



Delivered via email

May 31, 2023

Ms. Micheala Mitchell, Chief
Gloria Hale, Team Leader
Ena Lightbourne, Project Analyst
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
NC Department of Health and Human Services
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Re: Comments on Competing Applications for a Certificate of Need for a new home health agency in Forsyth County, Health Service Area II; CON Project ID Numbers:

Project ID	Name
G-012356-23	Personal Home Care of North Carolina, LLC ("PHC")
G-012369-23	Aveanna Home Health Forsyth Co
G-012364-23	Novant Health Home Care - Forsyth ("NHHC-F")
G-12363-23	Well Care Home Health of Forsyth, Inc

Dear Ms. Mitchell and Ms. Lightbourne:

On behalf of Personal Home Care of North Carolina, LLC ("PHC"), Project ID G-012356-23, thank you for considering these comments on the above-referenced applications for a new home health agency in Forsyth County.

We recognize that the Agency's decision regarding these Certificate of Need (CON) applications will be based on the statutory CON review criteria in G.S. 131E-183. We also understand that the Agency may review applications against comparative criteria of its own. The decision on these four competitive applications will have a lasting impact on residents of Forsyth County.

Every applicant has a presence in Forsyth County today. All applicants propose to offer the full scope of Medicare home health agency services. However, only one applicant, PHC, has a demonstrated history of substantial service to Medicaid patients. This is significant for several reasons: Medicaid patients are the most difficult to serve, the Governor signed the Medicaid Expansion bill, funds for the state match are included in the House and Senate versions of the 2024-2025 State budget, and the DMA report shows the number of people on Medicaid in Forsyth County has increased in recent years, even without Medicaid Expansion. Thus, it is reasonable to expect that the number of Medicaid beneficiaries needing home health agency services will increase in the next few years. Today, as demonstrated in the PHC application, existing home health agencies do not serve Forsyth County Medicaid beneficiaries well.

PHC proposes the highest percentage and number of Medicaid beneficiaries by Year 03. History supports PHC’s Medicaid commitment. PHC’s Mecklenburg office has a long enough operating history to provide a stable picture of the company’s approach to care. According to data submitted with licensure renewal applications, for the last two years, 19 to 25 percent of PHC patients were Medicaid beneficiaries. By contrast, Well Care, another applicant, reported that only 3 to 9 percent of its Triad patients were Medicaid beneficiaries. Applicant Aveanna shows little or no interest in serving Medicaid beneficiaries. Medicaid patients were only 1 to 2 percent of its Fayetteville HHA patients. Finally, at Novant’s Pender County Home Health Agency, Medicaid beneficiaries were only 6 to 9 percent of patients served.

Please read the letter from Kimber Walters of Atrium Health’s Home Health Collaborative, in Attachment B. Ms. Walters celebrates PHC’s sustained commitment to this high-need population.

Table 1: Applicant History of Service to Medicaid Beneficiaries: Medicaid Patients as a % of Total Patients

License No	Applicant	2021	2022
HC 3966	PHC Mecklenburg	24.7%	18.5%
HC 3421	Aveanna Fayetteville	1.7%	1.1%
HC 0532	Novant Pender	6.0%	8.6%
HC 0496	Well Care Davie	2.9%	2.4%

Source: DHSR 2023 License Renewal Database Table on Home Health Agencies

PHC is a community-based home health provider. Its Forsyth County home care agency, Touched by Angels, served Forsyth County for over 40 years before PHC acquired it. Letters indicating intent to refer Forsyth County patients indicate the extent to which the proposed new home health agency is prepared to meet the need in Forsyth County. PHC stands out among the applicants in the number of referrals promised from facilities with patients in Forsyth County. PHC’s application contains 18 letters from providers that serve Forsyth County. These writers anticipate referring 2,280 annual patients to PHC. Other applicants may have more total letters, but the letters either estimate no referrals or are from providers associated with counties other than Forsyth. For example, the Aveanna application has more letters and more promised referrals. But a careful examination of those letters shows only 15 are from entities in or serving Forsyth County.

Although a home health agency can use many techniques for deploying staff, the location of the agency office indicates ease of service to communities. As demonstrated in its application, the PHC office is closest to residents with the highest number of social determinants of health (see application, page 32).

Competitive Metrics

Regarding comparative metrics, we request that the CON Section consider metrics that have a special bearing in this batch of applications. Specifically:

- Will the project provide a new competitor in the service area? (Criterion 18a)
- Will the project enable the applicant to reach patients that it cannot serve from an existing home health agency office? (Criterion 6)
- To what extent will the project reach patients least likely to receive services from existing home health agencies? (Criteria 13 and 18a)
- To what extent has the applicant demonstrated an understanding of home health agency services needed by Forsyth County residents? (Criterion 3).
- Will the project focus on the need identified in the 2023 SMFP for Forsyth County? (Criterion 1).

New Competitor

All applicants propose a new home health agency, and each has a presence in Forsyth County. However, two of the applicants are not truly new competitors. Well Care -Forsyth is part of the same company as Well Care of the Triad.

- Well Care owns and operates a CMS Medicare certified home health agency, Well Care Home Health of the Triad, Inc, License No. **HCO496**. That HHA is located only 15 minutes from the southwestern Forsyth County border in Davie County. It provided care for 939 Forsyth County residents in 2022 (Well Care application page 135). DHR License Renewal Application (“LRA”) data indicates that in FY 2021, this Well Care HHA accounted for 883 Forsyth County patients.



- Well Care of the Triad is in Bermuda Run. Though technically inside Davie County borders, it is only 30 minutes from Kernersville, the easternmost population center in Forsyth County. Kernersville is where Well Care proposes to locate the new HHA.

- According to 2022 License Renewal applications and confirmed in their Well Care CON application, in 2021, Well Care of the Triad served more Guilford than Forsyth patients -- 939 Forsyth County resident home health agency patients and 1,466 Guilford residents. Guilford is further from Well Care of the Triad than from the proposed Well Care of Forsyth. The Well Care

application does not discuss why Well Care of the Triad could not continue serving Forsyth and Guilford County patients. It simply states on page 80 that “it [*the current office*] would not afford the same operational benefits.”

- Novant Health of Virginia, another applicant, proposes a joint venture HHA with Forsyth Memorial. Novant Health owns more than half of the hospital beds in Forsyth County (831 of 1,553)¹. Thus, it can influence more than half of the home health agency referrals originating from hospitals in Forsyth County, and the application indicates that it intends to “capture” at least half of the home health patients originating from area Novant Health acute care hospitals.
- Novant Health owns two of the three acute care hospitals in Forsyth County, plus clinics and surgery centers throughout Forsyth County. Although Novant Health does not directly provide home health agency services in Forsyth County, until 2019, Novant Health owned a home health agency that served Forsyth County. It sold that home health agency, called Advanced Home Care, to BrightSpring (RES Care), a for-profit Kentucky company.² That same year, Novant Health also sold its medical equipment company to AdaptHealth Corp³. Today, Novant Health lists eight home health agencies owned by others, including Well Care, as “partners” in its Greater Winston Salem Post Acute Care Network⁴. Novant Health does not include Bright Care, RES Care, or Adapt in this network. The application from Novant Health does not indicate what will happen to this network if Novant Health receives the proposed CON.
- Last year, Novant also formed a Medicare Advantage insurance company, Health Team, in joint ownership with Cone Health⁵. Should Novant Health obtain a CMS Certified home health agency, Novant’s Medicare Advantage company could limit its subscribers to using only its own home health agency services. This would reduce competition in the service area.
- State Treasurer, Dale Folwell, has criticized Novant Health’s expanded reach in North Carolina, for its market monopolies⁶.
- At the May 11, 2023, meeting of the Long-Term Care Committee of the State Health Coordinating Council, representatives of the NC Home Health and Hospice Association complained that hospitals are pulling staff away from home health agencies by offering them a higher compensation package. Novant is already able to do this. Owning a home health agency would increase its competitive advantage.

Neither Well Care nor Novant applicants would encourage new home health agency competition in Forsyth County.

¹ 2023 State Medical Facilities Plan p 39.

² Joyce, John, Triad home care business sells remaining services to Kentucky company, Triad Business Journal on line, updated Dec 13, 2019, <https://www.bizjournals.com/triad/news/2019/12/13/triad-home-care-business-sells-remaining-services.html>

³ Holly, Robert, BrightSpring Adds to Suite of Services After Acquiring Home Health, Home Infusion Businesses, Home Health Care News, March, 3, 2020 <https://homehealthcarenews.com/2020/03/brightspring-adds-to-suite-of-services-after-acquiring-home-health-home-infusion-businesses/>

⁴ https://www.novanthealth.org/Portals/92/novant_health/documents/services/Skilled%20nursing%20home%20care/list-NH-HHA-Post-Acute-Network-4-20-2023.pdf

⁵ Cone and Novant Health Finalize Joint Ownership of HealthTeam Advantage, September 29, 2022

<https://www.conehealth.com/news/news-search/2022-news-releases/cone-health-and-novant-health-finalize-joint-ownership-of-health/>

⁶ Still, Johanna F., State Treasurer, Novant Health Spar Over NC Expansions, WilmingtonBiz, posted on line Mar 8, 2023,

https://www.wilmingtonbiz.com/health_care/2023/03/08/state_treasurer_novant_health_spar_over_nc_expansions/24206

Serve Patients from Existing Office

As noted in the preceding paragraphs, Well Care has clearly demonstrated that it can serve both Forsyth County and even more distant Guilford County patients from its existing Well Care of the Triad office in Bermuda Run.

Reach Underserved Patients

North Carolina CON statutory review Criterion 13 lists Medicare beneficiaries as a general example of an underserved group. However, as described by PHC, Well Care, and Novant Health applications, **Medicare patients are well served by health agencies**. We ask the Agency to seriously consider the letter from coding specialist Gina Sullivan in Attachment C, which clearly explains why home health agencies prefer Medicare patients over other patients.

Ms. Sullivan notes that, for home health agency care, **Medicaid and charity patients are the true underserved groups**. As confirmed in the license renewal application data cited in Sections C.6 and L of the PHC, Novant, and Well Care applications, **a few home health agencies that serve Forsyth County take no Medicaid** patients. Governor Cooper signed State Law SL 2023-7 on March 27, 2023. That law will expand Medicaid coverage and include many more people needing home health agency care. Only one applicant, PHC, proposes to reach a substantial number of Medicaid and charity patients. The following table compares applications by proposed Medicaid and charity as a percentage of unduplicated patients.

Table 2: Comparison of Medicaid and Charity Patients as Percent of Unduplicated Patients, Year 03

Applicant	Medicaid	Charity % of Gross Revenue	Total Underserved as % of Gross Revenue
PHC	20%	2%	22%
Well Care	9%	2%	11%
Aveanna	2%	0.35%	2%
Novant Health FMC	3%	1%	4%

Source: Section L.3b Medicaid and Form F, Full Project Year 03

PHC has a history of serving Medicaid; unmistakable evidence that it will sustain and expand that commitment as Medicaid expands. It is clearly the best choice.

Should the Agency still decide to compare Medicare access, the metric should recognize that Medicare now pays by Episode and not by visit. The comparison metric should be Medicare Visits per Duplicated Medicare patient. That metric will show how the applicant maximizes the fixed Episode payment to provide direct patient care. In this metric, PHC also stands out for patient access.

Table 3: Comparison of Direct Care to Medicare Beneficiaries.

Applicant	Visits per Duplicated Medicare Patient Year 03
PHC	17.2
Well Care	12.0
Aveanna	14.1
Novant Health FMC	6.9

Source: Form C.5 Duplicated Medicare visits and patients Year 03

Patients From Service Area

PHC proposes not only the highest percentage of patients who are Medicaid beneficiaries but also proposes the **highest number of Unduplicated Medicaid patients and the highest number of patients from Forsyth County.**

Table 4: Year 03 Medicaid and Forsyth County Patients

Applicant	Forsyth County Patients (a)	Medicaid Patients Year 03	
		Number	Application Page ref
PHC	1,578	316	131
Well Care	1,293	229	138
Aveanna	457	11	92
Novant Health FMC	947	41	111

Notes:

- a. Patient Origin, C.3a

Demonstrated Understanding of Patients to be Served

Among the four applications, only PHC provides a systematic review of where people at the highest risk of needing home health care live in the county—and PHC offices are well located to serve these residents. PHC alone describes a strategy for reaching these residents and for meeting their cultural requirements. PHC is the only applicant focused on Forsyth County.

Well Care talks about shifting patients from its existing home health agency to the new one, and it focuses on three counties. It proposes to serve only 541 new Forsyth County home health agency patients (see application page 136.) Novant Health focuses on four counties.

Medicare home health agency patients can originate from the community, or from a hospital or other provider discharge. PHC is also **the only applicant that emphasizes care originating from the community.**

Cost Per Visit

Cost per visit is frequently used by the agency in comparing home health applications. In this batch of applications three applicants appear to have understated their costs. Two of the applicants, Novant and Aveanna, propose low nurse salaries for a market that has high nursing vacancies. One applicant, Well Care Forsyth, proposes costs that are inconsistent with cost reports that this applicant has filed with CMS Medicare in Form CMS-1728-20 (for detail see comments on individual applicants: Aveanna in Attachment E, Novant in Attachment F, and Well Care in Attachment G).

By contrast, FY 03 costs reported by PHC for this application (\$105.32) are consistent with cost reports filed with CMS Medicare in Form CMS-1728-20. PHC can maintain this cost because of the efficiencies associated with sharing an existing office.

Table 5: FY2021 Medicare Cost Report Average Total Operating Expense per Visit

CMS MC Cost Report Identifier	Facility	City	State	Total Operating Cost	Total Visits	Avg Total Operating Cost per Visit
527946	PHC Home Health	Charlotte	NC	\$ 1,325,475	12,577	\$105.39

Source: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Downloadable-Public-Use-Files/Cost-Reports/Cost-Reports-by-Fiscal-Year>

PHC Home Health provided an accurate representation of its Home Health operations in its application and is clearly the lowest-cost provider.

Comparative Factors

In prior competitive home health agency reviews, the Agency has adopted metrics for comparing applications. We wish to emphasize that in this review, one metric that the Agency has used, specifically service to Medicare patients, is not appropriate. We ask that the Agency carefully review the letter from Gina Sullivan. As Ms. Sullivan observes, and data from license renewal applications demonstrates, Medicare beneficiaries are the most desirable home health agency patients. On the other hand, Medicaid and charity patients are more difficult to serve.

As noted on the Scorecard in Attachment A to these Comments, PHC compares most favorably among the four applicants.

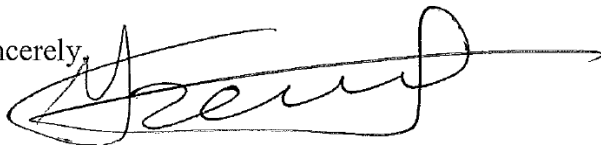
Specific Comments on Applications

Comparisons assume that all applications conform to all statutory criteria. We believe that only PHC conforms to all. Attachments to this letter address specific comments on each application.

Conclusion

PHC is clearly the most cost-effective and highest-value option among all applications in this batch. PHC fully conforms to the statutory review criteria. Therefore, because the rules permit only one award, the Agency should approve PHC.

We understand that because of the number of applicants alone, this will be a difficult review, and appreciate the Agency’s time and thoughtful consideration.

Sincerely,

Ivan Belov

Managing Member
Personal Home Care of NC, LLC

Attachments

Comparison Scorecard with Supporting Metrics A
PHC Support: Medicaid Letter from Kimber Walters B
PHC Support: Letter from Gina Sullivan, HomeHealth Advantage C
PHC Support: Letter from Ben Stiling Atrium D
Aveanna Home Health Forsyth Comments.....E
Novant Health Home Care – Forsyth Comments.....F
Well Care Home Health of Forsyth, Inc Comments G

Comparison Scorecard with Supporting Metrics

Recommended Scorecard

Comparative Metric	PHC	Aveanna Five Points	Forsyth Memorial & Novant	Well Care
Competition (access to a new or alternate provider)	2	2	2	1
Access by service area residents	4	1	2	3
Access by Medicare Px	0	0	0	0
Access by Medicaid Px	4	1	2	3
Avg # of Visits per Unduplicated Px	3	1	4	2
Average Net Revenue per Visit	4	1	2	3
Average Net Revenue per Unduplicated Px	3	2	1	4
Ratio of Avg Net Revenue per Visit to Operating Cost per Visit	2	3	4	1
Registered Nurse Salary	3	1	2	4
Licensed Practical Nurse Salary	3	1	1	4
Home Health Aide Salary	2	4	1	3
Total	30	17	21	28
Rank 1st to 4th	1	4	3	2

Data

Metric	PHC	Aveanna Five Points	Forsyth Memorial & Novant	Well Care
Competition (access to a new or alternate provider)	N/A	N/A	N/A	N/A
Access by service area residents	1,578	457	947	1,293
Access by Medicare Px	5,475	863	3,819	8,036
Access by Medicaid Px	1,578	568	1,202	2,539
Avg # of Visits per Unduplicated Px	22.11	18.33	22.85	21.52
Average Net Revenue per Visit	\$122.71	\$183.51	\$176.97	\$124.07
Average Net Revenue per Unduplicated Px	\$2,712.76	\$3,364.65	\$4,044.63	\$2,670.15
Ratio of Avg Net Revenue per Visit to Operating Cost per Visit	1.17	1.08	1.06	1.24
Registered Nurse Salary	\$106,121	\$82,162	\$88,671	\$108,726
Licensed Practical Nurse Salary	\$67,917	\$0	\$0	\$71,843
Home Health Aide Salary	\$46,693	\$50,648	\$39,111	\$46,987

Data Source/Calculation

Metric	PHC	Aveanna Five Points	Forsyth Memorial & Novant	Well Care	Location/Calculation
Competition (access to a new or alternate provider)	N/A	N/A	N/A	N/A	N/A
Access by service area residents	p. 47	p. 36	p.44	p.47	Found in table
Access by Medicare Px	C.5, p. 121	C.5, p. 1	C.5, p. 128	C.5, p.129	Found in table
Access by Medicaid Px	C.5, p. 121	C.5, p. 1	C.5, p. 128	C.5, p.129	Found in table
Avg # of Visits per Unduplicated Px	C.5, p. 121	p.104	p. 128	C.5, p. 129	Total duplicated Visits / Total duplicated
Average Net Revenue per Visit	F.2b(p.143) & C.5(p. 122)	p. 1 & p. 4	p. 160 & p. 128	p. 147 & p. 129	Total net revenue F.2b / Total duplicated visits
Average Net Revenue per Unduplicated Px	F.2b (p. 143) & C.5 (p. 122)	p. 1 & p. 4	160 & 128	147 & 129	Total Net Revenue / Total Unduplicated Clients
Ratio of Avg Net Revenue per Visit to Operating Cost per Visit	F.2b , p.143	F.2b, p. 4	F.2b, p. 160	F.2b, p. 147	Average Net Revenue per Visit / Average Total Operating Cost per Visit
Registered Nurse Salary	H, p.153	H, p.9	H, p.173	H, p.150	Found in table
Licensed Practical Nurse Salary	H, p. 153	H, p. 9	H, p. 173	H, p. 150	Found in table
Home Health Aide Salary	H, p. 153	H, p. 9	H, p. 173	H, p. 150	Found in table

Kelly Ivey

From: Becky Williams <becky.williams@phcnc.com>
Sent: Thursday, May 25, 2023 11:07 AM
To: Nancy Lane
Subject: Fwd: Medicaid Letter
Attachments: Medicaid Letter.docx

Becky Williams, RN
Clinical Director
PHC Home Health/Personal Home Care/Touched By Angels
704-522-6144

From: Zappia, Kimber A Walters <Kimber.Walters@atriumhealth.org>
Sent: Thursday, May 25, 2023, 10:59 AM
To: Becky Williams <becky.williams@phcnc.com>
Subject: Medicaid Letter

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May 25, 2023

Ms. Micheala Mitchell, Chief
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Letter of support for Personal Home Care of North Carolina's Certificate of Need application to develop and operate a new Medicare-certified home health agency office in Forsyth County

Dear Ms. Mitchell:

I understand that your Agency is reviewing Certificate of Need applications for a new home health agency in Forsyth County. I work with many home health agencies in my role with the Atrium Home Health Collaborative. This letter is to confirm that PHC is outstanding in its willingness to accept the difficult Medicaid patients that many prefer not to serve. We appreciate that quality of PHC and have found them an excellent care partner in serving our patients.

I know the challenges of the Medicaid patient. I understand that when taking on that population, you are taking on so much more than what is identified on the PAC form. And, for those agencies that do have a private duty side, this could be a wonderful way continue covering those patients once those skilled needs are met.

Thank you for your kind consideration,

Kimber Walters

Kimber Walters
Home Health Collaborative
Atrium Health

May 16, 2023

Ms. Micheala Mitchell, Chief
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Question from Personal Home Care of North Carolina regarding differences between Medicare and Medicaid Home Health Agency patients

Dear Ms. Mitchell and Certificate of Need Section Staff:

I have been asked to describe the differences between home health agency patients whose care is covered by Medicare versus Medicaid. As you know, most persons over 65 and persons designated as "Disabled" qualify for Medicare. Medicaid covers low-income, elderly, and blind persons who fall in many eligibility categories. Persons over 65 and Disabled persons can be beneficiaries of both programs and are typically designated "Dually Eligible."

Although Medicare now covers home health agency services for people who have not been discharged from a 3-day hospital inpatient stay, most Medicare home health agency patients still meet that description. These patients need follow-up skilled care support in their homes, but their acute issues have been stabilized before they are discharged from a hospital.

Medicare PDGM payments are dictated by CMS's home care case-mix algorithm, which provides higher reimbursement for more complex patient cases. This means that the home health agency has a very high likelihood that reimbursement payments will cover the cost of care and the Medicare patient care plans will follow predictable patterns that result in positive earnings for the home health agency.

Medicaid home health agency patients, on the other hand, often originate from a referral from a physician's office, either in follow up to either a face-to-face visit, or a telehealth consult. These patients are most often not stable. They do not require hospitalization, but they need skilled nursing and/or therapy care. The home health agency must obtain prior authorization to serve them. The home health agency must also have an arrangement with one of the NC Managed Medicaid companies. The patient homes are usually meagerly organized for patient support. Even those in Adult Care homes have few extra resources.

Given the choice, a home health agency will **absolutely always** do better serving Medicare than Medicaid patients, and Medicare stroke patients are the most desirable because of their high case mix rating.

Because Medicaid service is difficult, it is common for home health agencies to set quotas for Medicaid. When they reach the quota, they tell referring providers that they do not have capacity to serve the referred patient, at this time.

I know this well because coding for billing is my field of expertise. I have worked as a registered nurse in the home health industry for over 20 years and have been coding home health claims for 11 years. I am a certified Homecare Coding Specialist–Diagnosis ICD-10 (HCS-D) and a Certified OASIS Specialist–Clinical (COS-C). Each year, I may code as many as 3,960 claims. I also supervise and train a staff of 15 certified home health coders who do the same. In my role with my company, HomeHealth Advantage Inc, I not only supervise our coding teams, but I also work directly with management personnel of home health and hospice agencies throughout the United States giving guidance and direction relating to OASIS and coding best practices.

You have a difficult job making decisions that affect communities for many years. I hope this has been helpful. If you have any questions, please feel free to reach out to me via email at gina.sullivan@homehealthadv.com.

Sincerely,

A handwritten signature in black ink that reads "Gina Sullivan RN". The signature is written in a cursive, flowing style.

Gina Sullivan, BSN, RN, COS-C, HCS-D
HomeHealth Advantage Inc

Cc: Personal Home Care of NC

Ms. Micheala Mitchell, Chief
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Letter of support for Personal Home Care of North Carolina's Certificate of Need application to develop and operate a new Medicare-certified home health agency office in Forsyth County

Dear Ms. Mitchell:

I offer this letter in support of Personal Home Care of North Carolina, LLC ("PHC") for their CON application to develop a Medicare-certified home health agency office in Forsyth County, North Carolina.

PHC has been providing home health services in North Carolina for over 10 years and has been a strong partner on whom we can depend for delivering quality services and for taking the difficult patients. Because PHC will take accept these patient referrals, including Medicaid patients, PHC's new home health office would fill an important, unmet need in Forsyth County.

Atrium Health serves patients from Forsyth County; and many with whom I work require home health agency services. If PHC receives the Certificate of Need, I would expect to refer **to refer about 30 home health agency patients per month to PHC- Forsyth**. It is without reproach that I endorse their application for the proposed home health agency office.

Sincerely,

Signature:



Print Name:

Ben Stiling

Title /

Specialty:

Transition Coordinator

Practice Name
/ Organization

Atrium-Advocate Health /Atrium Health Wake Forest Baptist

Address:

PO Box 32861 Charlotte NC 28232-2861

Date

5/25/2023

Competitive Review of – Aveanna Forsyth Home Health / Project ID # G-012369-23

Overview

Five Points Healthcare of NC LLC (Aveanna Home Health, Aveanna) submitted an application to acquire one new home-health agency in response to the 2023 SMFP need determination for Forsyth County.

As illustrated in the following discussion, the Aveanna application is non-conforming with statutory review criteria 1, 3, 5, 7, 13 a. and c., and 18a.

CON Review Criteria

- 1. The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, ambulatory surgery operating rooms, or home health offices that may be approved.**

Overview

In the 2023 SMFP, Policy GEN-3 has many requirements:

*“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and **maximizing healthcare value for resources expended***

*...how its **projected volumes will incorporate these concepts** in meeting the need identified in the Stat Medical Facilities Plan, as well as addressing the needs of all residents in the proposed service area.”* [Emphasis added].

The Need Determination on page 250 of the 2023 State Medical Facilities Plan (“SMFP”) is for a Medicare Certified Home Health Agency or Office for Forsyth County. The methodology that generated this need is based on the need of Forsyth County **residents in 2024**. The application confirms this in Table 4 on page 2 of its need methodology. This applicant proposes to develop a new agency in Forsyth County but proposes that **it will be 2026, the third project year** before it meets the Forsyth County need identified in the Plan for 2024. Rather than focus on the needs of residents of Forsyth County, this application divides its resources to focus on four additional counties (patient origin page 36).

Equitable access is another critical element of this criterion. The proposed payor mix of 2 percent Medicaid and 0.35 percent charity care demonstrates that the proposed agency will not

provide equitable access to all residents. The application provides no documentation to demonstrate that Charity and Medicaid patients have such low unmet need.

Because it will not maximize health care value for resources expended, this application should be found non-conforming to Criterion 1.

- 3. The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.**

This application identifies the need in the 2023 SFP for 450 additional patients to be served in FY 2024. However, on page 36, it **proposes to serve only 225 Forsyth patients in FY 2024.**

The application fails to demonstrate that the need this population has for the services proposed will be addressed by the proposed agency. Instead, the applicant proposes to dedicate its home health agency resources to patients from other counties.

For this reason, the application should be found non-conforming to Criterion 3.

- 5. Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs, as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.**

As discussed in Criterion 7, the financial projections in this application are not based upon reasonable projections of the costs to provide the proposed home health agency. Form F.2b of the application demonstrates that the project will require operating subsidies for the first two years. Because staffing costs are understated, adjusting them up will mean increased expenses for salaries and benefits. This in turn will reduce net income in the third full FY and will increase the amount of money required for working capital. As noted on page 66 of the application, working capital available to this application is low, only \$115,464. This is not enough to cover increased operating deficits in each of the three years.

The application demonstrates insufficient funds to cover operating needs and fails to demonstrate the long-term feasibility of the proposal based upon reasonable projections of costs. Therefore, the application should be found not conforming to Criterion 5.

7. The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

This applicant does not offer skilled home health agency services in Forsyth County. According to Form H, the applicant will need a total of 7.9 FTEs year 1, 10.35 FTEs year 2, and 12.8 FTEs year 3. The application provides no detail on whether they have existing staff, therefore the application indicates, by default, that Aveanna will require an entirely new staff for the project.

Yet, on page 102, the application indicates that the new home health agency will be **licensed to offer services within two months of receipt of the Certificate of Need.**

Aveanna Form H indicates a requirement for 3 FTE nurses to provide the proposed services. The application proposes an opening date in 2024. However, the application does not provide any information to show how Aveanna will attract any registered nurses who can provide skilled care in patient homes at an average salary of \$77,446 with benefits of only 17 percent.

The low salaries are significant. According to a recent Schoolaroo survey reported online by WFMY News 2, in 2023, **Winston Salem ranks number one in the highest nursing shortage nationwide**¹. According to the Schoolaroo survey, **Winston Salem had at least 1,000 open nursing positions in hospitals alone.** Home health agency skilled nursing positions require experienced, not entry level nurses.

With low salaries and without evidence of the available manpower Aveanna should be found non-conforming to Criterion 7.

13. The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of 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 the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

(a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

The applicant has a private duty home care service in Forsyth County but the application provides no information about the extent to which that agency serves medically underserved populations.

¹ Crews, Daniel, New survey reveals which Triad city has the highest shortage of nurses, WFMY News2, local news, March 15, 2023 <https://www.wfmynews2.com/article/news/local/new-survey-reveals-which-triad-city-has-the-highest-shortage-of-nurses-cone-health-novant-atrium-health-wake-forest-baptist-hospital-healthcare-lpn/83-4c36a4ab-cc28-427e-9cdc-7fae29b23b78>

- (c) **That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant’s proposed services and the extent to which each of these groups is expected to utilize the proposed services; and**

On page 91, Aveanna indicates that the Medicare payor mix is based on the percent of persons over 65 in need of home health agency services, as described in the 2023 SMFP and 2022 LRA data. The application does not provide any data to support the assumption that all of these persons will need the services of a new home health agency. Nor does the application provide any information about underserved groups in Forsyth County in either Section L or Section C.6 to support its proposal that 77 percent of patients served by the proposed new home health agency will be Medicare beneficiaries.

Aveanna Home Health-Forsyth projects that 0.35 percent of its patient care will be charity care (half of the 0.7 percent self-pay). This translates **to two (2) of the 568 patients in Year 03 who will receive charity care (page 93 and Form C.5).**

This applicant proposes that 2.0 percent of patients will be Medicaid beneficiaries in Year 03 (Projected Payor Mix on page 92).

Aveanna’s minimal percentages planned for charity care and Medicaid patients indicates disinterest in serving the most medically underserved groups in Forsyth County. For example, according to the NC Division of Medial Assistance Enrollment report, 114,911 residents were enrolled in Medicaid. According to NCOSBM, Forsyth County has 388,365 residents in 2023. This means that 30 percent of the County is Medicaid eligible. A proposal to provide only 2 percent of visits to Medicaid residents does not demonstrate a contribution to meeting the health-related needs of medically underserved residents.

The application makes no attempt to explore the demographic profile of the service area.

For all these reasons, the application fails to demonstrate a contribution to meeting the health-related needs of members of Medically underserved groups. Hence, it is impossible to determine from the application the extent to which this applicant will address the needs of medically underserved groups and, therefore should be found non-conforming to Criterion 13c.

- 18 a. **The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for the service for which competition will not have a favorable impact.**

Competition

Although the proposed home health agency would be a new provider in the area, it offers little besides that to enhance competition.

Cost Effectiveness

For the expenditure proposed, it will not address all the unmet need in Forsyth County and its charges will be among the highest proposed in the batch. For reference see form F.5.

Access

Aveanna offers a charity policy but clearly indicates that only two patients of more than 500 proposed in year 03 will qualify for it. Similarly, Aveanna proposes that 77 percent of its patients will be Medicare beneficiaries. Only two percent will be Medicaid beneficiaries. This does not demonstrate a positive impact on competition, given the fact that 27 percent of Forsyth County residents are Medicaid beneficiaries.

For these reasons, this application should be found non-conforming to Criterion 18a.

**Competitive Review of –
Forsyth Memorial Hospital & Novant Health / Project ID # G-012364-23**

Overview

Forsyth Memorial Hospital, Inc. dba Novant Health Forsyth Medical Center (NHHC-F), submitted an application to acquire one new home-health agency in Clemons, in response to the 2023 SMFP need determination for Forsyth County.

As illustrated in the following discussion, the NH Forsyth application is non-conforming with statutory review criteria 1, 3, 7, 13(c), and 18a.

CON Review Criteria

- 1. The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, ambulatory surgery operating rooms, or home health offices that may be approved.**

Overview

In the 2023 SMFP, Policy GEN-3 states:

*“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and **maximizing healthcare value for resources expended.**”*

*...how its **projected volumes will incorporate these concepts** in meeting the need identified in the Stat Medical Facilities Plan, as well as **addressing the needs of all residents in the proposed service area.**” [Emphasis added].*

This applicant proposes more than \$1.0 million capital expenditure to develop a new office, at the southwestern most edge of Forsyth County and proposes that 21.2 percent of its patients will come from counties other than Forsyth County (page 44). The 2023 SMFP states the need for this service is residents of Forsyth County.

The intent of this application is to address the desires of this applicant to own a home health agency in Forsyth County. The application specifically states on page 130 **that most patients will be those who receive care from Novant Health.** The application does not address the needs of patients from other healthcare systems or from the community.

Because it will not address the needs of all residents in the proposed service area, this application should be found not conforming to Criterion 1.

3. **The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.**

On page 47, this application indicates:

“as many existing home health agencies in Forsyth County limit the number of patients they accept with non-Medicare insurance or no insurance.” [Emphasis added]

It goes on to describe how this shortcoming results in long lengths of stay in Novant acute care hospital beds and demonstrates in the table on page 48, **that Medicaid patients have the longest extended acute hospital stays.**

However, on page 48 and in the proformas, Novant Health proposes **that only 3 percent of proposed patients will be Medicaid beneficiaries.** Application page 111 shows that the proposed home health agency Medicaid percentage matches Forsyth Memorial Hospital acute care bed Medicaid percentage of discharges. However, this is inconsistent with the statement on page 68 that Medicaid patients, not other patients, are the ones in need of more access. Presumably, other Forsyth Memorial Hospital patients are being well served by existing home health agencies.

There is a similar inconsistency with NHHHC-F proposed 0.5 percent of patients served who will be charity care beneficiaries. By contrast, the application’s proposal to provide 85.3 percent of proposed services to Medicare patients indicates that the proposed agency will follow the same pattern of failure to serve Medicaid and charity beneficiaries. Hence, the proposed project will not serve the population in need of the proposed services.

The application states, on page 130, that NHHHC-F will serve only adults, not pediatric patients. It’s further stated on page 131 that:

*“NHHHC-F expects the **majority of its home health patients will be those who receive care from Novant Health, either at one of its Forsyth County hospitals (NH Forsyth License or NH Medical Park) or from a Novant Health physician.**” [Emphasis added]*

The NHHHC-F application clearly indicates that this proposed new home health agency is primarily intended to benefit patients of the Novant Health system. It notes in Assumptions to Form C.5 that by Year 03, NHHHC-F would receive 50 percent of home health referrals from Novant hospitals in Forsyth and Davidson Counties (Capture Percentage page 136).

The application demonstrates the need of the population for the proposed service but falls short and does not demonstrate that all underserved groups in need are likely to have access to the services proposed. For that reason, the application should be found not conforming to Criterion 3.

7. The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

Nursing costs in Form H appear low for Forsyth County, which in March 2023, had the highest nursing shortage in the country¹. The article reported that in March, Novant Health had more than 400 nursing vacancies, and the three major hospital system websites listed at least 1,000 open nursing positions. Indeed.com listed average salaries for nurses with 1-2 years' experience in Winston Salem at over \$100,000 in May 2023. In 2026 Novant proposes an average nursing salary of only \$88,671. The application indicates that NHHC-F will need 5.5 nurses in Year 01 and 6.9 in Year 03.

The NHHC-F application does not address how it will attract nurses at these low salaries.

Hence, the application does not show evidence of the availability of health resources, including health manpower, and is not conforming to Criterion 7.

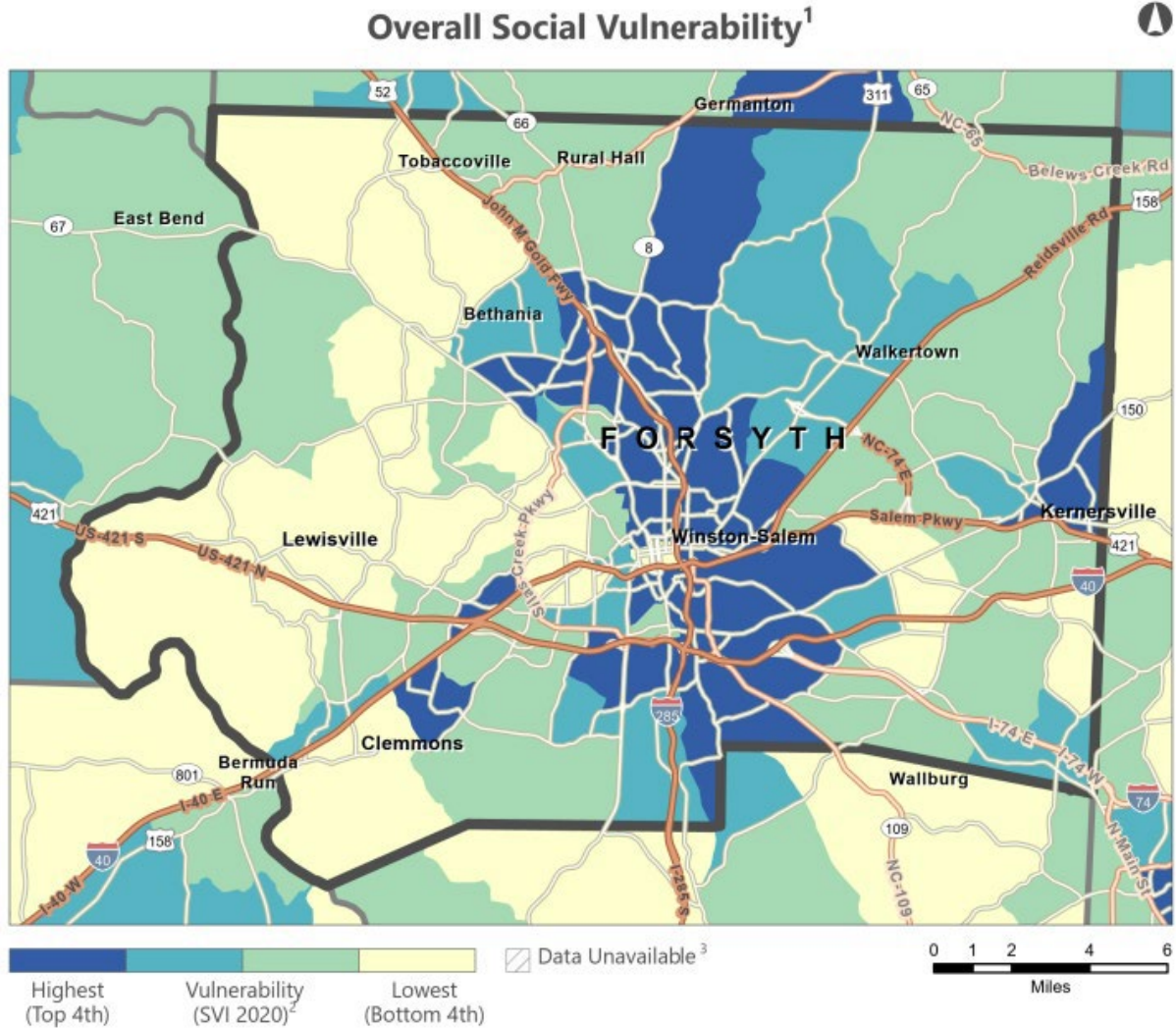
13. The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and 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 the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and**

As noted in the discussion of Criterion 3, this application shows that NHHC-F intends to focus the proposed home health agency on patients of Novant Health system and proposes very little service to Medicaid and charity patients in the community. The application has no letters of referral from community providers. Moreover, according to CDC metrics, the proposed Clemmons office is in an area with very low social vulnerability. The application does not describe how the agency will organize to serve community patients.

¹ Crews, Daniel, New survey reveals which Triad city has the highest shortage of nurses, WFMY News2, local news, March 15, 2023 <https://www.wfmynews2.com/article/news/local/new-survey-reveals-which-triad-city-has-the-highest-shortage-of-nurses-cone-health-novant-atrium-health-wake-forest-baptist-hospital-healthcare-lpn/83-4c36a4ab-cc28-427e-9cdc-7fae29b23b78>

Figure F.1: Social Vulnerability of Forsyth County



For these reasons, the application should be found not conforming to Criterion 13(c).

18a. The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for the service for which competition will not have a favorable impact.

Competition

The applicant proposes to provide a new home health agency in Clemmons, at the southwestern edge of Forsyth County,

Cost Effectiveness

The project involves a long start-up and working capital investment of more than \$1.0 million. This is a significant investment, which is not offset by unique service offerings. For example, like most other home health agencies described in the NHHF application, service to Medicaid beneficiaries will be very low (3.4 percent of patients, page 110).

NHHF projects 2.479 30-day care events for each unduplicated Medicare patient. Dividing the duplicated Medicare visits on Form C.5 by duplicated patients and 2.479 episodes each, produces an average of 2.8 visits every 30 days.

Table F.1: Novant Medicare Patients and Visits per Episode

Note	Metric	Yr 01	Yr 02	Yr 03
a)	Total Duplicated Medicare Visits	7,906	8,872	9,837
b)	Duplicated Medicare Patients	1,141	1,281	1,420
c)	Episodes per Patient	2.479	2.479	2.479
d)	Visits per Episode	2.80	2.79	2.79

Notes: a, b, c from Form C.5
d. = a/ b/ c

Table F.1 above is inconsistent with statements on page 144. NHHF forecasts 2.479 episodes of care per Medicare patient (Assumptions to Form: this translates to 74.37 days (2.479 * 30 days per episode²)). On page 144, it then states that a full Medicare Fee for Service or Humana Medicare patient will get 7.4 visits per full Episode. The case mix results in an average of 6.9 visits per Medicare Duplicated patient on Form C.5. The applicant calculates this from data extracted from Medicare Cost Reports.

² Page145 and page 162 indicate 30-day periods of care.

Together this information from the application is at best confusing. At worst it demonstrates low visits per episode for the average patient. High capital costs do not appear to improve services for the average patient in the proposed service area.

For these reasons, NH Forsyth should be found non-conforming with Criterion 18a.

Competitive Review of – Well Care / Project ID # G-12363-23

Overview

Well Care Home Health of Forsyth, LLC (Well Care) applied to acquire one new home-health agency in response to the 2023 SMFP need determination for Forsyth County.

As illustrated in the following discussion, the Well Care application is non-conforming with statutory review criteria 1, 3, 4, 5, 6, 13a, and 18a.

CON Review Criteria

- 1. The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, ambulatory surgery operating rooms, or home health offices that may be approved.**

Overview

In the 2023 SMFP, Policy GEN-3 has many requirements:

*“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and **maximizing healthcare value for resources expended***

*...how its **projected volumes will incorporate these concepts** in meeting the need identified in the Stat Medical Facilities Plan, as well as addressing the needs of all residents in the proposed service area.”* [Emphasis added].

This applicant proposes capital expenditures to develop a new office, at the eastern edge of the county and proposes that 49.1 percent of its patients will come from counties other than Forsyth County (page 47). The project will require capital to develop the office and more capital to provide start up for a new office and a new provider number. The application demonstrates that Well Care is already serving Forsyth County, and the two other counties it proposes to serve from its existing Well Care Triad Home Health Agency in Bermuda Run, which is only 30 minutes from Kernersville, the easternmost population center in Forsyth County. Kernersville is where Well Care proposes to locate the new HHA.

Because it will not maximize health care value for resources expended, this application should be found non-conforming to Criterion 1.

- 3. The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.**

Well Care clearly identifies and agrees with the 2023 SMFP deficit of 450 home health agency patients in Forsyth County in 2024 (application Table Q.4, p 133). However, it proposes serving **only 75 percent of the identified Forsyth County need**. Rather than serve all the Forsyth County need for home health agency services, the application states a clear intent to use the proposed new agency to serve Guilford and Stokes Counties. In the Patient Origin table in Section C.3, it shows that 49.1 percent of proposed year 03 patients will be from counties other than Forsyth. The 2023 SMFP Chapter 12 specifically identifies the county in need of the home health agency as Forsyth, not Guilford or Stokes.

For this reason alone, it does not demonstrate that all residents of the service area, Forsyth County, who need the service, are likely to have access to the proposed services and this application should be found non-conforming to Criterion 3.

- 4. Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.**

This application provides no information to show how, what is essentially a second Well Care-owned home health agency to serve Forsyth County, is less costly. Nor does the information provided show it a more effective alternative to serve Forsyth County. There is no information about home health need in Kernersville, or about the specific patients to be “shifted” from the existing Triad Agency.

Thus, the application should be found non-conforming to statutory Criterion 4.

5. Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs, as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

In its CON application, Well Care claims a year three average total operating expense per visit of \$100.44. WellCare’s Medicare cost reports (Form CMS-1728-20) reveal that Well Care’s CON estimate figures are severely underrepresented.

Data from the Well Care Triad Home Health Agency cost report show that the Total Cost per Visit in that Agency for FY 2021 was \$147.62. These cost reports show no Triad home health agency with costs resembling the costs proposed for the Well Care Forsyth home health agency. There were no data for WellCare in the FY2022 CMS files.

Table G.1: WellCare FY2021 Medicare Cost Report Average Total Operating Expense per Visit

CMS MC Cost Report Identifier	Facility	City	State	Total Operating Cost	Total Visits	Avg Total Operating Cost per Visit
527935	Well Care Home Health	Wilmington	NC	\$21,622,138	162,449	\$133.10
527938	Well Care HH of the Triad	Advance	NC	\$9,552,454	64,711	\$147.62
527942	Well Care HH of the Triangle	Raleigh	NC	\$19,841,210	139,392	\$142.34

Note: Data in Table G.1 above are pulled from Worksheet C Parts I & II of WellCare’s Medicare Cost reports for FY 2021.

Source: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Downloadable-Public-Use-Files/Cost-Reports/Cost-Reports-by-Fiscal-Year>

As illustrated in Table G.2 below, even at the lowest average operating expense per visit from Table G.1 the proposed Forsyth HHA incurs a net loss of nearly \$500k.

Table G.2: Recalculated Well Care Forsyth Net Income Year 3

Notes	Metrics	Triad Cost Report 2021	Wilmington Cost Report 2021
a	Avg Total Operating Cost per Visit: Worksheet C	\$147.62	\$133.10
b	Total Well Care Forsyth Visits Yr3	54,642	54,642
c	Recalculated Form F.3b Total Operating Expense	\$8,066,252	\$7,272,850
d	Well Care Forsyth Net Revenue Yr3	\$6,779,521	\$6,779,521
e	Recalculated Net Income (Loss)	(\$1,286,731)	(\$493,329)

a: From Table G.1 above

b: From Well Care Forsyth CON application Form C.5

c: a * b

d: From Well Care Forsyth CON application Form F.2b

e: d – c

Data from the CMS cost reports indicate that information in the CON application are not *“based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.”*

Cost Reports are subject to audit. The differences between the Cost Report and CON Report are significant and are not adequately explained in the application.

For these reasons, the application does not show *“immediate or long-term financial feasibility”* and should be found nonconforming to Criterion 5.

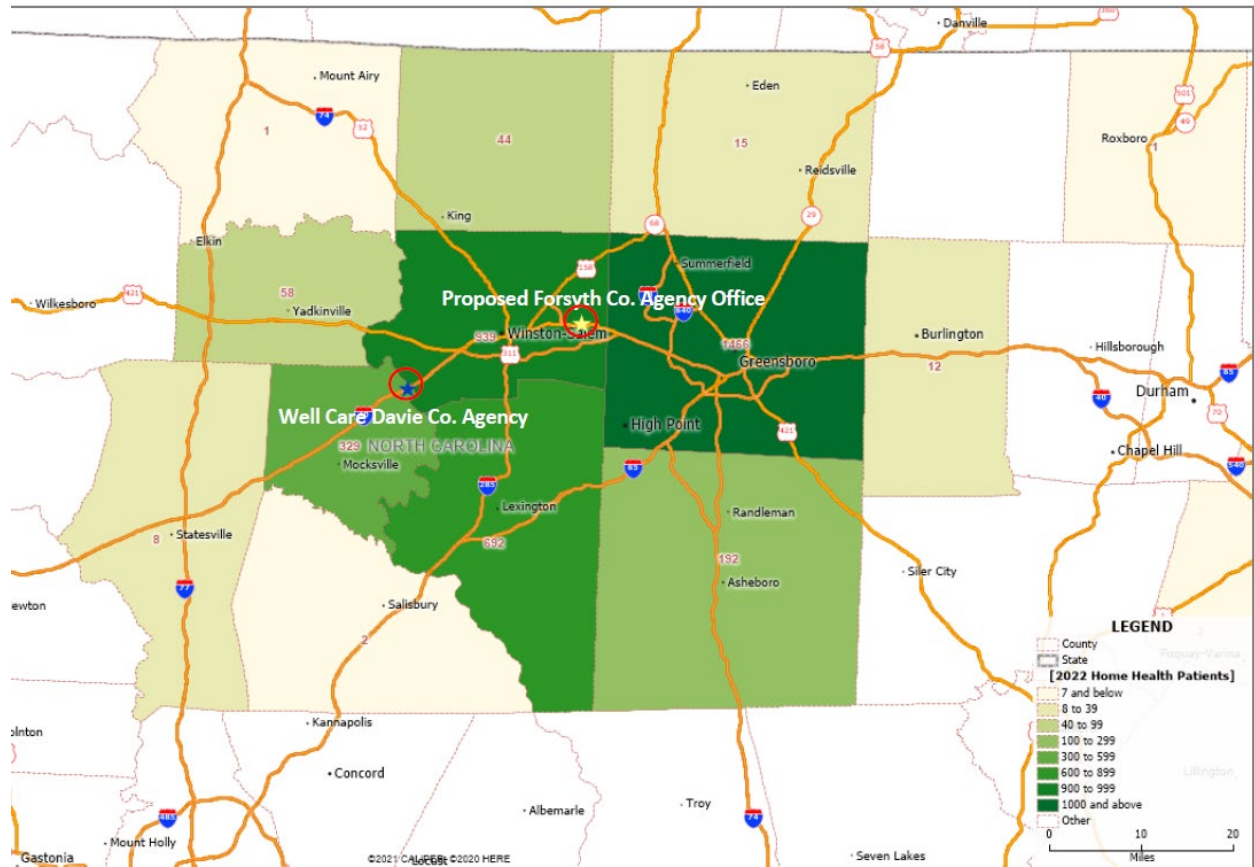
6. The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

By project year 03, this application proposes to serve 2,539 patients (page 47). Of these, 1,293 will be residents of Forsyth County. On page 51, the application indicates that Well Care Home Health of the Triad, Inc. (License # HC0496) served 833 Unduplicated Home Health Patients in FY2021. That agency is in Davie County, only a few miles from the Forsyth County line. The application claims that a new and separate Forsyth County home health agency office is *“mission critical”* to Well Care because the Triad agency can only have a drop-off site in Forsyth County. The application claims the Triad agency cannot advertise a drop off location to patients or caregivers (page 52). That careful wording fails to point out that nothing prohibits the Triad agency from advertising its service availability to Forsyth. Well Care managed to serve 883 Forsyth patients in 2021 without such advertising. Clearly, Well Care is advertising the Triad Agency that is only 19 minutes from the Forsyth County line (Google maps).

In 2022, at meetings of the North Carolina State Health Coordinating Council, Well Care echoed statements from North Carolina Home Health and Hospice Association Director, Timothy Rodgers, indicating that with current technology, a home health agency need not be in the county to serve the county. Well Care performance confirms this. Well Care observes on page 93, **“Well Care acknowledges that home health is a service in which clinicians travel to the patient’s place of residence, thus geographic proximity to an agency’s office location may not implicate access per se.”**

In fact, the proposed office location in Kernersville (pages 16 and 93) and the proposed patient origin showing that 46.2 percent of patients will be from Guilford County, indicates this applicant’s real intent is to be more accessible to Guilford County residents. Indeed, the proposal represents unnecessary duplication of the Well Care office at the border of Forsyth County and a focus on Guilford County. The 2023 SMFP shows no need for an additional home health agency office to serve Guilford County, and as acknowledged in the Methodology in Table Q.9, Well Care already served 1,466 Guilford County patients from the Davie County office (Well Care Home Health of the Triad, Inc.). This is an absolute contradiction of claims that Well Care cannot serve Forsyth County patients from this Davie County agency. Getting to Guilford County requires travelling through Forsyth County, as is illustrated in the map in Figure G.1 from page 131 of the Well Care application.

Figure G.1: Well Care Proposed Forsyth Co Agency Office and Existing Davie Co Agency Office



Clearly the proposed agency office is not required by Well Care to serve Forsyth County patients. It represents unnecessary duplication and is thus non-conforming to Criterion 6.

- 13. The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of 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 the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:**
- a) The extent to which medically underserved populations currently use the applicant’s existing services in comparison to the percentage of the population in the applicant’s service area which is medically underserved;**

The Well Care application methodology describes a high proportion of Forsyth County residents who are Medicaid eligible, 25.1 percent in January 2021 and 27.4 percent in January 2022 (page 115). Yet according to LRA data in the DHSR home health database, Well Care Medicaid service was very low.

Table G.3: Well Care Triad Medicaid History Compared to Forsyth Medicaid Eligibles

Notes	Metric	2021	2022
a	HC 0496 Well Care Triad Medicaid pts as % of total pts	2.9	2.4
b	Forsyth % Medicaid eligible	25.1	27.4

Note:

a: DHSR 2023 License Renewal Database Table on Home Health Agencies

b: Well Care Application Page 115

Clearly, the medically underserved population do not use the applicant’s existing services in proportion to “the percentage of the population in the applicant’s service area which is medically underserved.” Therefore, the application should be found non-conforming to Criterion 13a.

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- 18 a. The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for the service for which competition will not have a favorable impact.**

Competition

This is not a new competitor in the proposed market. It offers no new services and no specialized home health services (application Section C). As clearly indicated in the proposed “shifts” in the Need and Utilization Methodology on page 136, the application is for an existing provider that wishes to obtain this single available opportunity for a new CMS certified home health agency office to prevent market entry by another competitor.

Rather than providing a new competitor for Forsyth County patients, this application demonstrates that its true intent is to provide additional competition in Guilford County. Both patient origin and proposed office location demonstrate this intent.

Cost Effectiveness

Well Care would incur additional overhead costs to introduce a new office, as illustrated in Form F.1a. Thus, the new office would be less cost-effective for serving Forsyth County than the existing Well Care Triad office.

Quality

Well Care establishes throughout the application that it has good quality scores. This application would not change Well Care quality.

Access

The application claims the proposed new home health agency office will have a positive impact on access, but that is only achieved by “shifting” 58 percent, or 751, of the proposed Forsyth patients to be served from the existing Davie County Well Care Triad Home Health Agency. The applicant demonstrates on page 134 that Well Care Triad can and did serve more patients from the proposed service area, in each of the past three years, without the proposed office. Hence, this proposed capital expenditure would not improve access.

For all these reasons, this application does not conform to Criterion 18a.