibit F-2.3. The average net revenue per visit and the average net cost per visit are the highest of all applicants and demonstrate that the proposal is not cost effective. The Aldersgate proposal would not enhance competition because the applicant projects to serve only 550 home health patients in Year 3, with the majority of the patients located on the Aldersgate campus.

Comments Regarding PHC Home Health (PHC), F-012061-21, FID # 210267

The PHC application should be found non-conforming to CON Criteria 1, 3, 4 and 6 because the applicant's methodology and assumptions for its projected utilization are unreasonable and lack adequate support. PHC unreasonably projects that its new proposed home health office will achieve higher growth in utilization as compared to the actual utilization trend for its existing office. PHC's methodology and assumptions are riddled with incorrect and unsupported assumptions:

1) Contrary to the Home Health methodology in the 2021 SMFP, PHC uses county-specific average annual rates of change in its projections in Section Q, Step 2 instead of the regional use rates that are the actual basis of the home health need determination. PHC fails to adequately demonstrate why the county average annual use rates are better or more reliable.
2) In Section Q, Steps 3 and 4, PHC wrongly assumes that the changes in the "absolute numbers of unduplicated patients served by age group" are constant from year to year from 2022 to 2025. This is false because this has not been the historical trend for use rates nor the assumption in the 2021 SMFP.
3) Step 5 of the methodology incorrectly assumes that the "absolute numbers of unduplicated patients served by age group" should be used as the basis for projecting the numbers of home health patients to be served in 2023 to 2025. This is not reasonable or conservative because it exaggerates growth and ignores the downturn in utilization due to COVID-19. Furthermore, the SMFP methodology includes placeholder adjustments for approved home health agencies in development which is contrary to the applicant's assumptions.
4) Steps 6 and 7 are based on the unsupported assumption that "the adjusted potential total patients served remains constant" which means that the <u>numbers of patients served by existing home health agencies does not increase.</u>
5) Step 8 of the PHC methodology is based on the applicant's unsupported market share assumptions that fails to consider the market share of PHC's existing home health agency and is based on overstated projections of the unmet need.

The PHC methodology described in Section Q is unreasonable on its face because it projects unmet need for future years that is wildly overstated and would result in multiple home health need determinations for Mecklenburg, Cabarrus and Iredell Counties in future years.

As seen in Step 9 of the PHC methodology, the applicant projects unrealistic growth in utilization that far exceeds the historical utilization trend for the existing PHC Medicare-Certified Home Health Office in Mecklenburg County. PHC's existing home health office shows a negative Compound Annual Growth Rate CAGR for Mecklenburg, Cabarrus and Iredell Counties which is not adequately explained in the application. Therefore, the applicant's projected growth for the proposed project is unreasonable because PHC is consistently losing referrals and market share.

PHC Table 9 Comparison to Existing PHC (HC3966)

Proposed New Home Health Unduplicated Patients	2022	2023	2024	2025	
Mecklenburg	79	203	376	599	
Cabarrus	3	66	170	315	
Iredell	1	19	50	93	
Combined Totals	83	288	596	1007	
% Increase over Previous Year		**246.99%**	**106.94%**	**68.96%**	
PHC (HC3966) Historical Unduplicated Patients Existing Office	2017	2018	2019	2020	**CAGR**
Mecklenburg	439	491	496	612	**11.70%**
Cabarrus	261	144	89	97	**-28.10%**
Iredell	82	80	53	28	**-30.19%**
Combined Totals for These Counties	782	715	638	737	**-1.96%**

The existing PHC office (HC3966), located in Mecklenburg County, also serves patients in Union, Gaston, Rowan, and Lincoln and other Counties.

Because the utilization projections are faulty, the PHC application is non-conforming to Criteria 1 and 3. Unreasonable utilization projections undermine the applicant's conformity to Criterion 1 and Policy GEN 3 because the proposal fails to demonstrate that the project will maximize value.

The PHC application is non-conforming to Criterion 4 because it is not an effective alternative due to the overstated and unreasonable utilization projections. Section E of the application fails to discuss why the proposed project would be an effective alternative in addition to its existing home health office that is located in the south Charlotte area. The application fails to explain why its existing home health office (HC3966) has experienced lackluster growth in Mecklenburg County and disturbing declines in home health patients from Cabarrus and Iredell County. If the existing PHC home health agency is unable or unwilling to serve patients in these adjoining counties, the application for a second home health office is not an effective strategy.

PHC does not conform to Criterion 6 because the application fails to provide the utilization projections and market share assumptions for its existing office to demonstrate how and why the proposed project does not represent unnecessary duplication. It is unreasonable for PHC to assume that it can achieve tremendous growth in utilization for the proposed new home health office without decreasing the numbers of unduplicated patients for its existing office (HC3966).

Comments Regarding Criterion 5

The PHC application should be found non-conforming to CON Criterion 5 because the project financing letters are deficient and the financial projections for Years 1, 2 and 3 are based on unreasonable operational projections. Expenses are understated and unreasonable for salaries, Central Office Overhead and office expenses.

In Section F, the CON application form instructs the applicants to document that the cash or cash equivalents, accumulated reserves or owner's equity that will be used to finance the total project capital costs and the working capital are reasonably likely to be available when needed. However, the PHC funding letter that are provided in Exhibit F.2 fails to adequately demonstrate the availability of funds for the proposed project because:

- The funding letters fail to document the specific amounts that will be required for the total project capital cost and the total working capital amount for the proposed project.
- The letters fail to document that the cash used to finance the total project capital cost and the total working capital amounts are reasonably likely to be available when needed.
- The First Horizon letter provides the account balance for only the specified date of 4/13/2021 and does not attest that it is reasonably likely for PHC to have sufficient funds for the project when needed.
- No third-party verification is provided to demonstrate that that the cash used to finance the project capital cost and the working capital amounts are reasonably likely to be available when needed.

Financial projections for Years 1, 2 and 3 are fatally flawed because:

- The financial projections are based on unreasonable utilization projections as discussed in the Criterion 3 comments.
- Year 1 staffing and salary projections in Form H are unreasonable due to errors and omissions that are inconsistent with Section Q page 10 of the PHC application documenting that "the proposed agency will require a full-time administrator and marketing director, a clinical manager…." Based on understated salaries the related benefits expenses are incorrect and understated. (Please see the staffing comments regarding Criterion 7.)
- The Central Office Overhead amounts for Years 1, 2 and 3 are mathematically incorrect and understated because the amounts shown in Form F.3b are not based on 4% of the projected gross revenue as stated in the applicant's assumptions.
- The office rental expense is understated because it omitted the Property Owners Association (POA) Dues in the amount of $446 / month or $5,352 per year.

The next table shows the salary cost variance for PHC to obtain a full-time administrator and full-time clinical manager that are needed to implement the proposed project.

PHC Unreasonable Salary Expenses	YR 1	YR 2	YR 3
Adminstrator Salary Based on 1.0 FTE Assumption	81,200	82,418	83,654
Adminstrator Salary Based on 0.75FTE	60,900	61,814	62,741
Understated Salary Expenses	**20,300**	**20,604**	**20,913**
Clinical Manager Salary Based on 1.0 FTE Assumption	76,125	77,267	78,426
Clinical Manager Salary per Form H (0.0 FTE, 0.8 FTE, 1.0 FTE)	0	61,814	78,426
Understated Salary Expenses	**76,125**	**15,453**	**0**
Understated Salaries for Adminstrator and Clinical Manager Combined	**96,425**	**36,057**	**20,913**
Understated Benefits based on 21% of Salaries	**20,249**	**7,572**	**4,392**
Combined Understated Salaries and Benefits	**116,674**	**43,629**	**25,305**

The following table shows the expense adjustment to correct the omission of the POA dues.

PHC Understated Office Rental Expenses (Property Owners Association Fees)	YR 1	YR 2	YR 3
Omitted POA Fees at $446 per month	**5,352**	**5,352**	**5,352**

The PHC application fails to demonstrate that the proposed project is financially feasible due to the multiple errors and inconsistencies. For all of these reasons, the PHC application is non-conforming to Criterion 5.

Comments Regarding Criterion 7

The PHC application fails to demonstrate that its staffing projections are credible. Section Q page 10 of the PHC application provides the following:

> **Step 6: Project Number of Office Support FTEs and Total Staff Required**
> In addition to the direct care staff required in Table 10, the proposed agency will require a full-time administrator and marketing director, a Clinical Manager, full-time office support, and the applicant's Medical Director, Ugwuala Nwauche, MD, will provide medical leadership for the medical advisory committee.

Contrary to the highlighted text in the above statement, PHC Form H shows:

- The part-time Administrator position at 0.75 FTE for 2022 Partial Year and 2023 through 2025. No full-time administrator is budgeted for the proposed HHA.
- Marketing/Public Relations position at 0.00 FTE for 2022 Partial Year and 2023 through 2025. No FTEs are allocated for Marketing for the proposed project.
- Clinical Manager position at 0.00 FTE for 2022 Partial Year and 0.00 FTE for 2023, then 0.80 FTE for 2024 and 1.0 FTE in 2025. No one will be providing Clinical Management for the initial 20 months of the proposed project.

Based on the FTEs that are included in Form H, PHC plans to drastically understaff the key leadership positions to less that what is represented in the text. Therefore, the FTE staffing projections for the RN and LPN positions that are premised on 5.6 visits per day are unreasonable and speculative based on the absence of effective clinical leadership during the initial years for the proposed project.

Based on these inconsistencies and shortcomings, the PHC application fails to conform to Criterion 7.

Comments Regarding Criterion 13(c)

PHC's application is non-conforming to CON Criterion (13c) because the payor mix projections are based on unreasonable and overstated operational projections as discussed in the Criterion 3 comments. It is also unreasonable for PHC to project its payor mix of patients based on historical data because the home use rates for the age segments that PHC uses to predict its patients shows sizable declines for the Mecklenburg under 18 and 18 to 64 age segments. Thus, the Medicaid and Insured patient population is shrinking while the 65 + Medicare population is increasing.

Comments Regarding Criterion 18 (a)

PHC does not adequately demonstrate how any enhanced competition will have a positive impact on the cost-effectiveness of the proposal. PHC utilization projections are based on the false assumption (in Section Q, Steps 6 and 7) that "the adjusted potential total patients served remains constant" which means that the numbers of patients served by the existing home health agencies does not increase in future years. The applicant's future market share assumptions and utilization projections are entirely inconsistent with the applicant's historical experience.

Financial projections are unreliable due to errors and omissions as discussed in the Criterion 5 comments. With these flawed financial projections, PHC does not demonstrate that its proposal would be financially feasible and cost effective. Consequently, the PHC application is non-conforming to Criterion 18(a).

Comments Regarding PruittHealth @ Home Charlotte (PruittHealth), F-012072-21, FID # 210274

Comments Regarding Criteria 1, 3, 4 and 6

The PruittHealth application is non-conforming with Criteria 1, 3, 4, 6, and the performance standards due to unsupported market share assumptions and operational projections that are overstated and unreasonable. PruittHealth's application is based on contrived numbers for the operational and financial projections in a transparent attempt to prevail over competitors in the comparative analysis regardless of whether its projections are realistic and achievable. The application is not credible because the applicant fails to adequately demonstrate that its projections are based on reasonable assumptions.

PruittHealth projects to serve overstated numbers of patients from Mecklenburg and adjoining counties based on unfounded market share assumptions described on page 158 of its application.

PruittHealth Home Health conservatively projects that its market share in each county will grow annually by the same percentage points captured in the First Year or by 1.24 percentage points in Mecklenburg County, 0.53 percentage points in Union County, and 0.14 percentage points in Cabarrus County, as the following table shows:

County	2022	2023	2024	Annual % Point Gain
Mecklenburg	1.24%	2.49%	3.73%	1.24%
Union	0.53%	1.06%	1.60%	0.53%
Cabarrus	0.14%	0.27%	0.41%	0.14%

Calculations: 2023 = (2022 + Annual % Point Gain)
2024 = (2023 + Annual % Point Gain)

The application fails to provide any basis for the market share assumptions and unrealistic projected increases. The market share assumptions are not credible because the application fails to tie them to any referral data from hospitals and physicians or to its own experience in similar markets. PruittHealth owns eight home health offices in North Carolina. The historical utilization for the PruittHealth home health offices in Wake and Forsyth Counties would be relevant to evaluate the reasonableness of the projections for the proposed project because these counties are similar to Mecklenburg County with 10 or more existing home health agencies located within the counties. Even though PruittHealth has operated Medicare-certified home health offices in Wake and Forsyth Counties, its market share is far below the overall average for home health agencies in these highly competitive counties as seen in the following table.

LIC #	Home Health Name	County Location	HH Patients Served by PruittHealth in the Location County	Total Home Health Patients Served in the Location County	Pruitt HomeHealth Market Share	Average Home Health Agency Market Share
HC4538	PruittHealth Home Health - Wake	Wake	342	18,494	1.85%	6.50%
HC4901	PruittHealth Home Health - Forsyth	Forsyth	52	10,458	0.50%	6.77%

Source: https://info.ncdhhs.gov/dhsr/ncsmfp/2021/Ch12HomeHealthPatientOrigin.pdf

For Wake County, the Chapter 12 Home Health Patient Origin Report shows that the twelve Home Health offices located within Wake County served a combined total of 15,662 patients for an average of 1,205 patients and 6.5% market share per office.
PruittHealth Home Health- Wake was one of the least effective home health providers serving only 342 patients for 1.85% market share in Wake County.

For Forsyth County, the Chapter 12 Home Health Patient Origin Report shows that the ten Home Health offices located within Forsyth County served a combined total of 7,076 patients for an average of 708 patients and 6.7% market share per office.
PruittHealth Home Health - Forsyth was one of the least effective home health providers serving only 52 patients for 0.50% market share in Forsyth

Based on the historical performance of the existing PruittHealth Home Health offices in Forsyth County (0.50% market share) and Wake County (1.85% market share), there is no rational basis to assume that the proposed PruittHealth office in Mecklenburg would serve the far higher market share percentages in Mecklenburg County for Years 2 (2.49%) and 3 (3.73%) that are provided on page 158 of the application.

In highly competitive markets such as Forsyth, Wake and Mecklenburg Counties, PruittHealth lacks the resources and commitment to establish referral relationships with any of the major health systems that generate the high numbers of home health referrals. The only time Atrium Health is mentioned in the application is in listings of existing home health agencies, Atrium Health at Home Charlotte and Atrium Health at Home University City. PruittHealth's application fails to recognize any of the Novant Health hospitals in Mecklenburg County. PruittHealth's claims that its proposed home health office would reduce hospital readmissions have no merit since the application provides no documentation of potential referral relationships with any of the Mecklenburg hospitals.

As documented in its application, PruittHealth has eight existing Medicare-certified Home Health offices in North Carolina. The Chapter 12 Home Health Patient Origin report shows that **none of these offices served more than 342 patients in their respective home counties**.[1] In fact, the eight PruittHealth Home Health offices served a **combined total of only 1,673 patients in 2019 for an average of only 209 total patients per PruittHealth home health office.** Based on this actual statewide utilization data for the PruittHealth Home Health offices, it is unreasonable for PruittHealth to project it will serve 295 patients in Year 1 and then double that volume in Year 2 and then increase the Year 3 volume by an additional 50 percent. This comparative data demonstrates that Step 5 of the PruittHealth methodology (shown below) is premised on overstated and unreasonable projections.

PruittHealth Home Health projected the unduplicated patients by service discipline based on PruittHealth Home Health's state-wide experience in providing home health services in North Carolina. PruittHealth Home Health's North Carolina home health agency data from 2019 indicated that 74.0 percent of home health patients [(1,238 patients / 1,673 total patients) x 100 = 74.0%] were admitted to the skilled nursing discipline and 26.0 percent of home health patients [(435 patients / 1,673 total patients) x 100 = 26.0%] were admitted to the physical therapy discipline. The following table highlights the number of home health patients admitted to each service discipline for the first three years of operation:

Discipline	2022	2023	2024	Admitting Percentage
Skilled Nursing	218	437	658	74.0%
Physical Therapy	77	154	231	26.0%
Total Admissions	**295**	**591**	**888**	**100.0%**

Calculation: Skilled Nursing Admissions = (Total Year Admissions x Admitting Percentage)
Physical Therapy Admissions = (Total Year Admissions x Admitting Percentage)

[1] Chapter 12 Home Health Patient Origin report https://info.ncdhhs.gov/dhsr/ncsmfp/2021/Ch12HomeHealthPatientOrigin.pdf

This historical utilization for PruittHealth throughout North Carolina demonstrates that the applicant lacks sufficient marketing resources and referrals from hospitals and health systems to achieve the extraordinarily high growth that is projected for Years 2 and 3. The following table shows provides the historical utilization and market share for PruittHealth @ Home – Wake (HC4538) the agency that is in a similar market to the proposed project.

Wake County Home Health Patients	2017	2018	2019	2020
PruittHealth @ Home - Wake (HC4538) # of Patients	288	300	342	265
Percentage Change from Previous Year	NA	4.17%	14.00%	-22.51%

Wake County Home Health Patients	2017	2018	2019	2020
PruittHealth @ Home - Wake (HC4538) # of Patients	288	300	342	265
Total Wake Patients by All Home Health Agencies	16,621	17,662	18,494	17,640
PruittHealth @ Home - Wake Market Share	1.73%	1.70%	1.85%	1.50%

PruittHealth home health utilization data in Wake County shows no growth. Annual patient volumes have never exceeded 342 patients. The number of patients served by the existing PruittHealth office in Wake County **declined by 22.5% in 2020** as compared to the previous year. For 2020, the NC Statewide home health utilization **declined by only 2.725%** from the previous year Furthermore, PruittHealth has never exceeded 2% market share and it lost market share in Wake County last year. Based on this real-world data, the PruittHealth CON proposal for Mecklenburg County is based on unreasonable assumptions and overstated projections.

The PruittHealth Health proposal is primarily focused on serving patients from two PruittHealth long-term care facilities in the Charlotte region because these facilities are specifically named a half a dozen times in the application to the exclusion of all other facilities and hospitals. However, PruittHealth has no facilities in Mecklenburg County and has only one facility in Cabarrus County and one facility in Union County. The absence of a PruittHealth facility within Mecklenburg County undercuts the applicant's assumptions and projections that the majority of patients will originate from this County.

Due to these unreasonable utilization projections, the PruittHealth application is non-conforming to Criteria 1 and 3. Unreasonable utilization projections cause non-conformity to Criterion 1 and Policy GEN 3 because the proposal fails to demonstrate that the project will maximize value.

PruittHealth's application is non-conforming to Criterion 4 because it is not an effective alternative. PruittHealth's existing home health offices in Wake and Forsyth provide substandard access because they fall short of serving 325 patients per year which is the home health threshold included in the SMFP methodology. PruittHealth's history of substandard home health utilization in Forsyth and Wake Counties is a valid predictor of its true potential for Mecklenburg County.

The applicant's responses to the Criterion 4 questions on page 93 are deficient because:

- The applicant erroneously assumes that geographic location has no impact on home health services even though driving times and traffic congestions are a genuine concern in Mecklenburg County.
- No documentation is provided to demonstrate that any PruittHealth patients have been unable to obtain a continuum of care from existing home health providers.
- Financial projections for the proposal are flawed due to unreasonable utilization projections and erroneous expense projections (as discussed regarding the Criterion 5 comments).

The PruittHealth proposal is non-conforming to Criterion 6 because the applicant's utilization projections are not based on reasonable assumptions. The primary focus of this proposal is to serve patients that are referred from two PruittHealth long-term care facilities, one in Cabarrus County and one in Union County. However, these nursing facility patients already have numerous choices to utilize existing home health offices. Thus, the proposed PruittHealth project would represent unnecessary duplication

Criterion 5 Comment:

The PruittHealth application should be found non-conforming to CON Criterion 5 because the project financing letters are deficient and the financial projections for Years 1, 2 and 3 are based on unreasonable operational projections.

In Section F, the CON application form instructs the applicants to document that the cash or cash equivalents, accumulated reserves or owner's equity that will be used to finance the total project capital costs and the working capital are reasonably likely to be available when needed. However, PruittHealth's funding letters that are provided in Exhibit F.2 and F.3 fail to adequately demonstrate the availability of funds for the proposed project because:

- Neither of the funding letters states the specific amounts that will be required for the proposed project total regarding the project capital cost and the total working capital amount.
- The two letters fail to document that the cash used to finance the total project capital cost and the total working capital amounts <u>are reasonably likely to be available when needed</u>.
- The financing letters fail to document that the Synovus bank account maintains an average balance that exceeds the projected amounts needed for the proposed project.
- No third-party verification is provided to demonstrate that that the cash used to finance the total project capital cost and the total working capital amounts are reasonably likely to be available when needed.

PruittHealth's operating expenses are understated and unreliable due to inconsistent representations regarding the Provider Services Agreement, insufficient staffing / inadequate salary expenses, and incorrect depreciation expenses. The application fails to demonstrate that projected revenues will exceed expenses based on reasonable assumptions.

The Provider Services Agreement in Exhibit I.1 shows the projected expense to be **5.51%** of Net Operating Revenues which is inconsistent with the **5.0%** financial assumption provided in the Operating Costs worksheet. Also, the scope of services in the provider agreement is inconsistent with the PruittHealth corporate services described on page 27 of the application. Based on these inconsistencies, the expense projections are not based on reasonable projections.

PruittHealth Financial Discrepancy in Exhibit I.1 and Form F.3b Provider Services Fee	**YR 1**	**YR 2**	**YR 3**
Total Net Revenue per F.2b	713,719	1,954,552	2,938,473
Contract Amount Based on 5.51% per Exhibit I.1	**39,326**	**107,696**	**161,910**
Amount shown in PruittHealth Form F.3b based on 5.0%	35,687	97,728	146,924
Amount of Expenses Understated for Provider Services Fee in Form F.3b	**3,639**	**9,968**	**14,986**

The above variance in projected expenses is relevant because the application Form F.2b projects loss from operations -347,740 in Year 1, and a minimal gain of only $8,806 in Year 2. Because PruittHealth does not project sufficient gains from operations in Years 1 and 2 to pay the **full 5.51%** for the Provider Services Agreement; these services that are described in the application and Exhibit I.1 would not be available to support the implementation of the proposed home health office.

It is incorrect to assume that the proposed new office can rely on the services of the Healthcare Provider Services Contract that is included in Exhibit I.1 because the operating budget in Section Q provides inadequate funding to meet the payment terms of the agreement. It would be incorrect to assume that the applicants can reassign money from another line item to cover this mistake because that would be a blatant amendment to the application; Form F.3b includes no line item that includes any contingency.

Compounding this serious financial error, expenses are understated because the proposed home health office lacks adequate administrative, scheduling and community relations positions to build up utilization in Years 1, 2 and 3. Salaries expenses are understated and unreasonable:

- PruittHealth projects to increase its patient total by 100%, and its patient visit total by 112% from Project Year 1 to Project Year 2, and yet does not show any increased staffing for the part time administrator (0.33 FTE) or the part-time scheduler (0.50 FTE). This is not reasonable, but is consistent with PruittHealth's scheme of manufacturing cost figures designed to be competitive for a CON batch review comparative analysis

- PruittHealth fails to demonstrate that it has adequate management staff in the first year of operation due to the part-time Administrator (0.33FTE), and a part-time Community Relations (0.50 FTE). With such diminished leadership, it will be impossible for PruittHealth to ramp up utilization while obtaining Medicare certification and accreditation in Year 1.
- Staffing expenses are understated for the scheduling position at 0.50 FTE in both Years 1 and 2. Based on the lack of adequate scheduling staff throughout the week, PruittHealth will be unable to accept referrals and implement scheduled visits in a timely manner.

It is particularly alarming and unrealistic that PruittHealth proposes only a 0.33 FTE Administrator position to implement the proposed home health project in a highly competitive market. This staffing assumption is unreasonable for multiple reasons:

1) The funding shortfall for the Provider Services Agreement means that the part-time administrator will lack these services.
2) The start-up of a home health office requires more intensive leadership and management capabilities due to the initial hiring and training of staff plus the regulatory and accreditation requirements.
3) The vast majority of all existing home health providers in Mecklenburg County have full time (1.0 FTE) administrators.
4) PruittHealth fails to demonstrate that it can recruit and retain a qualified candidate for the proposed 0.33 FTE administrator position.
5) PruittHealth fails to demonstrate that it has successfully implemented a new home health office that served more than 325 patients for two consecutive years anywhere in North Carolina with a 0.33 FTE administrator position.

The next table shows the salary cost variance for PruittHealth to obtain a full-time administrator as opposed to the 0.33 FTE position that would be inadequate to implement the proposed project.

PruittHealth Unreasonable Administrative Salary Projections	**YR 1**	**YR 2**	**YR 3**
Adminstrator Position Salary Based on 1.0 FTE (Form H)	92,985	95,775	98,748
Adminstrator Salary based on 0.33 FTE per PruittHealth (Form H)	30,685	31,606	32,554
Amount of Salary Understated for a Full-Time (1.0 FTE) Administrator	**62,300**	**64,169**	**66,194**

PruittHealth's projections for the depreciation expense of only $350 per year is understated and incorrect based on the Form F.1a Capital Cost that includes $39,626 for Non-Medical Equipment and $24,196 for Furniture. The table below shows the amount that the annual depreciation expense is understated in the Form F.3b.

PruttHealth Form F.1a Capital Cost and Corrected Depreciation Expense	**YR 1**	**YR 2**	**YR 3**
Form F.1a Non-Medical Equipment at $39,626 depreciated over 7 years	5,661	5,661	5,661
Form F.1a Furniture at $24,196 depreciated over 7 years	3,457	3,457	3,457
Combined Total Depreciation amount based on Form F.1a	**9,117**	**9,117**	**9,117**
Depreciation Expense shown in PruittHealth Form F.3b	350	350	350
Amount of Depreciation Understated for Non-Medical Equipment and Furniture	**8,767**	**8,767**	**8,767**

PruittHealth's application fails to demonstrate that the project is financially feasible based on reasonable and adequately supported assumptions.

- The Provider Services Fees are understated by $3,639 in Year 1, $9,968 in Year 2 and $14,986 in Year 3 due to the error in the financial assumptions that are inconsistent with the agreement.
- Salary expenses for the administrator position are understated by $62,300 in Year 1, $64,169 in Year 2 and $66,194 in Year 3.
- Depreciation expenses for the project are understated by $8,767 in Years 1, 2 and 3.

The following table demonstrates that the PruittHealth proposal will show a loss from operations with the corrections to the expenses.

PruittHealth Form F.2b Projected Revenues and Net Income	**YR 1**	**YR 2**	**YR 3**
Total Gross Revenue	1,186,072	2,524,084	3,794,706
Total Adjustments to Revenue	472,333	569,531	856,233
Total Net Revenue as reflected in PruittHealth Form F.2b	713,739	1,954,553	2,938,473
Calculation of PruittHealth Total Operating Costs with Corrected Amounts			
Total Operating Costs per PruittHealth Form F.3b	1,061,479	1,954,522	2,868,880
Amount of Expenses Understated for Provider Services Fee in Form F.3b	**3,639**	**9,968**	**14,986**
Amount of Salary Understated for a Full-Time (1.0 FTE) Administrator	**62,300**	**64,169**	**66,194**
Amount of Depreciation Understated for Non-Medical Equipment and Furniture	**8,767**	**8,767**	**8,767**
Total Operating Costs Including Corrected Fee, 1.0 FTE Administrator and Corrected Depreciation	**1,127,418**	**2,028,659**	**2,950,060**
PruittHealth Form F.2b Projected Revenues and Net Income	**713,739**	**1,954,553**	**2,938,473**
Total Operating Costs Including Corrected Fee, 1.0 FTE Administrator and Corrected Depreciation	**1,127,418**	**2,028,659**	**2,950,060**
Net Income (Loss) Based on Expenses with Corrected Fee and 1.0 FTE Administrator	**(413,679)**	**(74,106)**	**(11,587)**

PruittHealth financial projections are based on unreasonable operational projections as discussed in the Criterion 3 comments. For all of these reasons, the PruittHealth application fails to conform to Criterion 5.

Criterion 7 Comment:

PruittHealth's application is non-conforming to Criterion 7 because the projected staffing in Form H demonstrates a lack of adequate management and support staff for the proposed project. The 0.33 FTE Administrator, and the 0.50 FTE Community Relations positions provide inadequate leadership and support for the newly-established office to earn home health referrals in Mecklenburg County. Previous CON proposals for Home Health offices with such inadequate staffing have failed to implement services in a timely manner and never achieved their utilization projections as seen with the Maxim Home Health CON Project # F-10003-12. Furthermore, previous Home Health CON decisions and findings do not establish precedent that limits the Agency discretion to evaluate the reasonableness of an applicant's assumptions in the context of current need determination as well as a particular applicant's track record in North Carolina.

At a time when healthcare companies are desperately seeking highly qualified candidates, it is unrealistic to believe that a competent home health administrator would seek a 0.33 FTE administrator position and salary to start up a new office, hire and train staff, obtain CMS certification and accreditation. The application fails to document that this part-time administrator position will be "shared" with an existing PruittHealth facility or with some corporate position.

It is incorrect to assume that the proposed new office can rely on the services of the Healthcare Provider Services Contract that is included in Exhibit I.1 because the operating budget in Section Q provides inadequate funding to meet the payment terms of the agreement. It would be incorrect to assume that the applicants can reassign money from another line item to cover this mistake because that would be a blatant amendment to the application; Form F.3b includes no line item that includes any expense contingency.

Now that staff training and patient expectations are extraordinarily high due to COVID-19, PruittHealth proposes to offer minimal leaderships and inadequate staff training and support. The PruittHealth application fails to document that this staffing model has been implemented in any other similar markets. The applicant's staffing projections minimize overall staffing levels so that it can maximize the projected salaries for key positions in the comparative analysis. But the staffing and salary projections that are included in this application are entirely fictional because the FTE allocation and the salaries have no resemblance to the actual staffing model that is utilized at PruittHealth @ Home – Wake and PruittHealth @ Home – Forsyth. According to the 2021 License Renewal Application for these PruittHealth offices have full-time administrator positions that are essential to operate home health offices in counties similar to Mecklenburg. The full-time status of these administrator positions can also be confirmed by calling:

Shelley Timberlake, Administrator
PruittHealth @ Home – Forsyth
(336) 515-1491

Sodonnie Howell-Warren, Administrator
PruittHealth @ Home – Forsyth
(919) 838-2768

Criterion 8 Comment:

PruittHealth fails to conform to Criterion 8 because the payment terms for the Healthcare Provider Services Contract in Exhibit I.1 are inconsistent with the operating budget for the proposed project. The following is the excerpt of ARTICLE 2 from Exhibit I.1:

ARTICLE 2.

CONTRACTOR FEE

2.1. Contractor Services. During each year or part thereof for the term hereof, Contractor shall receive from Provider a fee (the "Fee") equal to [five and fifty-one hundredths percent (5.51%)] of the Net Operating Revenues collected on an accrual basis by the Agency for each such year. "Net Operating Revenues" shall be defined in accordance with Sound Principles. Net Operating Revenues shall not include: (1) any cash or non-cash proceeds received by the Agency from the sale, financing, refinancing, hypothecation, or assignment of any leasehold or other interest in the Agency or the personal property located thereon or (2) any other investment, transfer, restructuring, consolidation or other event not in the ordinary course of business; provided, however, that this exclusion shall not apply to the prospective effect of any prior or future judgment or settlement regarding reimbursement rates for the Agency. Net Operating Revenues shall include any income attributable to any licensure rating, incentive payment, or incentive program.

However, the Operating Cost Worksheet in the PruittHealth Section Q shows that the application **only budgets 5% of total net income** for the Healthcare Services Provider Contract. Based on these 5.51% versus 5 percent discrepancy, the applicant fails to demonstrate that it "will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services" as required by CON Review Criterion 8.

PruittHealth Financial Discrepancy in Exhibit I.1 and Form F.3b Provider Services Fee	**YR 1**	**YR 2**	**YR 3**
Total Net Revenue per F.2b	713,719	1,954,552	2,938,473
Contract Amount Based on 5.51% per Exhibit I.1	**39,326**	**107,696**	**161,910**
Amount shown in PruittHealth Form F.3b based on 5.0%	35,687	97,728	146,924
Amount of Expenses Understated for Provider Services Fee in Form F.3b	**3,639**	**9,968**	**14,986**

The above variance in projected expenses is relevant because the application Form F.2b projects loss from operations -347,740, in Year 1 and a minimal gain of only $8,806 in Year 2. Because PruittHealth does not project sufficient gains from operations in Years 1 and 2 to pay the **full 5.51%** for the Provider Services Agreement the scope of services that are described in the application and Exhibit I.1 would not be available to support the implementation of the proposed home health office.

Comments Regarding Criterion 13(c)

The PruittHealth application is non-conforming to CON Criterion (13c) because the payor mix projections are based on unreasonable operational projections as discussed in the Criterion 3 comments. It is also unreasonable for PruittHealth to project its payor mix of patients based on its analysis of existing providers because PruittHealth is not proposing to serve the large numbers of pediatric Medicaid patients that are served by Atrium Health (HC1038) and Interim (HC1901); these two home health providers skew the group average for Medicaid percentages. The PruittHealth application fails to identify specific referral sources in Mecklenburg County that will support its Medicaid home health utilization to reach the 15% projection. The application fails to document that its existing PruittHealth @ Home offices in Wake and Forsyth Counties provide service to pediatric patients and maintain high overall percentages of Medicaid patients. Therefore, the PruittHealth payor mix projections are contrived because they not based on reasonable assumptions or the applicant's own experience in similar markets.

Comments Regarding Criterion 18(a)

PruittHealth does not adequately demonstrate how any enhanced competition will have a positive impact on the cost-effectiveness of the proposal.

- PruittHealth does not adequately demonstrate the need the population proposed to be served has for the proposed project. The discussion regarding need found in Criterion (3) is incorporated herein by reference.
- The applicant does not adequately demonstrate that the projected utilization is based on reasonable and adequately supported assumptions. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- The application fails to demonstrate that the financial feasibility of the project is based on reasonable and adequately supported assumptions. The discussion regarding financial feasibility in Criterion (5) are incorporated herein by reference.
- The proposed project is doomed to fail due to insufficient leadership, inadequate financial support and fatal flaws in the financial projections.

For all of these reasons, the PruittHealth application should be disapproved.

Comments Regarding Criterion 20

As seen in Attachment B, PruittHealth @ Home -Wake received an **Immediate Jeopardy** determination for not providing services that were ordered by a physician within the eighteen-month period prior to the submittal of its CON application. While PruittHealth submitted a plan of correction that was accepted, the immediate jeopardy determination indicates a serious lapse in quality of care. For this reason, PruittHealth has not adequately demonstrated that it has the systems and resources to effectively manage the quality of care of its existing home health offices. Thus, it would be imprudent to approve PruittHealth to develop the proposed additional home health office project in Mecklenburg County at this time.

Comments Regarding Well Care Home Health (Well Care) F-012071-21, FID # 210267

The Well Care application should be found non-conforming to CON Criteria 1, 3, 4 and 6. The applicant's methodology and assumptions for its projected utilization are unreasonable and lack adequate support. As discussed in the application, Well Care's existing home health agency (HC5130) in Charlotte has struggled to implement services during 2019 and 2020 due to the COVID-19 pandemic. In spite of being operational for two years, Well Care has yet to reach its projected Year 1 projections. Since the existing agency is still in development and not yet financially stable, the proposed new Well Care office will negatively impact its existing agency by diverting resources and shifting utilization that could otherwise be served by the existing office.

Well Care unreasonably projects that its new proposed home health office will achieve higher growth in utilization as compared to the actual utilization trend for its existing Mecklenburg office. Well Care's methodology and assumptions are unreasonable because:

1. Well Care's patient origin projections are unreasonable based on overinflated numbers of patients from Lincoln and Union Counties where the existing Well Care Home Health office served a <u>combined total of less that 10 patients</u> in the previous year. Based on this small number of patients served by the current office it is unreasonable to project that the proposed new office will serve <u>300% to 600% higher numbers of patients</u> in its initial years of operation.
2. The 2021 License Renewal Application for the existing Well Care Home Health office (HC5130) in Mecklenburg reported a total of 72 patients for the period from October 1, 2019 to September 31, 2020. This is far less than the volumes projected in the applicant's 2017 CON application. While the current application explains that COVID-19 caused difficulties in implementing the proposed project, the current application fails to document a commitment to accept COVID-19 patients in future years.
3. Well Cares forecasts that its existing office (HC5130) is expected to serve 504 admissions in the current year (FF2021). However, the is not relevant because these projections include many projected patients from outside of Mecklenburg County that are highly speculative. The application fails to demonstrate that its existing office will reach the 325 patients, which is the "placeholder number" from within Mecklenburg County in the current year or sometime in 2022.
4. Well Care's market share projections on page 139 (Section Q) for the proposed project are unreliable because its existing office (HC5130) currently holds minimal market share in most of the target zip codes for the proposed new office. While the existing Well Care office has now obtained CMS certification and is establishing contracts with insurance companies, the proposed new home health office will not immediately obtain CMS certification and insurance agreements will likely be delayed in 2023 based on historical experience. Residents in the high population zip codes 28216 and 28211 are already in close proximity to the existing Well Care office which will have the ability to serve all payor categories of patients in 2023. It doesn't make sense to shift future potential home

patients for these zip codes to the proposed new office until the new office has full capabilities and can serve all payors.

5. Well Care's historical experience in Wake County as discussed in the application is not comparable to the existing office and proposed project in Mecklenburg County; the existing Well Care Home Health agency in Wake County served 10 times more patients and Well Care's new home health office that was approved in 2019 for Wake County (CON I.D.# J-11615-18) has no reported utilization.
6. The utilization projections for the proposed project are unreliable because the applicant proposes very limited leadership (0.50 FTE proposed vs 1.0 FTE for Director of Operations for CON I.D.# J-11615-18) and meager nursing staff as compared to the Well Care Home Health Project in Wake County. The substandard staffing levels in Years 1 and 2 demonstrate that the proposed office will be unable to accommodate referrals for complex patients. Therefore, the projected shift of patients from the existing Mecklenburg home health office with more robust staffing is not based on reasonable assumptions.

Due to these unreasonable utilization projections, the Well Care application is non-conforming to Criteria 1 and 3. Unreasonable utilization projections cause non-conformity to Criterion 1 and Policy GEN 3 because the proposal fails to demonstrate that the project will maximize value.

The Well Care application is non-conforming to Criterion 4 because it is not an effective alternative. Section E of application fails to discuss why the proposed project would be an effective alternative when the existing Well Care Home Health Office HC5130 has served only **0.22** percent market share for Mecklenburg County based on 38 patients in the previous year.

Well Care does not conform to Criterion 6 because the application fails to provide the utilization projections and market share assumptions for its existing office for 2023 to 20235 to demonstrate how the proposed project does not represent unnecessary duplication. It is unreasonable for Well Care to assume that it can achieve tremendous growth in utilization for the proposed new home health office without decreasing the numbers of unduplicated patients at its existing office (HC5130).

Comments Regarding Criterion 5

The Well Care application is non-conforming to CON Criterion 5 because the financial projections are based on unreasonable utilization projections as discussed in Criterion 3.

Well Care projects to employ a 0.5 FTE Director of Operations for the proposed project which is insufficient because it is 50% less than the management and leadership position for Well Care's existing home health agency (HC5130) which is still struggling to be financially viable. As discussed in the Criterion 7 comments, salary expenses are based on the unsupported 6.0 RN Visits per Day, the 7.0 LPN visits per day and the 7.0 Nurse Aide Visits per Day.

The following tables provides a summary of the understated expenses for Salaries:

Well Care Summary of Understated Salary Amounts	**YR 1**	**YR 2**	**YR 3**
Director of Operations Salary for 1.0 FTE	103,988	106,588	109,252
Form H Director of Operations for 0.50 per Form H	51,994	53,294	54,626
Understated Salary Expense Amount	**51,994**	**53,294**	**54,626**
RN Salary Expense Based on 6.0 Visits / Day	**59,100**	**131,251**	**206,973**
Understated Salary Amount Based on 5.05 Visits / Day (19.3% Variance)	**11,406**	**25,331**	**39,946**
LPN Salary Expense Based on 7.0 Visits / Day	32,177	72,559	121,700
Understated Salary Amount Based on 6.51 Visits / Day (7.5% Variance)	**2,413**	**5,442**	**9,128**
Nurse Aide Salary Expense Based on 7.0 Visits / Day	8,400	17,220	26,476
Understated Salary Amount Based on 6.51 Visits / Day (7.5% Variance)	**630**	**1,292**	**1,986**
Total Estimated Salary Amounts for the Above Positions	**66,444**	**85,359**	**105,685**

The Form F.3 assumptions unreasonably budget a minimal amount of Corporate Support services based on 2% of net revenue which is inconsistent with the extensive list of services that it claims to offer including Medical Records & Performance Improvement, Accounting, Billing & Business Office, Education/Training, Corporate Compliance, Information Technology/data processing, Central Intake & Registration, Human Resources, Development, Corporate Marketing, and Infusion Therapy Support. The 2% assumption amount is unsupported and unreasonable.

Well Care unreasonably predicts that it will be extremely profitable with a net income of over $1,000,000 in the third year of operations based on a net revenue figure of $2.65. Sky high profits for the proposed new office are not rational when the existing Well Care Home Health office in Mecklenburg has not yet achieved any of its operational projections. The following table shows the CON projections as compared to the actual financial performance for the first year of operation for the existing Well Care office in Charlotte (CON Project ID # F-11341-17).

Well Care CON	**YR 1**	**YR 2**	**YR 3**
Projection Unduplicated Patients	242	492	818
Average Net Revenue Per Patient	1,633	3,239	3,231
Operating Expense per Patient	3,036	2,394	2,007

Annual Report for Well Care F-11341-17	**FY 2020**
Unduplicated Patients	132
Average Net Revenue Per Patient	1,400
Operating Expense per Patient	7,000

In its current CON application, Well Care unreasonably projects higher net revenue per unduplicated patient and far less operating expense per patient as compared to its actual experience. Previously, most of Well Care's home health offices have been obtained through

acquisition. Since Well Care lacks experience in implementing new home health offices, financial projections are not reasonable and adequately supported for CON F-012071-21.

Please see the Attachment C for the copy of the annual reports for the previous Well Care Home Health of the Piedmont. For CON Project ID # F-11341-17.

Comments Regarding Criterion 7

Well Care proposes only 0.5 FTE for Director of Operations for the proposed project which is unreasonable because the previously-approved Well Care Home Health office in Mecklenburg included a 1.0 FTE Director to implement the new office which has struggled during its initial years of operation. The applicant fails to demonstrate that 0.5 FTE for this position is reasonable given the challenges that delayed Well Care's existing home health agency (HC5130).

The Staffing levels are based on unsupported assumptions regarding 6.0 RN Visits per Day, 7.0 LPN visits per day and 7.0 Nurse Aide Visits per Day. These visits per day are not reliable due to traffic congestion in Charlotte that is documented on pages 54 to 55 of the Well Care application. For purposes of comparison, the staffing for Well Care's existing home health agency (HC5130) documented that it would expect 5.03 RN Visits per day and 6.51 LPN visits per day and 6.51 LPN Visits per Day. Based on these unexplained staffing variances, the proposed new office will not have staff resources to provide the same intensity and average duration of patient visits as compared to the existing office. The following tables demonstrates that the proposed new Well Care office is unreasonably projected to provide higher numbers of visits per day which will be at least 7.5% to 19.3% shorter in duration.

Visits per Day Projections	Previous Mecklenburg CON	Proposed Project	Unfavorable % Variance
	F-11341-17	F-012071-21	Visits / Day
RN	5.03	6.0	19.3%
LPN	6.51	7.0	7.5%
Nurse Aide	6.51	7.0	7.5%

The higher visits per day projection is also unreasonable because it will require more intervals of driving per day which further cuts into the amount of direct care time that patients receive. Given this unreasonable reduction in the duration of nursing visits, the proposed project will shortchange patient care and undermine patient outcomes.

Well Care's unrealistically high visits per day projections enables the applicant to predict excessive salaries in hopes of winning points in the CON comparative analysis. However, the application fails to demonstrate that it will be able to recruit and retain nursing staff with these unachievable visits per day requirements that exceed the requirements for Well Care's existing office as well as those for other home health providers.

Comments Regarding Criterion 13(c)

Well Care's application is non-conforming to CON Criterion (13c) because the payor mix projections are based on unreasonable operational projections as discussed in the Criterion 3 comments. It is also unreasonable for Well Care to project its payor mix of patients based on adjustments to its historical payor mix because the existing Mecklenburg home health office experienced delays in establishing contracts with payors as discussed on page 51 of the application. Therefore, the historical data is skewed by small numbers of patients and incomplete access by all payors.

Comments Regarding Criterion 18(a)

Well Care fails to adequately demonstrate how any enhanced competition will have a positive impact on the cost-effectiveness of the proposal.

- Well Care does not adequately demonstrate the need the population proposed to be served has for the proposed project based on reasonable assumptions. The discussion regarding need found in Criterion (3) is incorporated herein by reference.
- The applicant does not adequately demonstrate that the projected utilization is based on reasonable and adequately supported assumptions. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- Well Care fails to demonstrate that the financial feasibility of the project is based on reasonable and adequately supported assumptions as seen in the Criterion (5) comments that are incorporated herein by reference.
- Staffing projections show substandard 0.5 FTE for the Director of Operations and unreasonably high visits per day requirements for the staff causing the proposal to lack adequate resources to effectively compete. The discussion regarding projected staffing found in Criterion (7) is incorporated herein by reference.

For all of these reasons, the Well Care application cannot be approved.

ATTACHMENTS

Aldersgate Comments - Attachment A. Excerpt from Nursing Home Beds in Nursing Homes Patient Origin by Facility, https://info.ncdhhs.gov/dhsr/mfp/pdf/por/2020/17-Facility_NHBeds_inNH-2020.pdf

Legal Entity
Address City Zipcode Service Location
Patient Origin Number of Patients % of Total

Martin	1	0.28%
Total:	358	

Accordius Health at Charlotte

5939 Reddman Road

Charlotte 28212-1654 **Mecklenburg**

Mecklenburg	187	85.78%
Cabarrus	5	2.29%
Lincoln	5	2.29%
Union	5	2.29%
South Carolina	3	1.38%
Gaston	2	0.92%
Virginia	2	0.92%
Cleveland	2	0.92%
Wake	2	0.92%
Buncombe	1	0.46%
Nash	1	0.46%
Forsyth	1	0.46%
Robeson	1	0.46%
Stanly	1	0.46%
Total:	218	

Accordius Health at Midwood

2727 Shamrock Drive

Charlotte 28205-2215 **Mecklenburg**

Mecklenburg	66	94.29%
Forsyth	2	2.86%
Cumberland	1	1.43%
Cabarrus	1	1.43%
Total:	70	

Asbury Health and Rehabilitation Cen

3211 Bishops Way Lane

Charlotte 28215-3298 **Mecklenburg**

Mecklenburg	714	90.04%
Other/Unknow	21	2.65%
Cabarrus	17	2.14%
Union	13	1.64%
Gaston	10	1.26%
South Carolina	9	1.13%
Stanly	5	0.63%
Nash	1	0.13%
Onslow	1	0.13%
Virginia	1	0.13%
Georgia	1	0.13%
Total:	793	

Autumn Care of Cornelius

19530 Mount Zion Parkway

Cornelius 28031- **Mecklenburg**

Mecklenburg	370	62.39%
Iredell	151	25.46%
Lincoln	23	3.88%
Gaston	16	2.70%
Cabarrus	11	1.85%
Catawba	6	1.01%
Other/Unknow	2	0.34%
Rowan	2	0.34%
Stanly	1	0.17%
Guilford	1	0.17%
New Hanover	1	0.17%
Clay	1	0.17%
Caldwell	1	0.17%
Burke	1	0.17%
Buncombe	1	0.17%
Brunswick	1	0.17%
Wayne	1	0.17%
Wilkes	1	0.17%
Anson	1	0.17%
Rutherford	1	0.17%
Total:	593	

Brookdale Carriage Club Providence

5804 Old Providence Road

Charlotte 28226- **Mecklenburg**

Mecklenburg	144	100.00%
Total:	144	

Carrington Place

600 Fullwood Lane

Matthews 28105-3090 **Mecklenburg**

Mecklenburg	477	81.68%

Thursday, August 20, 2020 Page 56 of 100

PruittHealth Comments – Attachment B. DHSR Immediate Jeopardy Survey

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 01/18/2021
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	347251	A. BUILDING _____ B. WING _____	C 01/06/2021

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
PRUITTHEALTH AT HOME - WAKE	513 EAST WHITAKER MILL ROAD RALEIGH, NC 27608

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
G 000	INITIAL COMMENTS An onsite complaint investigation was conducted January 4-6, 2021. The complaint was substantiated. Immediate Jeopardy was identified on 01/05/21 at 1:46 p.m. beginning 11/23/20 and was cited at G710- Providing services that are ordered by the physician as indicated in the plan of care. Then immediate jeopardy was abated on January 6, 2021 but continued at a lower level with condition and standard level non-compliance. The agency was notified of the immediate jeopardy on January 5, 2021 at 1:46 p.m. Patient #1 had multiple wounds on the back, buttock and hip. Patient #1 was admitted on 11/18/20. The agency conducted the admit visit on 11/18/20 and two additional skilled nursing visits on 12/01/20 and 12/03/20 which were not in the record as of 01/04/21. According to the plan of care, the agency was to perform the dressing changes 2 times per week. The agency failed to conduct skilled nursing visits the week of 11/22/20 as ordered by the physician, a total of two visits. Missed visits were done for 12/7/20 and 12/10/20 which were not documented in the record. The patient was discharged on 12/10/20. The agency failed to notify the physician of the changes in the plan of care and failed to have documentation completed in the record in a timely manner. The immediate jeopardy was abated on 01/06/21 at 2:26 p.m. The deficient practice remains at a lower level. The condition of Skilled Professional Services is not met based on policy review, clinical record review, and staff interview. The agency failed to provide care in accordance with the condition of skilled professional services for 1 of 3 patients reviewed (#1).	G 000	**G700** Plan of Corrective Action: - Adherence with scheduling visits via HCHB as ordered. HCHB workflow managed daily per PruittHealth@Home process. Administrator and BOM to monitor scheduling throughout the day and ensure it is up to date. Ensure compliance with all scheduling for the next day is completed before BOM and Scheduler leave for the day. - Adherence with performing visits per ordered plan of care within HCHB per process. - Review Daily Census meeting process with the Administrator/Clinical Manager/ Business Office Manager- BOM. To include obtaining HCHB Agency Summary Report to reconcile clinicians with no orders, incomplete visits and the Client No visit report. • This report will identify all visits not completed, allows the agency (Administrator, Clinical Manager, Business Office Manager- BOM) to reconcile incomplete/completed visits. • Administrator/Clinical Manager will follow-up with the clinician to ensure visit documentation is completed timely. No further visits will be scheduled with the clinician until all documents are completed satisfactorily. **1/21/2021- Process compliance at 100%.** **Re-evaluate 2/4/2021 compliance.** - Adherence with following wound processes to include, compliance with wound treatment orders, performing weekly wound measurements, and communicating with physician with any declines in measurements. - Adherence with the required HCHB wound visit documentation. Specifically, to note, wound treatment performed, utilizing aseptic procedures, wound measurements, and the progression/decline noted to the wound sites. - Adherence with documenting the changes noted within the wound beds, coordination of care with the physician and verbal orders received. - Adherence with PruittHealth@Home policy regarding attempted and/or missed visits. Specifically, coordination with the physician with missed visits regardless of the reason. • **On-Going monitoring - Weekly reviews.**	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE: Kellei Hussem, RN — TITLE: Administrator — (X6) DATE: January 25, 2021

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

Angela Huffman, MSN RN Nurse Consultant 1/25/21

FORM CMS-2567(02-99) Previous Versions Obsolete — Event ID: XF3M11 — Facility ID: 100413 — If continuation sheet Page 1 of 8

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 01/19/2021
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	347251	A. BUILDING _____ B. WING _____	C 01/06/2021

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
PRUITTHEALTH AT HOME - WAKE	513 EAST WHITAKER MILL ROAD RALEIGH, NC 27608

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
G 700	Skilled professional services CFR(s): 484.75 Condition of participation: Skilled professional services. Skilled professional services include skilled nursing services, physical therapy, speech-language pathology services, and occupational therapy, as specified in §409.44 of this chapter, and physician and medical social work services as specified in §409.45 of this chapter. Skilled professionals who provide services to HHA patients directly or under arrangement must participate in the coordination of care. This CONDITION is not met as evidenced by: The condition is not met based on policy review, agency document review, clinical record review, and staff interviews. The agency failed to conduct visits according to the Plan of Care and to document 2 of 3 skilled nursing visits conducted for 1 of 1 patients with wounds (#1) Cross refer to : 484.75(b)(3) tag G710 484.75(b)(6) tag G716	G 700	- Review the following policies with clinical partners: • Home Health Plan of Care • Physicians Orders • Coordination and Management of Home Health • Home Health Attempted and Missed Visits **Compliance achieved 100% on January 12, 2021 via TEAMS. (Partner sign in sheets available for review).** - Utilizing HCHB, review 100% of wound care patients on census for compliance related to: • Plan of Care treatment orders, and • Visit frequencies (from start of episode to current date) • Supporting documentation of communication with physician on any missed visits. **On-Going monitoring- Weekly review.** - Formal disciplinary action will be taken with partner #4 to include reporting to the agency on January 6 a.m. to complete all incomplete documentations. Partner's personnel file will be reviewed for prior disciplinary action and further action taken as appropriate. **Partner termed on January 19, 2021.** Monitoring - 100% of clinical records with wound treatment orders/ visits/measurements will be reviewed until 100% accuracy is achieved. Responsible Persons - Administrator, Clinical Manager, Business Office Manager (BOM)	02/07/2021
G 710	Provide services in the plan of care CFR(s): 484.75(b)(3) Providing services that are ordered by the physician as indicated in the plan of care; This ELEMENT is not met as evidenced by: Based on policy review, client record review and staff interview the agency failed to follow the plan of care related to skilled nursing visits for 1 of 1 patients with a wound (#1). Immediate Jeopardy was identified beginning 11/23/20 and was abated on 01/06/21 with an acceptable allegation of compliance. Findings included:	G 710	Plan of Corrective Action: - Adherence with scheduling visits via HCHB as ordered. HCHB workflow managed daily per process. Administrator and BOM to monitor scheduling throughout the day and ensure it is up to date. Ensure compliance with all scheduling for the next day is completed before BOM and Scheduler leave for the day. Adherence with performing visits per ordered plan of care within HCHB per process. • **Admin reviewed on 1/5 and 1/6 with BOM, TA, and CM to monitor scheduling throughout the day and ensure it is up to date. Ensure compliance with all scheduling for the next day is completed before BOM and Scheduler leave for the day.**	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 01/19/2021
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	347251	A. BUILDING _____ B. WING _____	C 01/06/2021

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
PRUITTHEALTH AT HOME - WAKE	513 EAST WHITAKER MILL ROAD RALEIGH, NC 27608

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
G 710	Continued From page 2 Review of a policy "Plans of Care for Home Health Patients", revised 12/01/17 was received from Employee #1 on 01/05/21 at 9:40 a.m. The policy stated," ....the hha (home health agency) must promptly alert the physician who is responsible for the hha plan of care to any changes in the patient's condition or needs that suggest that outcomes are not being achieved and/or that the plan of care should be altered ...". Patient #1 referral was made to the home health agency on 11/10/20. RN (registered nurse) went to admit Patient #1 on 11/11/20 and sent the patient to the ED (emergency department) due to multiple wounds with green drainage. Patient #1 was admitted to the hospital on 11/11/20 and was discharged home on 11/17/20. Patient #1 was admitted to home health agency on 11/18/20 with diagnoses of pressure ulcer of right hip stage 3; pressure ulcer of unspecified part of back, stage 2; pressure ulcer of left buttock stage 2, pleural effusion, not specified; hemiplegia following cerebral infraction affection left side, and chronic pain syndrome . The plan of care for 11/18/20 to 01/16/21 had orders for skilled nursing 1 time a week for 1 week, then 2 times a week for 8 weeks with 3 as needed for skilled nurse to observe and assess integumentary status to identify changes and intervene to minimize complications. Skilled nurse to provide skilled teaching related to altered skin integrity including pathophysiology , nutrition, medication regimen, and bed bound status. Skilled nurse to perform/teach pressure ulcer care to back (#1 &2), right hip/buttock (#3), and left buttock (#4 &5) as follows: wash back with soap and water, pat dry, apply lotion to healthy skin irrigate wound beds with NS (normal saline) apply foam	G 710	- Review Daily Census meeting process with the Administrator/Clinical Manager/ Business Office Manager- BOM. To include obtaining HCHB Agency Summary Report to reconcile clinicians with no orders, incomplete visits and the Client No visit report. • **This report will identify all visits not completed, allows the agency (Administrator, Clinical Manager, Business Office Manager-BOM) to reconcile incomplete/completed visits Completed on 1/5/21 and 1/6/21.** - Administrator/Clinical Manager will follow-up with the clinician to ensure visit documentation is completed timely. No further visits will be scheduled with the clinician until all documents are completed satisfactorily. • **Met with RN this morning 1/8 and discussed follow up visits and documentation completed timely.** - Adherence with following wound processes to include, compliance with wound treatment orders, performing weekly wound measurements, and communicating with physician with any declines in measurements. - Adherence with the required HCHB wound visit documentation. Specifically, to note, wound treatment performed, utilizing aseptic procedures, wound measurements, and the progression/decline noted to the wound sites. - Adherence with documenting the changes noted within the wound beds, coordination of care with the physician and verbal orders received. - Adherence with policy regarding attempted and/or missed visits. Specifically, coordination with the physician with missed visits regardless of the reason. • **Met with nursing staff via Teams on 1/8/21 at 2pm.** - Formal disciplinary action will be taken with partner #4 to include reporting to the agency on January 6 a.m. to complete all incomplete documentations. Partner's personnel file will be reviewed for prior disciplinary action and further action taken as appropriate. • **Partner termed on January 19, 2021.**	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 01/19/2021
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	347231	A. BUILDING _____ B. WING _____	C 01/06/2021

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
PRUITTHEALTH AT HOME - WAKE	513 EAST WHITAKER MILL ROAD RALEIGH, NC 27608

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
G 710	Continued From page 3 bordered dressing to back and left buttock (#1,2, 4 &5) apply vashe (wound cleanser) soaked gauze to right hip/buttock (#3) cover with dry gauze, secure with tape. Review of the clinical record revealed only 1 skilled nursing visit was documented in the record which was the admission visit on 11/18/20. Nursing visits were not completed for the week of 11/22/20 as ordered. The visits for 12/01/20 and 12/03/20 completed by Employee #4 were not documented in the record. Patient discharged to another agency on 12/11/20 per patient request. Interview on 01/04/21 at 3:12 p.m. with Employee #1 "..., so everything on the clinical end was completed on 11/24/20 and at that point it was sent to the scheduler to schedule for the next week and sat in that workflow until 11/30/20 and the visits were missed." Interview on 01/05/21 at 9:57 a.m. with Employee #4 revealed " ...Yes, I saw him twice on 12/1/20 and 12/3/20 ...". Allegation of Compliance Agency failed adherence with the plan of care as ordered by the physician for patient #1, specifically in following the ordered visit frequency, performing the wound treatment ordered, obtaining wound measurements, communicating the progression of the wound measurements to physician, and completing documentation per Pruitt Health @Home policies/processes. Plan of Corrective Action- - Adherence with scheduling visits via HCHB as ordered. HCHB workflow managed daily per	G 710		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 01/19/2021
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	347251	A. BUILDING _____ B. WING _____	C 01/08/2021

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
PRUITTHEALTH AT HOME - WAKE	613 EAST WHITAKER MILL ROAD RALEIGH, NC 27608

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
G 710	Continued From page 4 process. Administrator and BOM to monitor scheduling throughout the day and ensure it is up to date. Ensure compliance with all scheduling for the next day is completed before BOM and Scheduler leave for the day. Adherence with performing visits per ordered plan of care within HCHB per process.- - Admin reviewed on 1/5 and 1/6 with BOM, TA, and CM to monitor scheduling throughout the day and ensure it is up to date. Ensure compliance with all scheduling for the next day is completed before BOM and Scheduler leave for the day. - Review Daily Census meeting process with the Administrator/Clinical Manager/ Business Office Manager- BOM. To include obtaining HCHB Agency Summary Report to reconcile clinicians with no orders, incomplete visits and the Client No visit report. o This report will identify all visits not completed, allows the agency (Administrator, Clinical Manager, Business Office Manager-BOM) to reconcile incomplete/completed visits. Completed on 1/5 and 1/6 o Administrator/Clinical Manager will follow-up with the clinician to ensure visit documentation is completed timely. No further visits will be scheduled with the clinician until all documents are completed satisfactorily. Met with RN this morning 1/6 and discussed follow up visits and documentation completed timely - Adherence with following wound processes to include, compliance with wound treatment orders, performing weekly wound measurements, and communicating with physician with any declines in measurements. - Adherence with the required HCHB wound	G 710		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 01/19/2021
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	347251	A. BUILDING _____ B. WING _____	C 01/06/2021

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
PRUITTHEALTH AT HOME - WAKE	913 EAST WHITAKER MILL ROAD RALEIGH, NC 27608

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
G 710	Continued From page 5 visit documentation. Specifically, to note, wound treatment performed, utilizing aseptic procedures, wound measurements, and the progression/decline noted to the wound sites. - Adherence with documenting the changes noted within the wound beds, coordination of care with the physician and verbal orders received. - Adherence with policy regarding attempted and/or missed visits. Specifically, coordination with the physician with missed visits regardless of the reason. - Formal disciplinary action will be taken with partner #4 to include reporting to the agency on January 6-a.m. to complete all incomplete documentations. Partner's personnel file will be reviewed for prior disciplinary action and further action taken as appropriate. - Met with nursing staff via Teams on 1/6 at 2pm. Monitoring- - 100% of clinical records with wound treatment orders/visits/measurements will be reviewed from 11/15/20 through 12/15/20 until 100% accuracy is achieved. Performed on 1/6. Responsible Persons- Administrator, Clinical Manager, Business Office Manager (BOM)	G 710		
G 716	Preparing clinical notes CFR(s): 484.75(b)(6) Preparing clinical notes; This ELEMENT is not met as evidenced by: Based on policy review, client record review and staff interview the agency failed to document skilled nursing visits in the clinical record for 1 of 1 patients with a wound (#1). Review of a policy "Plans of Care for Home	G 716	Plan of Corrective Action - **Related Policies:** • **Home Health Plan of Care** • **Home Health Assessment and Reassessment Home Health** • **Coordination and Management of Home Health** • **Home Health Attempted and Missed Visit** • **Physicians Orders** **100% Compliance achieved January 12, 2021.**	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 01/19/2021
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	347251	A. BUILDING _____ B. WING _____	C 01/08/2021

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
PRUITTHEALTH AT HOME - WAKE	613 EAST WHITAKER MILL ROAD RALEIGH, NC 27608

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
G 716	Continued From page 6 Health Patients", revised 12/01/17 was received from Employee #1 on 01/05/21 at 9:40 a.m. The policy stated," ....the hha must promptly alert the physician who is responsible for the hha plan of care to any changes in the patient's condition or needs that suggest that outcomes are not being achieved and/or that the plan of care should be altered ...". Client #1 was admitted on 11/18/20 with diagnoses of pressure ulcer of right hip stage 3; pressure ulcer of unspecified part of back, stage 2; pressure ulcer of left buttock stage 2, pleural effusion, not specified; hemiplegia following cerebral infarction affection left side, and chronic pain syndrome . The plan of care for 11/18/20 to 01/16/21 had orders for skilled nursing 1 time a week for 1 week, then 2 times a week for 8 weeks with 3 as needed for skilled nurse to observe and assess integumentary status to identify changes and intervene to minimize complications. Skilled nurse to provide skilled teaching related to altered skin integrity including pathophysiology , nutrition, medication regimen, and bed bound status. Skilled nurse to perform/teach pressure ulcer care to back (#1 &2), right hip/buttock (#3), and left buttock (#4 &5) as follows: wash back with soap and water, pat dry, apply lotion to healthy skin irrigate wound beds with NS (normal saline) apply foam bordered dressing to back and left buttock (#1,2, 4 &5) apply vashe (wound cleanser) soaked gauze to right hip/buttock (#3) cover with dry gauze, secure with tape. Review of the clinical record revealed no documentation for SN visits on 12/01/20 and 12/3/20 by Employee #4. Missed visits were to be done by Employee #4 on 12/07/20 and 12/10/20.	G 716	- Adherence with performing visits per ordered plan of care within HCHB per process. - Adherence with following wound processes to include, compliance with wound treatment orders, performing weekly wound measurements, and communicating with physician with any declines in measurements. • **Re-evaluate weekly.** - Adherence with documenting the changes noted within the wound beds, coordination of care with the physician and verbal orders received. - Adherence with PruittHealth@Home policy regarding attempted and/or missed visits. Specifically, coordination with the physician with missed visits regardless of the reason. • **Re-evaluate weekly.** - **Review Daily Census meeting process** with the Administrator/Clinical Manager/ Business Office Manager- BOM. To include obtaining HCHB Agency Summary Report to reconcile clinicians with no orders, incomplete visits and the Client No visit report. • **Process in-place currently achieved 100% compliance.** Monitoring - 100% of clinical records with wound treatment orders/visits/measurements/missed visits will be reviewed until 100% accuracy is achieved. Responsible Persons - Administrator, Clinical Manager, Business Office Manager (BOM).	02/07/2021

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 01/19/2021
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	347251	A. BUILDING _____ B. WING _____	C 01/06/2021

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
PRUITTHEALTH AT HOME - WAKE	813 EAST WHITAKER MILL ROAD RALEIGH, NC 27608

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
G 716	Continued From page 7 These notes were not in the record. Interview on 01/05/21 at 9:57 a.m. with Employee #4 revealed "Yes, I saw him twice on 12/1/20 and 12/3/20", and missed 12/7/20 and 12/10/20 ,the visits were missed because he had a colonoscopy, and the other was because another agency was seeing him".	G 716		

Well Care Comments - Attachment C. Well Care Progress Report for FY 2020

Faenza, Julie M

From:	Faenza, Julie M
Sent:	Tuesday, March 30, 2021 10:07 AM
To:	'Zac Long'
Cc:	Alex Harris; Ian Swank
Subject:	Annual Progress Report Response/Next Due - Project I.D. #F-11341-17 (Well Care Home Health of the Piedmont)
Attachments:	Annual Project Report Form.docx

Thanks, Zac – if I forget to include them, please remind me!

VIA EMAIL ONLY

March 30, 2021

Zac Long
zlong@wellcarehealth.com

Acknowledgement of Receipt of Annual Report and Next Annual Report Due

Project ID #:	F-11341-17
Facility:	Well Care Home Health of the Piedmont
Project Description:	Develop a new Medicare-certified home health agency office
County:	Mecklenburg
FID #:	170194

Dear Mr. Long:

Thank you for your annual report dated March 30, 2021 on the above referenced project. Your next annual report will be due no later than **April 1, 2022**.

Please do not hesitate to contact me if you have any questions regarding this project.

Please refer to the Project ID # and Facility ID # (FID) in all correspondence.

Sincerely,

Julie M. Faenza

Julie M. Faenza
Project Analyst, Certificate of Need

Attachment

Julie M. Faenza, Esq.
Project Analyst, Certificate of Need
Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section
NC Department of Health and Human Services
Office: 919-855-3873
Julie.Faenza@dhhs.nc.gov
Pronouns: She/her/hers

1

Help protect your family and neighbors from COVID-19.
Know the 3 Ws. Wear. Wait. Wash.
#StayStrongNC and get the latest at nc.gov/covid19.

Twitter | Facebook | Instagram | YouTube | LinkedIn

From: Zac Long <zlong@wellcarehealth.com>
Sent: Tuesday, March 30, 2021 8:52 AM
To: Faenza, Julie M <Julie.Faenza@dhhs.nc.gov>
Cc: Alex Harris <aharris@wellcarehealth.com>; Ian Swank <iswank@wellcarehealth.com>
Subject: [External] RE: Annual Progress Report Reminder - Project I.D. #F-11341-17 (Well Care Home Health of the Piedmont)

Julie, see the project report form for Well Care Home Health of the Piedmont attached.
Note that Alex Pepin is no longer with Well Care, please include Alex Daniels and Ian Swank on CON related correspondence.

Hope you and team are well!
--
Zac Long, JD, MHA
CEO | Well Care Health
Direct: 919-846-1018 x321 | zlong@wellcarehealth.com
www.WellCareHealth.com
LinkedIn

Keeping our communities healthy, happy, and at home.

Well Care
HEALTH

From: Faenza, Julie M <Julie.Faenza@dhhs.nc.gov>
Sent: Monday, March 1, 2021 8:56 AM
To: Zac Long, CEO <zlong@wellcarehealth.com>; Alex Pepin <apepin@wellcarehealth.com>
Subject: Annual Progress Report Reminder - Project I.D. #F-11341-17 (Well Care Home Health of the Piedmont)

Dear Mr. Long:

Attached to this email is the Annual Project Report Form required to be completed pursuant to Condition #3 on the certificate of need. Please complete the form and email it to me no later than **March 31, 2021**.

If you have any questions, please do not hesitate to contact me.

Julie M. Faenza

Attachment

NC DEPARTMENT OF
HEALTH AND
HUMAN SERVICES
Division of Health Service Regulation

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
MARK PAYNE • Director

ANNUAL PROJECT REPORT FORM

Date: March 29, 2021

Contact Person: Zac Long, CEO

Contact Person's Phone: (919) 846-1018 x321

Contact Person's Email: zlong@wellcarehealth.com

Project I.D. #: F-11341-17

Facility Name: Well Care Home Health of the Piedmont

FID #: 170194

Project Description: Develop a new Medicare-certified home health agency in Mecklenburg County

Provide the following information for the most recent full fiscal year of operation for the above-referenced project:

A. Payor mix – Provide the number of patients, admissions or discharges by payor category for the services authorized in the certificate of need.

Payor Mix FY2020

Payor Category	Patients	% of Total
Medicare*	109	84.50%
Medicaid	16	12.40%
Commercial	4	3.10%
Total	**129**	**100.00%**

*Including Medicare managed care plans

B. Utilization – Provide the number of patients, admissions or discharges for the services authorized in the certificate of need.

Well Care Home Health of the Piedmont admitted 132 unduplicated patients in FY2020.

C. Revenues – For the services authorized in the certificate of need, provide:

NC DEPARTMENT OF
HEALTH AND
HUMAN SERVICES
Division of Health Service Regulation

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
MARK PAYNE • Director

1. Gross revenue

   $300,000

2. Average gross revenue per patient, admission or discharge

   $1,500

3. Net revenue

   $293,000

4. Average net revenue per patient admission or discharge

   $1,400

5. Net income for the services authorized in the certificate of need

   ($655,000)

D. Operating Expenses – For the services authorized in the certificate of need, provide:

1. Total operating expenses

   $335,000

2. Average total operating expense per patient, admission or discharge

   $7,000

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION
LOCATION: 809 Ruggles Drive, Edgerton Building, Raleigh, NC 27603
MAILING ADDRESS: 2704 Mail Service Center, Raleigh, NC 27699-2704
https://info.ncdhhs.gov/dhsr/ • TEL: 919-855-3873