



WRITTEN COMMENTS ON PITT COUNTY

2023 MEDICARE-CERTIFIED HOME HEALTH AGENCY NEED DETERMINATION

SUBMITTED BY WELL CARE HOME HEALTH OF PITT, INC. / PROJECT ID Q-012456-23

Well Care Home Health of Pitt, Inc. (Well Care) proposes to develop a home health agency in Pitt County (Project ID O-12456-23). Two 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 Pitt County:

Applicant / Project ID	Well Care Written Comments Begin on Page #
Aveanna Home Health-Pitt (Aveanna) Project I.D. Q-012445-23	10
Bayada Home Health Care, Inc (BAYADA) Project I.D. Q-012451-23	14

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 Residents
- 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

Three CON applications have been submitted seeking one home health agency in Pitt 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
Well Care	Q-012456-23	Yes
Aveanna	Q-012445-23	No
BAYADA	Q-012451-23	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

Generally, the application proposing to provide the broadest scope of services is the more effective alternative with regard to this comparative factor. With regard to scope of services, all of the applications submitted are in response to the 2023 SMFP which includes a need determination for one Medicare-certified home health agency in Pitt County. All of the applicants propose to acquire one Medicare-certified home health agency in Pitt County. Regarding this comparative factor, the competing applications are equally effective alternatives.

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. Additionally, all three applicants propose to develop a new home health agency in Greenville. Therefore, the applications are equally effective regarding geographic access.

Projected Charges Per Visit by Staff Discipline

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.

The following table compares charges per visit by staff discipline in the third full fiscal year following project completion for all 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
Well Care	\$135	\$135	\$135	\$135	\$350	\$70
Aveanna	\$162	\$184	\$181	\$187	\$193	\$84
BAYADA	\$225	\$225	\$225	\$225	\$225	\$100

Source: Form F.5 from each application

Well Care projects the lowest charges per visit for nursing, physical therapy, speech therapy, occupational therapy, and home health aide. Therefore, **Well Care** 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	Net Revenue	# of Visits	Net Revenue per Visit
1	Well Care	\$2,618,830	22,016	\$119
2	Aveanna	\$4,240,458	32,787	\$129
3	BAYADA	\$5,258,854	38,938	\$135

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

Well Care projects the lowest net revenue per unduplicated 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 Unduplicated Patient

The following table compares the projected average net revenue per patient for the third year of operation following project completion for all 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
1	Well Care	1,034	\$2,618,830	\$2,533
2	Aveanna	1,407	\$4,240,458	\$3,014
3	BAYADA	1,491	\$5,258,854	\$3,527

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.” **Well Care** is the most effective alternative because it projects the lowest average net revenue per unduplicated patient during the third project year.

Average Operating Expense Per Visit & Per Patient

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

Average Total Operating Cost Per Visit And Per Unduplicated Patient

Rank	Applicant	Total Visits	Total Unduplicated Patients	Total Operating Costs	Average Total Operating Cost per Visit	Average Total Operating Cost per Patient
1	Well Care	22,016	1,034	\$2,365,064	\$107	\$2,287
2	Aveanna	32,787	1,407	\$4,078,334	\$124	\$2,899
3	BAYADA	38,938	1,491	\$5,129,552	\$132	\$3,440

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

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 and the lowest operating cost per patient. Therefore, the application submitted by **Well Care** is the most effective alternative regarding this comparative factor.

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.”

The metrics used by the Agency are determined by whether the applications included in the review provide data that can be compared and whether such a comparison would be of value in evaluating the alternative factors. Due to the vast differences in defining charity care among healthcare providers, comparisons of charity care are typically inconclusive. Based on a review of the charity care/financial assistance policies of the competing applications, there is no consistent definition of charity care that would enable a conclusive comparison of access by charity care patients. Therefore, for access by underserved groups, the following section compares access for Medicare and Medicaid patients.

Projected Medicare Access

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

Rank	Applicant	Unduplicated Medicare Patients as a percentage of Total Unduplicated Patients
1	Well Care	89.1%
3	Aveanna	56.4%
2	BAYADA	86.5%

Source: Section L.3

As shown in the previous table, Well Care projects the highest percentage of unduplicated Medicare patients as a percentage of total unduplicated patients. As discussed separately in these comments, a comparison of duplicated Medicare patients as a percentage of total duplicated patients is inconclusive. Thus, **Well Care** is the most effective alternative with regard to access by Medicare recipients.

Projected Medicaid Access

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	Applicant	Unduplicated Medicaid Patients as a % of Total Unduplicated Patients
2	Well Care	12.0%
1	Aveanna	12.2%
3	BAYADA	10.0%

Source: Section L.3

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

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 for direct care staff is the more effective alternative with regard to this comparative factor.

Direct Care Staff	Well Care	Aveanna	BAYADA
Registered Nurse	\$108,726	\$110,125	\$111,824
LPN	\$71,843	\$70,232	\$69,566
Home Health Aide	\$46,987	\$55,062	\$48,026
Social Worker	\$85,233	\$67,298	\$82,855
Physical Therapist	\$130,915	\$133,373	\$118,459
Occupational Therapist	\$125,345	\$116,243	\$112,421
Rank	1	2	3

Source: Form H

As shown in the table above, Well Care projects the highest annual salaries in Project Year 3 for licensed practical nurses, social workers, and occupational therapists. Well Care projects the highest salaries for three direct care staff positions, which is the highest of the competing applications. Well Care projects the second highest physical therapist salary. Therefore, with regard to the salaries of direct care staff, the application submitted by **Well Care** is the most effective alternative.

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, Pitt County is the service area. Facilities may also serve residents of counties not included in the service area.

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

Access By Service Area Residents

	Well Care	Aveanna	BAYADA
Projected Pitt County Residents Served in Project Year 3	672	1,036	1,397
Pitt County Residents Served as a % of Total Patients Served	65.0%	73.6%	93.7%
Rank	3	2	1

As shown in the table above, BAYADA projects to serve the highest number and percentage of Pitt County residents (1,397). Aveanna projects to serve the second highest number and percentage of Pitt County residents during the third project year. As discussed separately in these comments, BAYADA and Aveanna do not conform to all applicable statutory and regulatory criteria, and therefore the applications are not approvable. Therefore, **Well Care** is the most effective alternative with respect to access by service area residents.

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 – 3rd Full FY

Rank	Applicant	Unduplicated Patients	Total Visits	Average Visits per Unduplicated Patient
3	Well Care	1,034	22,016	21.3
2	Aveanna	1,407	32,787	23.3
1	BAYADA	1,491	38,938	26.1

Source: Form C.5

As discussed separately in this document, the applications submitted by Aveanna and BAYADA do not conform to Criterion 3; thus, the patient visit projections for these applicants 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 the average number of visits per unduplicated patient.

Summary

The following table lists the comparative factors and indicates the relative effectiveness of each applicant for each metric. The following table makes no assumptions on the factor “Conformity with Review Criteria.”

Comparative Factor	Well Care	Aveanna	BAYADA
Competition (Access to a New or Alternate Provider)	Equally Effective	Equally Effective	Equally Effective
Access by Service Area Residents	Less Effective	Less Effective	Most Effective
Average Number of Visits per Unduplicated Patient	Less Effective	Less Effective	Most Effective
Average Net Revenue Per Visit	Most Effective	Less Effective	Less Effective
Average Net Revenue per Unduplicated Patient	Most Effective	Less Effective	Less Effective
Average Operating Expense per Visit	Most Effective	Less Effective	Less Effective
Average Operating Expense per Patient	Most Effective	Less Effective	Less Effective
Charges per Visit by Staff Discipline, Project Year 3	Most Effective	Less Effective	Less Effective
Access by Medicare Patients	Most Effective	Least Effective	Less Effective
Access by Medicaid Patients	Less Effective	Most Effective	Less Effective
Direct Care Salaries	Most Effective	Less Effective	Less Effective

Well Care is determined to be the most effective alternative for the following five factors:

- Average Net Revenue Per Visit
- Average Net Revenue per Unduplicated Patient
- Average Operating Expense per Visit
- Average Operating Expense per Patient
- Charges per Visit by Staff Discipline, Project Year 3
- Access by Medicare Patients
- Direct Care Salaries

Well Care is a most effective alternative for eight factors, which is the most of any applicant in this Review. Therefore, the Well Care application is the most effective alternative in this competitive review.

**COMMENTS SPECIFIC TO AVEANNA HOME HEALTH - PITT (AVEANNA)
 PROJECT I.D. Q-012445-23**

Comments Regarding Criterion 3

Aveanna’s methodology for projecting home health patient need is unreasonable and not supported. Aveanna projects the number of patients receiving home health care will decrease by a compound annual growth rate of -4.1% from FFY2025-FFY2028, which is significantly higher than the historical experience of Pitt County and results in overstated patient utilization projections.

On application page 104, Aveanna provides a table (Table 3) that it states, “summarizes the historical and estimated volume of patients receiving home health services.”

Table 3: Pitt County Patients Receiving Home Health Care

<i>Age Group</i>	<i>FFY 2021</i>	<i>FFY 2024</i>	<i>2021-2024 CAGR*</i>
Under 18 Years	0	0	0.0%
18 – 64 Years	1,092	732	-12.5%
65 – 74 Years	1,145	1,198	1.5%
Age 75 and Older	1,659	1,381	-5.9%
Total	3,896	3,310	

Source: 2023 SMFP, Chapter 12 Table 12C.

*Compound Annual Growth Rate

Source: Aveanna application, page 104

The FFY2021 data in the previous table reflects the actual number of home health patients served in Pitt County and the FFY2024 projection reflects the estimated number of Pitt County home health patients served based on the standard home health methodology. The home health methodology estimates future home health patients served based on the average annual change in use rate per 1,000 population over the previous three reporting years for each age group in each Councils of Government (COG) region. The calculations apply this result to the current use rates per 1,000 population for each county within each COG region to calculate changes in the number of patients projected to need home health services by the projection year.¹ Pitt County is in COG Region Q, which includes Beaufort, Bertie, Hertford, Martin, and Pitt counties. Therefore, the FFY2024 estimated number of home health patients reflects the historical change in use for a five-county area, and not solely Pitt County.

Aveanna applied the projected rates of change calculated in Table 3 to the adjusted projected total patients to be served in FFY2024 (Table 12D: 2024 Need Projections for Medicare-certified Home Health Agencies or Offices, Column C) to project the number of Pitt County patients that will receive home health care (see Table 4).

¹ 2023 SMFP, Chapter 12: Home Health Services, Assumptions of the Methodology, Step 4, page 214

Table 4: FY25 – FY28 Projected Pitt County Patients Receiving Home Health Care

Age Group	FFY 2025	FFY 2026	FFY 2027	FFY 2028	2025-2028 CAGR*
Under 18 Years	0	0	0	0	0.0%
18 – 64 Years	640	560	490	429	-12.5%
65 – 74 Years	1,216	1,235	1,254	1,273	1.5%
Age 75 and Older	1,299	1,222	1,149	1,081	-5.9%
Total	3,155	3,017	2,893	2,783	

*Compound Annual Growth Rate

Source: Aveanna application, page 104

Aveanna’s methodology assumes the number of Pitt County patients receiving home health care will decrease by a CAGR of -4.7% between FFY2021 and FFY2028 $[(FFY28: 2,783 \div FFY21: 3,896) ^ (1/7) - 1 = -4.7\%]$. Aveanna’s projections are inconsistent with the historical experience of Pitt County home health patients served. Data contained in the 2023 SMFP indicates the number of Pitt County home health patients served during FFY2019-FFY2021 declined by only -3.4%. See the following table.

Pitt County Home Health Patients Served

Age Group	FFY2019	FFY2020	FFY2021	CAGR
0-17	1	2	0	-100.0%
18-64	1,362	1,168	1,092	-10.5%
65-74	1,054	1,102	1,145	4.2%
75+	1,754	1,611	1,659	-2.7%
Total	4,171	3,883	3,896	-3.4%

Source: 2023 SMFP, Table 12C

The applicant failed to explain why it is reasonable to project the number of home health patients served in Pitt County will decrease by a rate much higher than its historical experience, especially in light Aveanna’s proposal to increase access to home health services in Pitt County via development of a new home health agency.

Aveanna’s projections of Pitt County patients receiving home health care (Section Q, Table 4) result in unreasonable utilization projections. Specifically, Aveanna subtracts the number of Pitt County patients receiving home health care (Section Q, Table 4) from the projected number of patients in need of home health services (Section Q, Table 2) to calculate what it refers to as projected “patient need deficit.” See the following table from the Aveanna application.

Table 5: Projected Pitt County Home Health Need Deficit

	FFY 2024	FFY 2025	FFY 2026	FFY 2027	FFY 2028
Patients in Need of Home Health Services	3,868	3,872	3,881	3,896	3,916
Projected # of Patients Receiving Services	3,310	3,155	3,017	2,893	2,783
Patient Need Deficit	558	717	864	1,003	1,134
Unserviced Patients in Need of Care as % of Total Patients	14.4%	18.5%	22.3%	25.7%	29.0%

Source: Aveanna application, page 105

Aveanna failed to provide sufficient information to support its projection that the patient need deficit in Pitt County will nearly double from 558 home health patients in FFY2024 to 1,134 home health patients in FFY2028. The increase in patient need deficit is directly attributable to Aveanna’s assumption that Pitt County patients receiving home health services will decrease by a rate of -4.7%.

Well Care projected the number of Pitt County home health patients served based on data in the 2023 SMFP and the historical rates of change for Pitt County during FFY2019-FFY2021.

Pitt County Home Health Patients Served

Age Group	FFY2019	FFY2020	FFY2021	CAGR	FFY2022	FFY2023	FFY2024	FFY2025	FFY2026	FFY2027	FFY2028
0-17	1	2	0	-100.0%	0	0	0	0	0	0	0
18-64	1,362	1,168	1,092	-10.5%	978	876	784	702	629	563	504
65-74	1,054	1,102	1,145	4.2%	1,193	1,244	1,296	1,351	1,408	1,468	1,530
75+	1,754	1,611	1,659	-2.7%	1,613	1,569	1,526	1,484	1,443	1,404	1,365
Total	4,171	3,883	3,896	-3.4%	3,785	3,689	3,606	3,537	3,480	3,434	3,399

Source: FFY2019-FFY2021 data obtained from 2023 SMFP, Table 12C; FFY2022-FFY2028 projected based on CAGR by age cohort

Well Care subtracted the number of Pitt County patients receiving home health care in the previous table from Aveanna’s projected number of patients in need of home health services (Section Q, Table 2) to recalculate the patient need deficit. See the following table.

***Recalculated* Table 5: Projected Pitt County Home Health Need Deficit**

	FFY2024	FFY2025	FFY2026	FFY2027	FFY2028
Patients in Need of Home Health Services	3,868	3,872	3,881	3,896	3,916
Projected # of Patients Receiving Services	3,606	3,537	3,480	3,434	3,399
Patient Need Deficit	262	335	401	462	517
Unserviced Patients in Need of Care as a % of Total Patients	6.8%	8.6%	10.3%	11.8%	13.2%

As shown in Well Care’s analysis, when Aveanna’s methodology incorporates rates of change based on historical utilization in Pitt County, the projected patient need deficit is dramatically reduced. As stated on application page 106, Aveanna believes that it is reasonable to assume that it can meet the need by

servicing all of the projected deficit by the third project year. However, Aveanna projects to serve 1,036 home health patients during the third project year, which is much higher than the projected patient deficit based on Pitt County's historical experience. Moreover, the applicant failed to provide adequate information to support a rapid decline in home health patients served during the timeframe it proposes to develop a new home health service. Therefore, the application failed to demonstrate the utilization projections are based on reasonable and adequately supported assumptions.

For these reasons, the Aveanna application does not conform to criterion 3.

Additionally, the application lacks 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 Aveanna application does not conform to Criterion (3).

Impact on Other Review Criteria

Based on the previously described facts which render the Aveanna 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 SPECIFIC TO BAYADA HOME HEALTH CARE INC. (BAYADA)
 PROJECT I.D. Q-012451-23**

Comments Regarding Criterion 3

See comments regarding BAYADA’s non-conformity to Criterion 13. Additionally, Well Care provides the following comments regarding the BAYADA application.

BAYADA’s projections of duplicated Medicare patients in Form C.5 are erroneous and not supported by the information contained in the application as submitted. Specifically, Form C.5 requires the applicant to provide projected duplicated Medicare clients and visits for each of the Medicare payor categories. See highlighted sections of the following table.

Form C.5 Home Health Utilization	1st Full FY		2nd Full FY		3rd Full FY	
	F:		F:		F:	
	T:		T:		T:	
	# of Clients	# of Visits	# of Clients	# of Visits	# of Clients	# of Visits
Duplicated Medicare Clients & Visits						
Full Episodes without Period Outliers						
Full Episodes with Period Outliers						
Patient Episodes With Partial Period Payments						
Patient Episodes With Low-Utilization Payment Adjustments (LUPAs)						
Total Medicare Clients and Visits						

BAYADA provides the assumptions and methodology used to project duplicated Medicare clients by reimbursement type in Section Q, pages 3-8 (PDF pages 117-122). See also the table below, which is excerpted from Step 9 of the BAYADA methodology.

The Medicare Episode Reimbursement type breakout is highlighted in the following table:

Medicare Episode	FY2025	FY2026	FY2027	FY2028	Reimbursement Type %
Full w/o Outliers	118	937	1,752	2,411	95.5%
Full w Outliers	1	10	18	25	1.0%
PEPs	4	29	55	76	3.0%
LUPAs	1	5	9	13	0.5%
Total	123	981	1,834	2,524	100.0%

Calculation: Full w/o Outliers = (Total Medicare Episodes x Reimbursement Type Percentage)
 Full w Outliers = (Total Medicare Episodes x Reimbursement Type Percentage)
 PEPs = (Total Medicare Episodes x Reimbursement Type Percentage)
 LUPAs = (Total Medicare Episodes x Reimbursement Type Percentage)

As shown in the previous table, BAYADA projects to serve 2,524 duplicated Medicare patients during the third project year. As described in the BAYADA methodology, the projected Medicare patients in Step 9 represent duplicated patients because they reflect 1) 35% readmitted Medicare patients (Step 7) and 2) a Medicare episode ratio of 1.45 per duplicated patient (Step 8 = 1.45 x Step 7). Therefore, BAYADA's projection of 2,524 duplicated Medicare patients should have been included in Table C.5 of the BAYADA application.

The BAYADA methodology is similar to Well Care's methodology. Well Care included duplicated Medicare patients based on a similar methodology to BAYADA's projected Medicare patients reflected in Step 9 of its application. However, BAYADA did not include the duplicated Medicare patients from Step 9 of its methodology in Form C.5 of its application. Instead, BAYADA attempted to calculate duplicated Medicare patients by dividing Medicare visits by Service Discipline in Step 11 by Average Visits per Patient in Step 12. The Medicare patients calculated in Step 12 reflect Medicare patients that receive home health services across multiple disciplines, which artificially inflates BAYADA's calculation of duplicated Medicare patients. In other words, BAYADA may count one Medicare patient four times if the patient is projected to receive home health services across multiple service disciplines.

In home health parlance, "duplicated clients" refers to patients that 1) receive more than one episode of care and/or 2) admitted to home health more than once during a given fiscal year.

The definition of "unduplicated clients" in the CON application form states: *For home health agency proposals, the term "unduplicated clients" means the total number of home health clients served or projected to be served during a given fiscal year. Each home health client should be counted only once regardless of the number of times the clients are admitted during the given fiscal year.*

The definition of "duplicated clients" in the CON application form states: *For home health agency proposals, the term "duplicated clients" means the total number of home health clients served or projected to be served during a given fiscal year by each staff discipline. If the client is seen by more than one discipline, the related client visits should be counted under each staff discipline.* The definition of "duplicated clients" does not state the *client* should be counted under each staff discipline, rather, the definition states the related client *visits* should be counted under each staff discipline. Thus, based on the definitions included in the CON application, BAYADA's projection of 5,615 duplicated Medicare patients in Form C.5 is overstated and should not be considered in a comparative analysis because it is not an apples-to-apples comparison to Well Care's projections of duplicated Medicare patients in Form C.5. Therefore, a comparison of duplicated Medicare patients as reported by applicants in Form C.5 is inconclusive.

Impact on Other Review Criteria

Based on the previously described facts which render the BAYADA application non-conforming to criterion 3, the application is also **non-conforming to criteria 1, 4, 5, 6, 13, and 18a and 10A NCAC 14C .2003.**

Comments Regarding Criterion 13

BAYADA failed to provide the assumptions used to project payor mix by payor source. Page 94 and Section Q page 7 of BAYADA’s application include a table summarizing projected patients by payor source during the first three project years. However, the application does not describe the rationale for the distribution of patients by payor source. There is no rationale to explain the projected Medicaid payor mix of 10% and Medicare payor mix of 86.5% during project year three.

Furthermore, BAYADA failed to demonstrate the reasonableness of its payor mix projections in comparison to payor mix projections provided by BAYADA in prior home health reviews. This Pitt County review is one of five competitive home health reviews in 2023. BAYADA submitted applications in the 2023 Brunswick County home health review and the 2023 New Hanover County home health review. The following table compares BAYADA’s payor mix projections contained in its applications submitted in the previous 2023 home health reviews and this Pitt County competitive home health review.

	Brunswick Co. HH Review	New Hanover Co. HH Review	Pitt Co. HH Review
Unduplicated Medicaid Patients as Percentage of Total Unduplicated Patients	5.2%	3.5%	10.0%
Unduplicated Medicare Patients as Percentage of Total Unduplicated Patients	80.5%	76.0%	86.5%

Source: O-12324-23, Section L.3; O-012404-23, Section L.3; Q-012451-23, Section L.3

BAYADA’s Medicaid payor mix projection included in its Pitt County home health application is nearly two-times higher than its Brunswick County home health application projection and nearly three-times higher than its New Hanover County home health application projection. BAYADA provided no information in the Pitt County application as submitted to demonstrate that there is any association between its historical home health experience or experience of other home health providers in Pitt County to support its projected Medicaid payor mix of 10%. Further, neither of BAYADA’s previous home health applications included similar Medicaid payor mix projections.

BAYADA’s Medicare payor mix projection included in its Pitt County home health application is higher compared to both its Brunswick County and New Hanover County application payor mix projections despite Pitt County having the lowest percentage of population age 65+ among the three counties.² The following table compares the population age 65 and older among the three counties.

Population Age 65+, July 1, 2022

	Brunswick Co.	New Hanover Co.	Pitt Co.
Population Age 65+	34.0%	19.4%	14.9%

Source: US Census Bureau Quick Facts, <https://www.census.gov/quickfacts>

² Individuals become eligible for Medicare beginning at age 65. <https://www.hhs.gov/answers/medicare-and-medicaid/who-is-eligible-for-medicare/index.html>

Notably, as between the Brunswick County and New Hanover County applications, BAYADA projected a lower Medicare payor mix in the New Hanover County application, consistent with a lower percentage of population age 65 and older in New Hanover County compared to Brunswick County. Pitt County has a considerably lower percentage of population age 65 and older compared to Brunswick County and New Hanover County, yet BAYADA projects to obtain a higher Medicare payor mix in Pitt County compared to its Brunswick County and New Hanover County applications. BAYADA provided no information in the application as submitted to demonstrate that there is any association between its historical home health experience or experience of other home health providers in Pitt County to support its projected Medicare payor mix of 86.5%. Further, neither of BAYADA's previous home health applications included similar Medicare payor mix projections.

For these reasons, the BAYADA application failed to adequately demonstrate that the elderly and the medically underserved groups 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. Consequently, the BAYADA application does not conform to criterion 13c.

Impact on Other Review Criteria

Based on the previously described facts which render the BAYADA application non-conforming to criteria 13, the application is also **non-conforming to criteria 1, 3, 4, 5, 6, and 18a and 10A NCAC 14C .2003.**