



WRITTEN COMMENTS ON BRUNSWICK COUNTY

2023 MEDICARE-CERTIFIED HOME HEALTH AGENCY NEED DETERMINATION

SUBMITTED BY WELL CARE TPM, INC. / PROJECT ID O-012334-23

Well Care TPM, Inc. (Well Care) proposes to develop a home health agency in Brunswick County (Project ID No. O-012334-23). Four additional applications were submitted in response to the need determination in the 2023 State Medical Facilities Plan (“SMFP”) for one new Medicare-certified home health agency in Brunswick County:

Applicant / Project ID	Well Care Written Comments Begin on Page #
Novant Health Home Care-Brunswick (Novant) Project ID No. O-012316-23	13
3HC-Brunswick (3HC) Project ID No. O-012318-23	19
BAYADA Home Health Care, Inc (BAYADA) Project ID No O-012324-23	23
Healthview Home Health - Brunswick (Healthview) Project ID No. O-012336-23	26

These comments are submitted by Well Care in accordance with N.C. Gen. Stat. § 131E-185(a1)(1) to address the representations in the applications, including 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). Other non-conformities in the competing applications may exist. Nothing in these Comments is intended to amend the Well Care Application and nothing contained here should be considered an amendment to the Well Care Application as submitted.

COMMENTS REGARDING COMPARATIVE REVIEW

The following factors are suggested for all reviews regardless of the type of services or equipment proposed:

- Conformity with Statutory and Regulatory Review Criteria
- Scope of Services
- Historical Utilization
- Geographic Accessibility (Location within the Service Area)
- Access by Service Area
- Access by Underserved Groups: Charity Care
- Access by Underserved Groups: Medicaid
- Access by Underserved Groups: Medicare
- Competition (Access to a New or Alternate Provider)
- Projected Average Net Revenue per Patient, Procedure, Case, or Visit
- Projected Average Total Operating Cost per Patient, Procedure, Case, or Visit

The following additional factor is suggested for home health proposals:

- Average Number of Visits per Patient

Project Analysts have the discretion to apply additional factors based on the type of proposal.

Conformity to CON Review Criteria

Five CON applications have been submitted seeking one home health agency in Brunswick County. Based on the 2023 SMFP’s need determination for one additional home health agency, only one application can be approved. Only applicants demonstrating conformity with all applicable Criteria can be approved, and only the application submitted by Well Care demonstrates conformity to all Criteria:

Conformity of Competing Applications

Applicant	Project I.D.	Conforming/ Non-Conforming
Novant Health Home Care-Brunswick	O-012316-23	No
3HC-Brunswick	O-012318-23	No
BAYADA Home Health Care, Inc.	O-012324-23	No
Well Care TPM, Inc.	O-012334-23	Yes
Healthview Home Health - Brunswick	O-012336-23	No

The Well Care application for a new home health agency is based on reasonable and supported volume projections and adequate projections of cost and revenues. As discussed separately in this document, the competing applications contain errors and flaws which result in one or more non-conformities with statutory and regulatory review Criteria. Therefore, Well Care is the most effective alternative regarding conformity with the review criteria.

Scope of Services

Each of the five applications proposes developing a Medicare-certified home health agency in Brunswick County providing services, including skilled nursing, home health aide, therapy services, and medical social work services. Therefore, the applications are all equally effective alternatives concerning this comparative.

Competition (Access to a New or Alternate Provider)

Each applicant has experience providing Medicare-certified home health services in North Carolina. However, none of the applicants operate licensed home health agencies in Brunswick County. Therefore, the applications are all equally effective alternatives concerning this comparative.

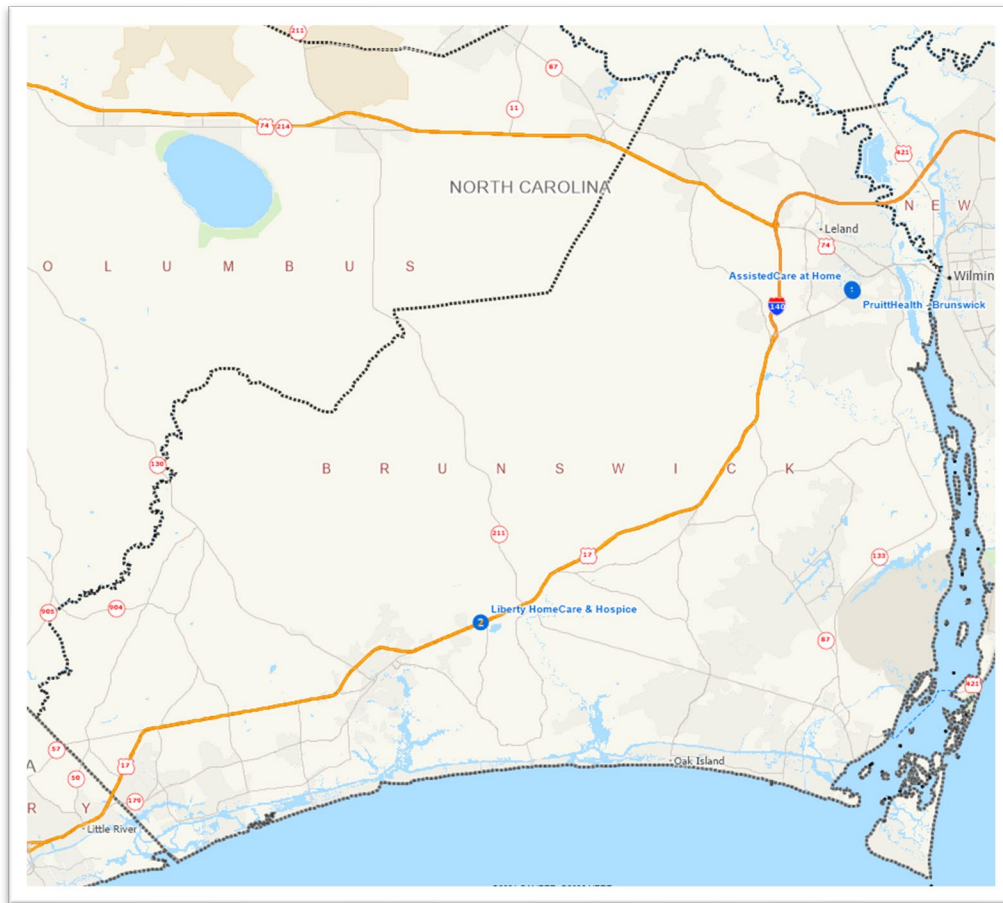
Applicant	Medicare-Certified Home Health Agency in Brunswick County
Novant Health Home Care-Brunswick	No
3HC-Brunswick	No
BAYADA Home Health Care, Inc.	No
Well Care TPM, Inc.	No
Healthview Home Health - Brunswick	No

Geographic Accessibility (Location within the Service Area)

Since a home health agency serves patients in their place of residence, the Agency has historically determined the geographic location of the home health office is not a deciding factor.

For information purposes, there are currently three Medicare-certified home health agencies located throughout Brunswick County. The following table and map summarize the locations of the three Medicare-certified home health agencies located in Brunswick County.

Agency	Address	City	Zip Code	Geography Within County
Liberty HomeCare & Hospice	1120 Ocean Hwy W	Supply	NC	Central
AssistedCare at Home	1003 Olde Waterford Way	Leland	NC	Northeast
Novant - Brunswick	509 Olde Waterford Way	Leland	NC	Northeast



Two existing home health agencies are located in Leland, which is in the northeastern portion of Brunswick County, whereas Liberty HomeCare & Hospice is located in Supply. Well Care proposes to locate its new home health agency office in Supply, a central area in Brunswick County that would allow Well Care teams to easily access and serve local referral partners and patients. Additionally, lower income populations are more likely to be living in the central portion of Brunswick County. Therefore, Well Care’s proposed location is strategically located within the service area to enable Well Care to maximize access for underserved populations.

Access By Service Area Residents

Chapter 12 of the 2023 SMFP states, “A Medicare-certified home health agency or office’s service area is the county in which the agency or office is located. Each of the 100 counties in the state is a separate

service area.” Therefore, for the purpose of this review, Brunswick County is the service area. Facilities may also serve residents of counties not included in their service area.

The following table illustrates access by service area residents during the third full fiscal year following project completion.

	Well Care	3HC	HealthView	BAYADA	Novant
Projected Brunswick County Residents Served in Project Year 3	1,737	559	1,038	1,045	2,017
Brunswick County Residents Served as a % of Total Patients Served	100.0%	90.0%	92.0%	100.0%	93.5%

As shown in the table above, Well Care and BAYADA project to serve the highest percentage of Brunswick County residents (100%). Novant projects to serve the highest number of Brunswick County residents during the third project year. However, as discussed separately in these comments, neither BAYADA, nor Novant conform to all applicable statutory and regulatory criteria, and therefore BAYADA and Novant are not approvable. Therefore, **Well Care** is the most effective alternative, and the remaining applications are less effective with respect to access by service area residents.

Access By Underserved Groups

Underserved groups are defined in G.S. 131E-183(a)(13) as follows:

“Medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority.”

For access by underserved groups, applications are compared with respect to three underserved groups: charity care patients (i.e., medically indigent or low-income persons), Medicare patients, and Medicaid patients. Access by each group is treated as a separate factor.

The Agency may use one or more of the following metrics to compare the applications:

- Total charity care, Medicare or Medicaid admissions
- Charity care, Medicare or Medicaid admissions as a percentage of total admissions
- Total charity care, Medicare or Medicaid dollars
- Charity care, Medicare or Medicaid dollars as a percentage of total gross or net revenues

The above metrics the Agency uses are determined by whether or not the applications included in the review provide data that can be compared as presented above and whether or not such a comparison would be of value in evaluating the alternative factors.

Projected Charity Care

The following table compares projected charity care in the third full fiscal year following project completion for all the applicants as a percentage of gross revenue and per admission.

Rank		Charity Care	# of Unduplicated Admissions	Charity Care per Unduplicated Admission	Gross Revenue	Charity Care as a % of Gross Revenue
1	WellCare	\$118,501	1,737	\$68	\$6,771,486	1.75%
4	3HC	\$5,265	621	\$8	\$2,086,701	0.25%
5	Healthview	\$0	1,128	\$0	\$2,310,692	0.00%
3	BAYADA	\$17,391	1,041	\$17	\$5,282,201	0.33%
2	Novant	\$80,774	2,158	\$37	\$5,295,335	1.53%

Well Care projects the highest charity care per unduplicated admission and the highest Charity Care as a percent of Gross Revenue. Therefore, regarding overall access to Charity Care, **Well Care** is the most effective alternative, and the remaining applications are less effective with respect to this comparative factor.

Projected Medicare

The following table compares projected access by Medicare patients in the third full fiscal year following project completion for all the applicants in the review.

Rank		Medicare Revenue (Form F.2b)	Gross Revenue (Form F.2b)	Medicare Revenue as a % of Gross Revenue
3	WellCare	\$5,888,838	\$6,771,486	87.0%
2	3HC	\$1,832,858	\$2,086,701	87.8%
4	Healthview	\$1,936,911	\$2,310,692	83.8%
1	BAYADA	\$4,783,111	\$5,282,201	90.6%
5	Novant	\$1,749,749	\$5,295,335	33.0%

BAYADA proposes the highest Medicare revenue as a percent of gross revenue. Novant proposes the second highest Medicare revenue as a percent of gross revenue. Well Care proposes the third-highest Medicare Medicare revenue as a percent of gross revenue. Neither Novant nor BAYADA comply with all applicable statutory and regulatory criteria, and therefore, neither Novant nor BAYADA is approvable. Therefore, regarding access by Medicare patients, **Well Care** is the most effective alternative.

Projected Medicaid

The following table compares projected access by Medicaid patients in the third full fiscal year following project completion for all the applicants in the review.

Rank		# of Unduplicated Clients	Number of Unduplicated Medicaid Clients	Medicaid Patients as a % of Total Unduplicated Patients
2	WellCare	1,737	174	10.0%
5	3HC	621	21	3.4%
1	Healthview	1,128	332	29.4%
4	BAYADA	1,041	54	5.2%
3	Novant	2,158	91	4.2%

Source: The total number of unduplicated patients is from Form C.5 of the applications, and the Medicaid percentage is from Section L.3 of the applications. The number of unduplicated Medicaid patients was calculated by applying the Medicaid percentage from the table in Section L.3 to the applicant’s projections of total unduplicated patients in third full fiscal year of operation from Form C.5.

Healthview projects the highest number and percentage of Medicaid clients. However, Healthview does not conform with all applicable statutory and regulatory criteria and, therefore, Healthview cannot be approved. Well Care projects the second-highest number and percentage of Medicaid clients. Therefore, **Well Care** is the most effective alternative with respect to access for Medicaid home health patients.

Projected Charges Per Visit by Staff Discipline

The following table compares charges per visit by staff discipline in the third full fiscal year following project completion for all the applicants in the review. Projected charges were obtained from Form F.5 of the respective applications.

Charges per Visit by Staff Discipline, Project Year 3

	Nursing	Physical Therapy	Speech Therapy	Occupational Therapy	Social Worker	Home Health Aide
WellCare	\$135	\$135	\$135	\$135	\$350	\$70
3HC	\$178	\$197	\$210	\$197	\$286	\$83
Healthview	\$275	\$200	\$200	\$200	\$150	\$75
BAYADA	\$232	\$232	\$232	\$232	\$315	\$96
Novant	\$198	\$192	\$282	\$199	\$133	\$71

Source: Form F.5 from each application

As discussed in detail below, Form F.5 provides the appropriate information for the Agency to evaluate potential costs to patients and third-party payors. Generally speaking, commercial insurance and private pay patients reimburse home health providers on a per visit basis. Thus, lower charges per visit may indicate comparatively lower cost to patients and third-party payors. Medicare and Medicaid have set payments for home health reimbursement that do not vary depending on the provider of the service; therefore, Medicare and Medicaid will not incur higher costs for the services proposed.

Well Care projects the lowest charges per visit for nursing, physical therapy, speech therapy, and occupational therapy, and home health aide and is the most effective alternative regarding costs to patients and third-party payors.

Projected Average Net Revenue per Visit

The following table compares the projected average net revenue per visit for the third year of operation following project completion for all the applicants, based on the information provided in the applicants' pro forma financial statements (Section Q).

Rank	Applicant	# of Visits	Net Revenue	Net Revenue per Visit
1	WellCare	36,842	\$5,102,141	\$138
3	3HC	11,134	\$2,032,997	\$183
4	Healthview	12,384	\$2,310,692	\$187
5	BAYADA	22,935	\$4,764,109	\$208
2	Novant	31,924	\$4,617,536	\$145

Source: Form C.5 and Form F.2 from each application

Well Care projects the lowest net revenue per visit in the third full fiscal year following project completion. Therefore, regarding this comparative factor, the application submitted by **Well Care** is the most effective alternative.

Projected Average Net Revenue per Patient

The following table compares the projected average net revenue per patient for the third year of operation following project completion for all the applicants, based on the information provided in the applicants’ pro forma financial statements (Section Q).

Rank	Applicant	# of Unduplicated Patients	Net Revenue	Net Revenue per Unduplicated Patient
3	WellCare	1,737	\$5,102,141	\$2,937
4	3HC	621	\$2,032,997	\$3,274
1	Healthview	1,128	\$2,310,692	\$2,048
5	BAYADA	1,041	\$4,764,109	\$4,576
2	Novant	2,158	\$4,617,536	\$2,140

Source: Form C.5 and Form F.2 from each application

Regarding this factor, historically the Agency has generally considered the application proposing the lowest average net revenue as the more effective alternative citing the rationale that “a lower average may indicate a lower cost to the patient or third-party payor.” However, this is not an accurate conclusion for home health services, especially with consideration of the new CMS PDGM payment system.

The applicants in this Brunswick County home health batch review project Medicare and Medicaid reimbursement will account for approximately 84% - 91% of total projected gross revenue. Medicare and Medicaid have set payments for home health reimbursement that do not vary depending on the provider of the service; therefore, the payors for the proposed services will not incur higher costs for the services proposed.

In the context of a comparative analysis, it is critical to note CMS’s implementation of PDGM on January 1, 2020 was a “sea change” that fundamentally overhauled Medicare’s home health reimbursement model, thereby significantly impacting how home health revenue is derived. Please see Attachment 1 for an overview of PDGM.

The new PDGM payment construct is a case-mix classification model which factors in the acuity of each patient. PDGM relies more heavily on clinical characteristics and other patient information to place home health periods of care into meaningful payment categories. The case-mix weight for each of the 432 different payment groups under the PDGM is determined by estimating a regression where the dependent variable is the resource use of a 30-day period and the independent variables are categorical indicators representing the five dimensions of the model (timing of a 30-day period, admission source, clinical group, functional impairment level, and comorbidities). In other words, reimbursement under the new CMS PDGM payment system is based on the patient’s clinical characteristics. Under PDGM, higher revenues reflect a home health provider caring for a higher complexity of patients. Thus, in this competitive batch review, it would be inappropriate for the Agency to penalize an applicant for

comparatively higher net revenues because the revenues are merely a reflection of a patient’s admission source, timing, clinical group, functional impairment level, and comorbidities. Doing so would effectively penalize providers for taking care of those home health patients that are the sickest and most in need.

Furthermore, Form F.5 provides the appropriate information for evaluating costs to patients and third-party payors. Specifically, the Agency can compare the projected charges per visit by staff discipline in the third full fiscal year. As discussed in the previous comparative factor, **Well Care projects the lowest charges per visit for nursing, physical therapy, speech therapy, and occupational therapy and is the most effective alternative regarding costs to patients and third-party payors.**

Therefore, because 1) the payors for the proposed home health services will not incur higher costs for the services proposed and 2) the methodology for projecting Medicare PDGM payment is based on clinical characteristics, the Agency cannot make a conclusive determination regarding the most effective alternative for this comparison.

Projected Average Total Operating Cost

The following table compares the projected average operating expense per visit for the third year of operation following project completion for all the applicants, based on the information provided in the applicants’ pro forma financial statements (Section Q).

Average Total Operating Cost per Unduplicated Patient

Rank	Applicant	Total Number of Visits	Total Operating Costs	Average Total Operating Cost per Visit
1	WellCare	36,842	\$4,042,773	\$110
4	3HC	11,134	\$1,949,535	\$175
3	Healthview	12,384	\$2,097,154	\$169
5	BAYADA	22,935	\$4,468,111	\$195
2	Novant	31,924	\$4,497,625	\$141

Regarding this factor, historically the Agency has considered the application proposing the lowest average operating expense as the more effective alternative citing the rationale that “a lower average cost may indicate a lower cost to the patient or third-party payor or a more cost-effective service.”

Well Care proposes the lowest total operating cost per visit. Therefore, the application submitted by **Well Care** is the most effective alternative with regard to average total operating cost per visit.

Salaries for Direct Care Staff

In recruitment and retention of personnel, salaries are a significant factor. The applicants provide the following information in Section Q, Form H.2. The following table compares the proposed salaries for direct-care staff. Generally, the application proposing the highest annual salary is the more effective alternative with regard to this comparative factor.

Direct Care Staff	Well Care	3HC	Healthview	BAYADA	Novant
Registered Nurse	\$105,560	\$73,047	\$72,800	\$94,556	\$86,089
LPN	\$66,763	\$61,078	\$62,400	\$56,734	N/A
Home Health Aide	\$45,619	\$35,070	\$37,440	\$42,025	\$37,972
Social Worker	\$82,750	\$61,453	\$47,840	\$68,291	\$83,669
Physical Therapist	\$121,361	N/A	\$114,400	\$111,366	\$86,089
Speech Therapist	\$116,196	N/A	\$114,400	\$105,063	\$94,913
Occ. Therapist	\$100,923	N/A	\$104,000	\$109,265	\$112,699

As shown in the table above, Well Care projects the highest annual salaries in Project Year 3 for registered nurses, licensed practical nurses, and home health aides. Therefore, with regard to the salaries of key direct care staff, the application submitted by **Well Care** is the most effective alternative.

Average Number of Visits per Unduplicated Patient

The following table shows the average number of visits per unduplicated patient projected by each applicant in Project Year 3.

Average Visits per Unduplicated Patient

Rank	Applicant	Unduplicated Patients	Total Visits	Average Visits per Unduplicated Patient
2	WellCare	1,737	36,842	21.21
3	3HC	621	11,134	17.93
5	Healthview	1,128	12,384	10.98
1	BAYADA	1,041	22,935	22.03
4	Novant	2,158	31,924	14.79

As discussed separately in this document, Novant failed to conform to Criterion 3; thus, the patient utilization projections for each respective applicant are not supported. The Well Care application for a new home health agency is based on reasonable and supported volume projections and adequate projections of cost and revenues. Therefore, **Well Care** is the most effective alternative regarding average number of visits per unduplicated patient.

Summary

The following table lists the comparative factors and indicates the relative rank of each applicant for each metric. A value of “1” reflects the most effective alternative as well as equally effective alternatives. A value of “2” reflects the second most effective alternative, and so forth. A value of “5” reflects the least effective alternative. The following table makes no assumptions on the factor “Conformity with Review Criteria.”

Comparative Factor	Well Care	3HC	HealthView	BAYADA	Novant
Scope of Services	Equally Effective	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Access to New or Alternative Provider	Equally Effective	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Geographic Accessibility	Equally Effective	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Access by Service Area Residents: Number of Residents	2	5	4	3	1
Access by Service Area Residents: Service Area Residents as a % of Total	1	5	4	1	3
Charity Care Deduction	1	4	5	3	2
Charity Care per Unduplicated Admission	1	4	5	3	2
Charity Care as a % of Gross Revenue	1	4	5	3	2
Medicare (Percent of Total Gross Revenue)	3	2	4	1	5
Medicaid (Percent of Total Gross Revenue)	2	5	1	3	4
Projected Avg Net Revenue per Patient	Inconclusive	Inconclusive	Inconclusive	Inconclusive	Inconclusive
Projected Avg Operating Expense per Visit	1	4	3	5	2
Charges per Visit by Staff Discipline: Nursing	1	2	5	3	4
Charges per Visit by Staff Discipline: Therapy	1	3	4	5	2
Charges per Visit by Staff Discipline: MSW	5	3	1	4	2
Charges per Visit by Staff Discipline: Aide	1	4	3	5	2
RN Salaries	1	4	5	2	3
HHA Salaries	1	5	4	2	3
Social Worker Salaries	2	4	5	3	1
Total (Lowest # = Most Effective Overall) (Highest # = Least Effective Overall)	24	58	58	46	38
# of Most Effective Alternatives	9	0	2	2	2
# of Least Effective Alternatives	1	4	6	3	1

Overall, Well Care’s proposal is the most effective alternative based on a comparison of the collective suggested comparative factors in this Brunswick County home health batch review.

**COMMENTS SPECIFIC TO NOVANT HEALTH HOME CARE-BRUNSWICK (Novant)
 PROJECT ID No. O-012316-23**

Comments regarding Novant’s Assumptions of CMS Certification

Novant assumes that it will secure Medicare certification in 15 days.

	Licensure Obtained	Services Offered	CMS Certification Obtained
Novant	12/22/2023	01/01/2024	01/15/2024

Source: Novant application, Section P, page 108

This is not a reasonable assumption and it impacts Novant’s conformity with multiple criteria. See Discussion under Criteria (3) and (5).

- Medicare has a time-consuming, six-step approval process for home health agencies.
- After obtaining a license, an agency must qualify for a Medicare Certification Survey.
- Licensed home health agencies must apply to enroll in the Medicare program using a Medicare Enrollment Application commonly known as the CMS-855A form.
- These forms are submitted in the system referred to as PECOS (the Provider Enrollment, Chain, and Ownership System).

In the 15 days it allotted in its Proposed Timetable, Novant might be able to complete the initial CMS-855A form and make its submissions to PECOS, but it is unrealistic and unreasonable to assume it will secure Medicare certification within such a timeframe.

- After a licensed HHA submits its application through PECOS, the Application will go to Palmetto GBA (the Palmetto Government Benefits Administration).
- It is important to note that Palmetto GBA has up to six-months to review, approve or deny a Medicare Enrollment Application.
- Only after Palmetto GBA completes its work at this stage of the process will it begin the enrollment process.
- CMS requires an accredited organization or state agency to survey the HHA to determine its conformity with the Medicare Conditions of Participation which operate as the federal certification standards. The certification will not be considered eligible until a plan of correction is completed on any deficiencies found during the survey.
- CMS will send what is commonly referred to as a tie-in notice letter with the home health agency’s Medicare provider number.

- Reimbursement is allowable from the date that the certification recommendation is made by the surveying body (either state agency or accredited organization), but funds will not be transferred until the tie in notice has been completed.

Not only will CMS not reimburse a provider before it is Medicare-certified, during this period, reimbursements from other payor sources can be expected to be impacted.

Novant assumes certification within two weeks of licensure, suggesting Novant projected utilization in Year One on the premise that its patient load and visits would not be impacted by the typical pre-certification period. Novant then built from Year One to project patients and visits in Years Two and Three. Because Year One is based on the erroneous assumption of nearly immediate full utilization, Year One patients and visits are overstated and so too are those projections in Years Two and Three. The overstated projections result in unreliable net revenue projections as well.

In its Application as filed, Well Care properly took into consideration the timeframe associated with the Medicare certification process.¹ Novant did not.

Comments Regarding Criterion 3

Novant's home health experience includes one agency in Pender County. This is an agency that was already operational and taken over by Novant as a going-concern. As previously described, Novant unreasonably assumes it will obtain Medicare certification in only two weeks from receiving licensure.

Novant projects that it will achieve 27.5 percent market share in its first year of operation (Step 8 NHHC-Brunswick Patients from Brunswick County 1,571 ÷ Step 7 Total Home Health Patients in Brunswick County 5,712 = .275). A first-year market share of this magnitude is not supported by the historical home health data for the Brunswick County market. The table below summarizes FY2021 market share for the existing home health agencies serving Brunswick County.

¹ As described in Well Care's assumptions for Form F.2b, "Year One revenues reflect the time associated with initial certification for the new agency. Well Care conservatively projects no Medicare or Medicaid reimbursement during the first six months of Project Year 1 until the agency is certified."

Number of Home Health Clients by Age, 2021								
Lic. #	Name	Facility County	< 18	18-64	65-74	75+	Total	Market Share
HC1231	Well Care Home Health	New Hanover	0	226	478	802	1,506	32.9%
HC0288	Liberty Home Care	Brunswick	0	232	313	608	1,153	25.2%
HC1500	AssistedCare HH	Brunswick	0	98	221	361	680	14.8%
HC0532	NHRMC Home Care	Pender	10	164	171	186	531	11.6%
HC0492	CenterWell Home Health	Columbus	0	52	144	269	465	10.2%
HC0481	Advanced Home Health	Bladen	0	45	58	61	164	3.6%
HC4816	PruittHealth @ Home	Brunswick	0	7	32	39	78	1.7%
HC2562	Liberty Home Care	Wake	0	0	1	0	1	0.0%
HC0420	Liberty Home Care V, LLC	Surry	0	0	0	1	1	0.0%
HC0352	Liberty Home Care	Robeson	0	0	1	0	1	0.0%
Brunswick Totals			10	824	1,419	2,327	4,580	100.0%

Source: 2023 SMFP, Chapter 12: Home Health Data by County of Patient Origin - 2021 Data

Novant projects its year one market share will exceed the market share for each of the three existing agencies; Novant also assumes it will serve more Brunswick County patients than Well Care served during FY2021, which would likely result in Novant assuming to attain the highest market share of all providers serving Brunswick County during its first year of operation. Novant's market share assumptions are overly ambitious and not supported.

The 2023 SMFP projects a home health patient deficit of 534 patients during 2024; however, Novant projects to serve 1,571 Brunswick County home health patients during 2024 (1,037 patients beyond the identified 2023 SMFP patient deficit). Therefore, Novant's year one patient projections inherently assume to take a large portion of market share from existing providers.

Well Care would note that its proposed new agency projects to serve 1,154 Brunswick County home health patients during the first project year; however, 401 patients are based on serving a portion of the 2023 SMFP patient deficit and 753 patients will be shifted to the new agency from Well Care's existing share of patient volume in Brunswick County. Therefore, a comparison of Novant's patient projections to Well Care's patient projections is not apples to apples.

Novant's patient projections during years two and three are also overly aggressive and assume a substantial loss of market share from existing home health agencies.

		2024	2025	2026
Step 7	Total Home Health Patients in Brunswick County	5,712	6,556	6,991
Step 8	Total Projected NHHHC-Brunswick Patients from Brunswick County	1,571	1,942	2,219
	Market Share	<u>27.5%</u>	<u>29.6%</u>	<u>31.7%</u>

Source: Novant application page 114

Novant failed to demonstrate that the existing home health agencies are not adequately serving Brunswick County home health patients or that there is a need to redirect such significant market share to the proposed Novant home health agency.

Comments Regarding Criterion 5

Novant provides the following assumptions regarding projected Medicare gross charges per episode.

	2024	2025	2026
Medicare Gross Charge per Episode	\$ 1,804	\$ 1,804	\$ 1,804
Average Gross Revenue per Visit for all other payors estimated based on the 2022 NHHC-P experience			

Source: Novant application page 124

Well Care would note the CY2023 national standardized 30-day payment period rate is \$2,010.69 as shown in the following table.

CY 2022 National Standardized 30-Day Period Payment	CY 2023 Permanent Behavioral Adjustment Factor	CY 2023 Case-Mix Weights Recalibration Neutrality Factor	CY 2023 Wage Index Budget Neutrality Factor	CY 2023 Home Health Payment Update	CY 2023 National Standardized 30-Day Period Payment
\$2,031.64	0.96075	0.9904	1.0001	1.04	\$2,010.69

Source: CMS

An agency’s actual 30-day period payment varies depending on patient characteristics. Patient data and characteristics are used to determine the case-mix group called the Home Health Resource Group, or HHRG. There are over 432 HHRGs, thus payment can vary in many ways. Nonetheless, Novant’s projected gross charge per Medicare episode is consistent with the CMS 30-day period payment. However, a Medicare episode consists of two 30-day periods of care. In other words, it appears that Novant’s Medicare gross charge per episode (and corresponding revenue) is significantly understated because it accounts for only one 30-day period and not two. This would explain why Novant’s Medicare revenue per patient is so low compared to the competing applicants. Please see the following table.

	Application Section	Well Care	3HC	Healthview	BAYADA	Novant
Unduplicated Medicare Patients	C.5 & L.3	1,303	508	796	838	1,854
Medicare Patients as a % of Total Patients	L.3	75.0%	81.8%	70.6%	80.5%	85.9%
Medicare Gross Revenue	Form F.2b	\$5,888,838	\$1,832,858	\$1,936,911	\$4,783,111	\$1,749,749
Revenue Per Unduplicated Medicare Patient		\$4,520	\$3,608	\$2,432	\$5,708	\$944
Gross Revenue	Form F.2b	\$6,771,486	\$2,086,701	\$2,310,692	\$5,282,201	\$5,295,335
Medicare Revenue as a % of Total Gross Revenue		87.0%	87.8%	83.8%	90.6%	33.0%

Failure to appropriately project Medicare revenues for the proposed home health agency renders the application non-conforming to criterion 5. Similarly, the Novant proposal cannot be determined the most effective alternative for any comparative metrics related to projected net revenues or Medicare access.

Separate from the issue of Novant’s projected Medicare gross charge is its assumption that it will receive Medicare certification in just two weeks. Novant application page 71 includes a cashflow projection for CY2024 assuming revenue will be collected beginning the first month of the first project year.

	2024								
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Cash Inflow	18,194	36,388	54,582	72,776	90,970	109,164	218,328	327,492	436,657
Cash Outflow	104,892	104,892	104,892	146,000	146,000	146,000	392,649	392,649	392,649
Net Cash Flow	(86,698)	(68,504)	(50,310)	(73,224)	(55,030)	(36,836)	(174,321)	(65,157)	44,008
Accumulated Initial Operating Expense	(86,698)	(155,201)	(205,511)	(278,735)	(333,765)	(370,601)	(544,921)	(610,078)	

Novant’s assumption that it will begin collecting revenues in January 2024 is unrealistic because it assumes the agency will be certified by January 15, 2024. As previously described, CMS does not reimburse a provider before it is Medicare certified, and the process can take up to six months. Case in point, Novant projects a positive net income during project year one which is an outlier compared to each of the competing applications that project an operating loss in the first project year.

Impact on Other Review Criteria

Based on the previously described facts which render the Novant application non-conforming to criteria 3 and 5, the application is also **non-conforming to criteria 1, 4, 6, and 18a and 10A NCAC 14C .2003.**

Comments Regarding Comparative Analysis

Service to Brunswick County Residents

Applications in this batch were filed in response to the 2023 SMFP Need Determination for one additional home health home care agency/office in Brunswick County.

	Brunswick County Residents Served as a % of Total New Patients Served
Well Care	100.0%
Novant	93.5%

Novant projects to serve a comparatively lower percentage of Brunswick County residents than Well Care. Well Care is more effective than Novant with respect to access by service area residents.

Medically Underserved Access

As previously discussed, Novant underestimated its Medicare revenues. Therefore, no valid comparisons can be made regarding Medicare access from a revenue perspective. Novant projects comparatively lower charity care and Medicaid access than Well Care.

	Charity Care	# of Unduplicated Admissions	Charity Care per Unduplicated Admission	Gross Revenue	Charity Care as a % of Gross Revenue
WellCare	\$118,501	1,737	\$68	\$6,771,486	1.75%
Novant	\$80,774	2,158	\$37	\$5,295,335	1.50%

	# of Unduplicated Admissions	Number of Unduplicated Medicaid Clients	Medicare Revenue as a % of Gross Revenue
WellCare	1,737	174	10.0%
Novant	2,158	91	4.2%

Salaries

As compared to Well Care’s application, Novant’s proposal is inferior with respect to salaries for direct care staff. Novant projects comparatively lower salaries for RNs, home health aides, physical therapists, and occupational therapists than Well Care.

Salary Position	Well Care	Novant
Registered Nurse	\$105,560	\$86,089
Home Health Aide	\$45,619	\$37,972
Physical Therapist	\$121,361	\$86,089
Occupational Therapist	\$116,196	\$94,913

**COMMENTS SPECIFIC TO 3HC-BRUNSWICK (3HC)
PROJECT ID No. O-012318-23**

Comments Regarding Criterion 3

3HC provided assumptions and methodology to project unduplicated home health patients in Section Q of its application; however, the application is devoid of any assumptions used to project:

- Form C.5 Unduplicated Clients by Admitting Discipline
- Form C.5 Duplicated Clients and Visits by Discipline
- Form C.5 Duplicated Medicare Clients and Visits

Section C.5 requires applicants to *“Describe the assumptions and the methodology used to complete the forms in 5.a...The applicant has the burden to demonstrate in the application as submitted that projected utilization is based on reasonable and adequately supported assumptions.”*

Absent this critical and required information, the 3HC application does not conform to criterion 3.

3HC should not be the provider approved to meet the demonstrated need for home health care in Brunswick County.

Of the two agencies based in Wilson County, 3HC serves only slightly fewer Wilson County residents than its competitor (472 v. 482). However, in the other areas of North Carolina served by 3HC, where patients have a choice between local providers, the data suggests that patients often choose to be served by an agency other than 3HC.

Two agencies serve residents from a location in Jones County. 3HC served only 66 Jones County residents – the other agency in Jones County served 133 Jones County residents.

Stated another way, the competing agency in Jones County served over twice as many Jones County residents as compared to 3HC. When given the choice between two agencies located in their home county, Jones County residents chose the other agency – not 3HC – twice as often.

The 2023 SMFP projects that by 2024, over 300 residents of Jones County will need home health care but, in 2021, 3HC was only able to attract 66 Jones County residents.

Two agencies serve residents from a location in Johnston County. 3HC served only 434 Johnston County residents – the other agency in Johnston County served 1,399 Johnston County residents during 2021.

Stated another way, the competing agency in Johnston County served more than three times as many Johnston County residents as compared to 3HC. When given the choice between two agencies located in Johnston County, Johnston County residents chose the other agency – not 3HC – more than three times as often.

The 2023 SMFP projects that over 4,000 residents of Johnston County will need home health care but, in 2021, 3HC was serving only 434 Johnston County residents.

In Lenoir County, 3HC serves alongside two Center Well agencies. The two Center Well agencies serve nearly 2,000 total patients but 3HC serves less than 600 total patients. 3HC's home health utilization is significantly lower than its competitors.

The picture is much the same in Pitt County where 3HC is one of three agencies and 3HC is, by far, the agency less often chosen by patients in need of home health care. Center Well in Pitt County served 2,586 residents when 3HC only attracted a total of 584 area residents. The agency operated by Vidant was likewise chosen much more often as compared to 3HC – Vidant's agency served 1,310 patients as compared to the 584 served by 3HC. Again, when given the choice among three Pitt County-based agencies, 3HC is chosen much less often.

3HC is the only HHA located in Sampson County. 3HC served 486 Sampson County residents in 2021 but by 2024, the SMFP estimates over 1,500 Sampson County residents will need home health care.

Similarly, in 2021, 3HC was the chosen provider for only 179 Vance County residents where the SMFP projects over 1,500 Vance County residents will need home health care by 2024.

In Wayne County, 3HC is the only agency based in the County. While 3HC serves a larger number of the County's residents (1,173 in 2021), the SMFP estimates that over 3,100 Wayne County residents are expected to need home health care by 2024. It seems most patients in Wayne County do not choose to use 3HC even though it is the only local agency in the County.

In making its projections, 3HC also projects to serve comparatively lower volumes of home health patients than the competing applicants. As noted in the discussion of "Access by Service Area Residents," 3HC projects to serve only 559 Brunswick County residents by Project Year 3 which is far fewer than the 1,737 projected to be served by Well Care. Considering all other applicants in this Review project to serve over 1,000 residents by the third Project Year, 3HC is, by far, the "least effective" Applicant in this Review on the critical factor of access by service area residents.

Impact on Other Review Criteria

Based on the previously described facts which render the 3HC application non-conforming to criterion 3, the application is also **non-conforming to criteria 1, 4, 5, 6, and 18a and 10A NCAC 14C .2003.**

Comments Regarding Criterion 13c

3HC's Financial Statements (p. 11) indicate that revenues from Medicare and Medicaid accounted for approximately 72 percent and 75 percent of patient service revenue in 2022 and 2021 which is markedly different from the 3HC payor mix projection for Brunswick County. Form F.2b projects \$2.08M in gross revenue with over 90 percent of that revenue comprised of Medicare and Medicaid gross revenue. The 3HC projection appears to depart from its historical experience, without adequate explanation; this disparity renders the 3HC projections for service to Medicare and Medicaid patients unreliable and unsupported.

Comments Regarding Comparative Analysis

Notably, 3HC does not demonstrate that it is the most effective alternative for any of the previously described comparative factors. 3HC is the least effective alternative for four comparative factors. Therefore, 3HC cannot be the most effective alternative in this competitive batch review.

Service to Brunswick County Residents

Applications in this batch were filed in response to the 2023 State Medical Facilities Plan Need Determination for one additional home health home care agency/office in Brunswick County.

	Total # of New (Unserviced) Brunswick County Residents Served	Total # of New (Unduplicated) Patients Served	Brunswick County Residents Served as a % of Total New Patients Served
Well Care	1,737	1,737	100%
3HC	621	559	90.0%

As shown in the table above, Well Care proposes that 1,737 of its new (unduplicated) home health patient admissions in its Third Full Fiscal Year will be admissions of patients residing in Brunswick County. By contrast, 3HC proposes that 559 of its new (unduplicated) admissions in the Third Full Fiscal Year will be admissions of patients residing in Brunswick County. Therefore, Well Care is more effective than 3HC with respect to access by service area residents.

Costs & Revenues

3HC projects comparatively higher net revenues and operating expenses than Well Care.

	Well Care	3HC
Average Net Revenue per Visit, PY3	\$138	\$183
Average Operating Expense per Visit, PY3	\$110	\$138

Medically Underserved Access

As compared to Well Care’s application, 3HC’s proposal is inferior with respect to medically underserved access. 3HC projects comparatively lower charity care and Medicaid access than Well Care.

	Well Care	3HC
Charity Care Deduction	\$118,501	\$5,265
Charity Care Deduction as a % of Gross Revenue	1.75%	0.3%
Medicaid Patients as a % of Total Unduplicated Patients	10.0%	3.4%

Salaries

As compared to Well Care’s application, 3HC’s proposal is inferior with respect to salaries for direct care staff. 3HC projects comparatively lower PY3 salaries for RNs, home health aides, and social workers than Well Care.

Position	Well Care	3HC
Registered Nurse	\$105,560	\$73,047
Licensed Practical Nurse	\$66,763	\$61,078
Home Health Aide	\$45,619	\$35,070
Social Worker	\$82,750	\$61,453

**COMMENTS SPECIFIC TO BAYADA HOME HEALTH CARE INC. (BAYADA)
 PROJECT ID #O-012324-23**

Comments Regarding Criterion 3

BAYADA’s methodology for projecting home health patients is premised on unreasonable and unrealistic market share assumptions. BAYADA projects it will serve 60 percent of the SMFP 2024 home health patient deficit during the first project year, which it states equates to 5.6 percent of the Brunswick County home health patient market.

County	Home Health Patient Deficit	% of Deficit Captured	Home Health Patients Served
Brunswick	533.61	60.0%	320

Calculations: Home Health Patients Served = (Home Health Patient Deficit x % of Deficit Served)

Source: Section Q, PDF Application page 120

County	Home Health Patient Served	Total Home Health Patient	Market Share
Brunswick	320	5,714	5.6%

Calculation: Market Share = (Home Health Patient Served / Total Home Health Patients) x 100

Source: Section Q, PDF Application page 120

BAYADA then projects its Brunswick County home health patient market share will double in project year two and triple during project year three.

County	2024	2025	2026	Annual % Point Gain
Brunswick	5.60%	11.20%	16.80%	5.60%

Calculations: 2025 = (2024 + Annual % Point Gain)
 2026 = (2025 + Annual % Point Gain)

Source: Section Q, PDF Application page 120

There is no rationale in the application to support BAYADA’s aggressive projection of market share growth during the second and third project years. Bayda states throughout its application that it does not own or operate any home health agencies east of I-95; therefore, BAYADA lacks the established referral relationships necessary to substantiate such aggressive market share assumptions. BAYADA provided only 10 letters of support in its application, one of which was from a BAYADA employee; only one letter was included from a Brunswick County representative.

The market share projections are the foundation of BAYADA’s methodology and the means by which annual unduplicated home health patients are determined. Therefore, because the market share assumptions are unreasonable and not adequately supported, the patient utilization projections are likewise unreasonable. Consequently, the application does not conform to Criterion 3.

Impact on Other Review Criteria

Based on the previously described facts for which render the BAYADA application non-conforming to criterion 3, the application is also **non-conforming to criteria 1, 4, 5, 6, and 18a and 10A NCAC 14C .2003.**

Comments Regarding Comparative Analysis

Service to Brunswick County Residents

Applications in this batch were filed in response to the 2023 State Medical Facilities Plan Need Determination for one additional home health home care agency/office in Brunswick County.

	Total # of New (Unservd) Brunswick County Residents Served	Total # of New (Unduplicated) Patients Served	Brunswick County Residents Served as a % of Total New Patients Served
Well Care	1,737	1,737	100%
BAYADA	1,045	1,045	100%

As shown in the table above, Well Care projects to serve a comparatively higher number of Brunswick County residents than BAYADA. Therefore, Well Care is more effective than BAYADA with respect to access by service area residents.

Costs & Revenues

As previously described, BAYADA’s operating costs and resulting revenues are not based on adequate home health staff projections. See discussion regarding Criterion 3. Setting aside the issue of conformity, Well Care projects lower average costs and revenues compared BAYADA.

Medically Underserved Access

As compared to Well Care’s application, BAYADA’s proposal is inferior with respect to medically underserved access. BAYADA projects comparatively lower charity care and Medicaid access than Well Care.

Salaries

As compared to Well Care’s application, BAYADA’s proposal is inferior with respect to PY3 salaries for direct care staff. BAYADA projects comparatively lower salaries for RNs, LPNs, home health aides, social workers, physical therapists, and occupational therapists than Well Care.

Salary Position	Well Care	BAYADA
Registered Nurse	\$105,560	\$94,556
Licensed Practical Nurse	\$66,763	\$56,734
Home Health Aide	\$45,619	\$42,025
Social Worker	\$82,750	\$68,291
Physical Therapist	\$121,361	\$111,366
Occupational Therapist	\$116,196	\$105,063

Less Effective Alternative

Setting aside the issue of non-conformity, while BAYADA appears to be the most effective alternative for two comparative factors (i.e., access by number of Brunswick County residents and Medicare revenue as a percent of gross revenue) it is the least effective alternative for three comparative factors. An applicant that is the **least effective** alternative for more factors compared to the total for which it is most effective (setting aside the issue of non-conformity) cannot be the most effective alternative in a competitive batch review.

**COMMENTS SPECIFIC TO HEALTHVIEW HOME HEALTH - BRUNSWICK (Healthview)
Project ID No. O-012336-23**

Comments regarding Healthview’s Assumptions of CMS Certification

Healthview erroneously assumes that it will secure Medicare certification on the same day in which it obtains its licensure from DHSR.

	Licensure Obtained	Services Offered	CMS Certification Obtained
Healthview	01/01/2024	01/01/2024	01/01/2024

Source: Healthview application, Section P

This is not a reasonable assumption and it impacts Healthview’s conformity with multiple criteria.

- Medicare has a time-consuming, six-step approval process for home health agencies.
- First an agency would need to apply for and receive a license from DHSR in NC by submitting policies for review and paying the licensing fee for a new agency. Next they would need to meet a current census and total lives served threshold to be able to qualify for a Medicare Certification Survey.
- Licensed home health agencies must apply to enroll in the Medicare program using a Medicare Enrollment Application commonly known as the CMS-855A form.
- These forms are submitted in the system referred to as PECOS (the Provider Enrollment, Chain, and Ownership System).
- After a licensed HHA submits its application through PECOS, the Application will go to Palmetto GBA (the Palmetto Government Benefits Administration).
- It is important to note that Palmetto GBA has up to six-months to review, approve or deny a Medicare Enrollment Application.
- Only after Palmetto GBA completes its work at this stage of the process will it begin the enrollment process.
- CMS requires an accredited organization or state agency to survey the HHA to determine its conformity with the Medicare Conditions of Participation which operate as the federal certification standards. The certification will not be considered eligible until a plan of correction is completed on any deficiencies found during the survey.
- CMS will send what is commonly referred to as a tie-in notice letter with the home health agency’s Medicare provider number.

- Reimbursement is allowable from the date that the certification recommendation is made by the surveying body (either state agency or accredited organization), but funds will not be transferred until the tie in notice has been completed.

Not only will CMS not reimburse a provider before it is Medicare-certified, during this period, reimbursements from other payor sources can be expected to be impacted.

Healthview assumes certification immediately upon licensure, suggesting Healthview projected utilization in Year One on the premise that its patient load and visits would not be impacted by the typical pre-certification period. Healthview then built from Year One to project patients and visits in Years Two and Three. Because Year One is based on the erroneous assumption of immediate full utilization, Year One patients and visits are overstated and so too are those projections in Years Two and Three.

In its Application as filed, Well Care properly took into consideration the timeframe associated with the Medicare certification process.² Healthview did not.

Comments Regarding Criterion 3

Healthview provides a very limited discussion of its experience and its proposal in Sections B and C of its Application as filed. Healthview indicates that it has “almost 50 years of history providing home health services” but the only reported Healthview home health utilization in the 2023 SMFP is service to a total of 1,135 patients from the Healthview home health agency based in Nash County.

Despite its long history of operation in the County, Healthview appears to be the less-chosen alternative in Nash County. Table 12A of the 2023 SMFP identifies two agencies based in Nash County, Healthview (HC0520) and Center Well (HC0497). HealthView provides approximately one-half of the total visits provided by the competing agency in the County (1,135 ÷ 2,268). Although both Healthview and Center Well have an office location in Nash County, residents of Nash County and surrounding communities choose Center Well far more often than Healthview; per the 2023 SMFP, 535 Nash residents chose Healthview but 744 chose Center Well instead.

In the 2023 SMFP, a Healthview agency is listed in Caswell County but the agency shows zero utilization. The entry includes “*****” with the explanation that the “Agency underwent a change of ownership and utilization data was not reported.” In Sections B and C -- which are intended to explain the Applicant’s proposal and its relevant experience -- the Applicant offers no explanation of whether it recently bought the agency in Caswell or perhaps is selling the agency in Caswell. There is no explanation offered as to why Healthview reported no utilization data for FY2021. Although the Analyst may opt to perform research to decipher the facts surrounding the Healthview agency in Caswell County, considering this is one of only two agencies operated by the Applicant, the Applicant should have provided these basic facts.

² As described in Well Care’s assumptions for Form F.2b, “Year One revenues reflect the time associated with initial certification for the new agency. Well Care conservatively projects no Medicare or Medicaid reimbursement during the first six months of Project Year 1 until the agency is certified.”

- The CON Section should conclude that the Healthview’s Application as filed fails to adequately explain why it would be reasonable to assume future patients will choose Healthview in Brunswick County to meet their home health needs.
- The overall lack of information provided by Healthview in its Application as filed is an indication that its projections for a new agency are not reasonably and adequately supported by evidence that the Applicant is experienced and capable of meeting the need of the population for the service proposed.
- Publicly available information on Healthview’s below-average performance on multiple quality indicators calls into question whether the Healthview utilization projections are reasonably and adequately supported.
- Healthview’s Application as filed fails to explain why patients and families would be likely to choose Healthview after reviewing the published Medicare.gov information on Healthview’s track record on quality metrics such as improvement with bathing, pressure sores, starts of care, and urgent care needs.
- After considering Healthview’s quality of care history, the CON Section should determine that Healthview’s projections for future utilization are not reasonable and adequately supported. See comments regarding Criterion 20.

Comments Regarding Criterion 4

Healthview failed to identify or discuss any alternative methods to meeting the needs for the proposal available to the applicant. Healthview failed to adequately explain why there is no alternative method available to the applicant of meeting the need for the project as proposed. Simply referring to the 2023 SMFP need determination is inadequate.

Impact on Other Review Criteria

Based on the previously described facts which render the Healthview application non-conforming to criterion 3, the application is also **non-conforming to criteria 1, 4, 5, 6, and 18a and 10A NCAC 14C .2003.**

Comments Regarding 13c

Healthview does not provide adequate assumptions or rationale to demonstrate the reasonableness of a Medicaid payor mix of 29.4 percent. The burden is on the application to demonstrate the reasonableness of its assumptions and Healthview did not satisfy that burden with respect to criterion 13.

Comments Regarding Criterion 20

In this competitive CON Review, and especially in light of the limited information furnished by the Applicant, the CON Section should consider publicly available data on Healthview’s quality of care history. The North Carolina Court of Appeals has held that the General Assembly did not intend for the CON Section’s evaluation of an Applicant’s past quality of care to be limited to the service area of the proposed project. According to our Court of Appeals, “the clear intent of the General Assembly was to ensure that the quality of care history of an existing health care provider be subject to meaningful evaluation before that provider is allowed to offer additional services within North Carolina that are

subject to the CON laws.” AH N. Carolina Owner LLC v. N.C. Dep't of Health & Hum. Servs., 240 N.C. App. 92, 112, 771 S.E.2d 537, 549 (2015).

A search of Medicare.gov reveals that Healthview in Caswell County has a quality rating of 2.5 stars and there is no Patient Survey rating available. Medicare.gov shows that Healthview in Caswell County does not offer Occupational Therapy, Speech Therapy, or Medical Social Work services. The Healthview Application, as filed, does not explain the poor star rating, why there is no Patient Survey rating, or why Medicare.gov indicates it is not offering important home health service components. While the 2023 SMFP has a brief statement about “change of ownership,” the Applicant should have but did not offer any explanation of the posted SMFP or Medicare.gov data in its discussions of its experience and capabilities in Sections B or C. If Healthview is just now taking over operations in Caswell County, it should have explained why it expects to have adequate resources to support two home health agency start-up endeavors within a relatively short timeframe.

Medicare.gov reveals that Healthview in Nash County (HC0520) has only a 3.0 star quality rating and a 3.0 Patient Survey rating - this is presumably the agency Healthview has run for almost 50 years as Medicare.gov shows a 1973 Medicare certification date. Healthview has had decades to develop its approaches to care delivery in Nash County. The CON Section can reasonably expect the performance of this long-run home health agency to be indicative of the Applicant’s ability to serve patients.

Medicare.gov shows that only 77.7 percent of Healthview patients “got better at bathing” as compared to a National and North Carolina average of 85.5 percent on this metric. Medicare.gov explains that *“Getting better at bathing may mean that the patient needs less assistance/assistive equipment to bathe independently, and can be signs that the patient is making progress and meeting the goals of their plan of care.”*

Medicare.gov reports that 0.9 percent of Healthview patients have pressure ulcers/pressure injuries that are new or worsened. According to Medicare.gov, *“Pressure ulcers/injuries, sometimes known as bed sores, are painful and are prone to other complications, like infections.”* Healthview has a higher percentage of patients with new or worsening pressure ulcer or injuries as compared to the National average of 0.3 percent patients and the North Carolina average of 0.2 percent patients. Healthview’s percentage is triple the National average and more than four times higher than the percentage average for agencies in North Carolina.

Medicare.gov reveals that the Healthview home health team began patient care in a timely manner only 78.1 percent of the time, which is a much lower percentage of timely starts-of-care as compared with the National average of 95.8 percent and the North Carolina average of 97 percent. Clearly, other agencies across the State are able to start care in a timely manner in most cases but Healthview misses this mark more than 20 percent of the time. Medicare.gov explains that *“It’s important for patients to get the care they need, when they need it. If home health care is delayed, the patient’s condition could worsen.”*

Medicare.gov explains that 13.8 percent of Healthview patients receiving home health care needed urgent, unplanned care in the hospital emergency room without being admitted to the hospital. The Medicare.gov site notes that *“When a patient has to go to the emergency room, it may be a sign that*

they didn't get the right kind of care or teaching from the home health team.” Medicare.gov reports that on average, the National statistic is 11.6 percent and the North Carolina statistic is 12.4 percent.

Comments Regarding Comparative Analysis

While Healthview appears to be the most effective alternative for two comparative factors (setting aside the issue of non-conformity), it is the least effective alternative for three comparative factors. An applicant that is the least effective alternative for more factors compared to the total for which it is most effective (setting aside the issue of non-conformity) cannot be the most effective alternative in a competitive batch review.

Service to Brunswick County Residents

Applications in this batch were filed in response to the 2023 SMFP Need Determination for one additional home health home care agency/office in Brunswick County Healthview projects to serve a comparatively lower number and percentage of Brunswick County residents than Well Care.

	Total # of New (Unservd) Brunswick County Residents Served	Brunswick County Residents Served as a % of Total New Patients Served
Well Care	1,737	100.0%
Healthview	1,038	92.0%

Well Care is more effective than Healthview with respect to access by service area residents.

Costs & Revenues

Healthview projects comparatively higher average total operating costs per visit than Well Care during the third project year.

	# of Unduplicated Admissions	Net Revenue PY3	Operating Costs PY3	# of Visits	Net Revenue per Visit	OpEx per Visit
WellCare	1,737	\$5,102,141	\$4,042,773	36,842	\$138	\$110
Healthview	1,128	\$2,310,692	\$2,097,154	12,384	\$187	\$169

Well Care is more effective than Healthview with respect to costs and charges.

Medically Underserved Access

As compared to Well Care’s application, Healthview’s proposal is inferior with respect to medically underserved access. Healthview projects comparatively lower charity care and Medicare access than Well Care.

	Charity Care	# of Unduplicated Admissions	Charity Care per Unduplicated Admission	Gross Revenue	Charity Care as a % of Gross Revenue
WellCare	\$118,501	1,737	\$68	\$6,771,486	1.75%
Healthview	\$0	1,128	\$0	\$2,310,692	0.00%

	Duplicated Medicare Patients (Form C.5)	Medicare Revenue (Form F.2b)	Medicare Revenue as a % of Gross Revenue
WellCare	1,303	\$5,888,838	87.0%
Healthview	796	\$1,936,911	83.8%

Salaries

As compared to Well Care’s application, Healthview’s proposal is inferior with respect to salaries for direct care staff. Healthview projects comparatively lower project year three salaries for RNs, LPNs, home health aides, social workers, physical therapists, speech therapists, and occupational therapists than Well Care.

Position	Well Care	Healthview
Registered Nurse	\$105,560	\$72,800
Licensed Practical Nurse	\$66,763	\$62,400
Home Health Aide	\$45,619	\$37,440
Social Worker	\$82,750	\$47,840
Physical Therapist	\$121,361	\$114,400
Occupational Therapist	\$116,196	\$114,400
Speech Therapist	\$100,923	\$104,000