ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS
C = Conforming
CA = Conditional
NC = Nonconforming
NA = Not Applicable

DECISION DATE: December 27, 2012

PROJECT ANALYST: Michael J. McKillip
ASSISTANT CHIEF: Martha J. Frisone

PROJECT I.D. NUMBER: F-10001-12 / Vizion One, Inc. / Develop a new Medicare-certified home health agency / Mecklenburg County

F-10003-12 / Maxim Healthcare Services, Inc. / Develop a new Medicare-certified home health agency / Mecklenburg County

F-10004-12 / Carolinas Medical Center at Home, LLC and The Charlotte-Mecklenburg Hospital Authority / Develop a new Medicare-certified home health agency / Mecklenburg County

F-10005-12 / HKZ Group, LLC / Develop a new Medicare-certified home health agency / Mecklenburg County

F-10006-12 / Roberson Herring Enterprises, LLC, d/b/a AssistedCare of the Carolinas / Develop a new Medicare-certified home health agency / Mecklenburg County

F-10007-12 / Well Care Home Health, Inc. / Develop a new Medicare-certified home health agency / Mecklenburg County

F-10008-12 / Emerald Care, Inc. d/b/a Emerald Care, an Amedysis Company / Develop a new Medicare-certified home health agency / Mecklenburg County

F-10010-12 / Continuum II Home Care and Hospice, Inc. / Develop a new Medicare-certified home health agency / Mecklenburg County

F-10011-12 / United Home Care, Inc. d/b/a UniHealth Home Health, Inc. d/b/a UniHealth Home Health / Develop a new Medicare-certified home health agency / Mecklenburg County

F-10012-12 / Ogadinma Akagha d/b/a J and D Healthcare Services / Develop a new Medicare-certified home health agency / Mecklenburg County

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

(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, operating rooms, or home health offices that may be approved.

NC—AssistedCare, J & D
C—All Other Applicants

The 2012 State Medical Facilities Plan (SMFP) includes a need methodology for determining the need for additional Medicare-certified home health agencies in North Carolina. Application of the need methodology in the 2012 SMFP identified a need for two new Medicare-certified home health agencies in Mecklenburg County. Ten applications were submitted to the Certificate of Need Section, each proposing to develop one Medicare-certified home health agency in Mecklenburg County. However, pursuant to the need determination, only two home health agencies may be approved in this review for Mecklenburg County. See the Summary following the Comparative Analysis for the decision.

Policy GEN-3 of the 2012 SMFP is applicable to this review. Policy GEN-3: Basic Principles 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. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area."*

Vizion One. Vizion One, Inc. **(Vizion One)** proposes to develop a Medicare-certified home health agency at 10925 Taylor Drive, Suite 130, Charlotte, NC, 28262, Mecklenburg County.

Need Determination – Vizion One does not propose to establish more than one home health agency in Mecklenburg County. Therefore, the application is conforming to the 2012 SMFP need determination for two new home health agencies in Mecklenburg County.

Policy GEN-3 – In Section III.2, pages 53-56, Vizion One describes how it believes the project conforms with Policy GEN-3. Vizion One, Inc. describes how its proposal will promote safety and quality in Section II.7, pages 29-30, Exhibit 1, Section II.1, pages 8-26, and Section II.6, page 29. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote safety and quality.

Vizion One describes how its proposal will promote equitable access in Section VI, pages 71-75. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote equitable access.

Vizion One describes how its proposal will maximize health care value for resources expended in Section III.1, pages 38-51, Section IV, pages 64-67, Section X, pages 92-99, and the applicant's pro forma financial statements, pages 105-166. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will maximize health care value for resources expended.

Vizion One adequately demonstrates how its proposal will promote safety and quality, equitable access and maximize health care value for resources expended. Therefore, the application is consistent with Policy GEN-3.

In summary, the application is conforming to this criterion.

Maxim. Maxim Healthcare Services, Inc. **(Maxim)** proposes to develop a Medicare-certified home health agency at 1300 Baxter Street, Suite 114, Charlotte, NC, 28204, Mecklenburg County.

Need Determination - Maxim does not propose to establish more than one home health agency in Mecklenburg County. Therefore, the application is conforming to the 2012 SMFP need determination for two new home health agencies in Mecklenburg County.

Policy GEN-3 – In Section III.2, pages 54-62, Maxim describes how it believes the project conforms with Policy GEN-3. Maxim describes how its proposal will promote safety and quality in Section II.7, pages 27-33, Exhibit 11, Section II.1, pages 9-18, Section II.2, pages 19-23, and Section II.6, page 26. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote safety and quality.

Maxim describes how its proposal will promote equitable access in Section VI, pages 86-98. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote equitable access.

Maxim describes how its proposal will maximize health care value for resources expended in Section III.1, pages 39-53, Section IV, pages 66-79, Section X, pages 116-122, and Section XIII (pro forma financial statements). The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will maximize health care value for resources expended.

Maxim adequately demonstrates how its proposal will promote safety and quality, equitable access and maximize health care value for resources expended. Therefore, the application is consistent with Policy GEN-3.

In summary, the application is conforming to this criterion.

CMCH. Carolinas Medical Center at Home, LLC and The Charlotte-Mecklenburg Hospital Authority **(CMCH)** proposes to develop a Medicare-certified home health agency at 101 East W.T. Harris Boulevard, Suite 5105, Charlotte, NC, 28262, Mecklenburg County.

Need Determination - CMCH does not propose to establish more than one home health agency in Mecklenburg County. Therefore, the application is conforming to the 2012 SMFP need determination for two new home health agencies in Mecklenburg County.

Policy GEN-3 – In Section III.2, pages 75-78, CMCH describes how it believes the project conforms with Policy GEN-3. CMCH describes how its proposal will promote safety and quality in Section II.7, pages 38-39, Exhibits G and O, Section II.1, pages 23-32, Section II.2, pages 32-33, and Section II.6, pages 37-38. The information provided by the applicants is reasonable, credible and supports the determination that the applicants' proposal will promote safety and quality.

CMCH describes how its proposal will promote equitable access in Section VI, pages 96-104. The information provided by the applicants is reasonable, credible and supports the determination that the applicants' proposal will promote equitable access.

CMCH describes how its proposal will maximize health care value for resources expended in Section III.1, pages 46-71, Section IV, pages 81-87, Section X, pages 121-130, and Section XIII (pro forma financial statements). The information provided by the applicants is reasonable, credible and supports the determination that the applicants' proposal will maximize health care value for resources expended.

CMCH adequately demonstrates how its proposal will promote safety and quality, equitable access and maximize health care value for resources expended. Therefore, the application is

consistent with Policy GEN-3.

In summary, the application is conforming to this criterion.

HKZ Group. HKZ Group, LLC **(HKZ Group)** proposes to develop a Medicare-certified home health agency at 9940 Monroe Road, Suite 102, Matthews, NC, 28105, Mecklenburg County.

Need Determination – HKZ Group does not propose to establish more than one home health agency in Mecklenburg County. Therefore, the application is conforming to the 2012 SMFP need determination for two new home health agencies in Mecklenburg County.

Policy GEN-3 – In Section III.2, pages 39-45, HKZ Group describes how it believes the project conforms with Policy GEN-3. HKZ Group describes how its proposal will promote safety and quality in Section II.7, pages 22-26, Exhibit 5, Section II.1, pages 9-14, Section II.2, pages 14-18, and Section II.6, page 22. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote safety and quality.

HKZ Group describes how its proposal will promote equitable access in Section VI, pages 76-85. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote equitable access.

HKZ Group describes how its proposal will maximize health care value for resources expended in Section III.1, pages 28-39, Section IV, pages 52-69, Section X, pages 99-102, and the applicant's pro forma financial statements, pages 108-130. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will maximize health care value for resources expended.

HKZ Group adequately demonstrates how its proposal will promote safety and quality, equitable access and maximize health care value for resources expended. Therefore, the application is consistent with Policy GEN-3.

In summary, the application is conforming to this criterion.

AssistedCare. Roberson Herring Enterprises, LLC, d/b/a AssistedCare of the Carolinas **(AssistedCare)** proposes to develop a Medicare-certified home health agency at 3081 Senna Drive, Matthews, NC, 28105, Mecklenburg County.

Need Determination - AssistedCare does not propose to establish more than one home health agency in Mecklenburg County. Therefore, the application is conforming to the 2012 SMFP need determination for two new home health agencies in Mecklenburg County.

Policy GEN-3 – In Section III.2, pages 82-87, Assisted Care describes how it believes the

project conforms with Policy GEN-3. AssistedCare describes how its proposal will promote safety and quality in Section II.7, pages 52-57, Exhibit 14, Section II.1, pages 18-36, Section II.2, pages 36-43, and Section II.6, pages 51-52. However, the information provided by the applicant regarding projected staffing is not reasonable and supported, and does not support a determination that the applicant's proposal will promote safety and quality. See Criterion (7) for the discussion regarding projected staffing in Project Year 2 which is hereby incorporated as set forth fully herein.

AssistedCare describes how its proposal will promote equitable access in Section VI, pages 114-123. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote equitable access.

AssistedCare describes how its proposal will maximize health care value for resources expended in Section III.1, pages 59-81, Section IV, pages 96-99, Section X, pages 142-148, and the applicant's pro forma financial statements, pages 155-169. However, the information provided by the applicant regarding projected staffing is not reasonable and supported, and does not support a determination that the applicant's proposal will maximize health care value for resources expended. See Criterion (7) for the discussion regarding projected staffing in Project Year 2 which is incorporated hereby as if set forth fully herein.

Therefore, the application is not consistent with Policy GEN-3 and, consequently, the application is not conforming to this criterion.

Well Care. Well Care Home Health, Inc. **(Well Care)** proposes to develop a Medicare-certified home health agency at 8604 Cliff Cameron Drive, Suite 616, Charlotte, NC, 28269, Mecklenburg County.

Need Determination – Well Care does not propose to establish more than one home health agency in Mecklenburg County. Therefore, the application is conforming to the 2012 SMFP need determination for two new home health agencies in Mecklenburg County.

Policy GEN-3 – In Section III.2, pages 53-54, Well Care describes how it believes the project conforms with Policy GEN-3. Well Care describes how its proposal will promote safety and quality in Section II.7, page 24, Exhibit 6, Section II.1, pages 11-19, Section II.2, pages 19-20, and Section II.6, page 23. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote safety and quality.

Well Care describes how its proposal will promote equitable access in Section VI, pages 69-77. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote equitable access.

Well Care describes how its proposal will maximize health care value for resources expended in Section III.1, pages 29-52, Section IV, pages 58-63, Section X, pages 97-102,

and the applicant's pro forma financial statements, pages 106-123. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will maximize health care value for resources expended.

Well Care adequately demonstrates how its proposal will promote safety and quality, equitable access and maximize health care value for resources expended. Therefore, the application is consistent with Policy GEN-3.

In summary, the application is conforming to this criterion.

Emerald Care. Emerald Care, Inc. d/b/a Emerald Care, an Amedysis Company **(Emerald Care)** proposes to develop a Medicare-certified home health agency at 1850 East 3rd Street, Charlotte, NC, 28204, Mecklenburg County.

Need Determination – Emerald Care does not propose to establish more than one home health agency in Mecklenburg County. Therefore, the application is conforming to the 2012 SMFP need determination for two new home health agencies in Mecklenburg County.

Policy GEN-3 – Emerald Care describes how its proposal will promote safety and quality in Section II.7, pages 20-21, Exhibit 10, Section II.1, pages 9-14, and Section II.6, page 20. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote safety and quality.

Emerald Care describes how its proposal will promote equitable access in Section VI, pages 58-64. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote equitable access.

Emerald Care describes how its proposal will maximize health care value for resources expended in Section III.1, pages 25-40, Section IV, pages 47-49, Section X, pages 79-81, and the applicant's pro forma financial statements, pages 81-91. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will maximize health care value for resources expended.

Emerald Care adequately demonstrates how its proposal will promote safety and quality, equitable access and maximize health care value for resources expended. Therefore, the application is consistent with Policy GEN-3.

In summary, the application is conforming to this criterion.

Continuum. Continuum II Home Care and Hospice, Inc. **(Continuum)** proposes to develop a Medicare-certified home health agency at 9200 Glenwater Drive, Charlotte, NC, 28262, Mecklenburg County.

Need Determination - Continuum does not propose to establish more than one home health agency in Mecklenburg County. Therefore, the application is conforming to the 2012 SMFP need determination for two new home health agencies in Mecklenburg County.

Policy GEN-3 – In Section III.2, pages 61-65, Continuum describes how it believes the project conforms with Policy GEN-3. Continuum describes how its proposal will promote safety and quality in Section II.7, pages 27-29, Exhibit C, Section II.1, pages 11-24, and Section II.6, pages 26-27. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote safety and quality.

Continuum describes how its proposal will promote equitable access in Section VI, pages 80-85. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote equitable access.

Continuum describes how its proposal will maximize health care value for resources expended in Section III.1, pages 38-59, Section IV, pages 73-76, Section X, pages 98-101, and the applicant's pro forma financial statements, pages 106-118. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will maximize health care value for resources expended.

Continuum adequately demonstrates how its proposal will promote safety and quality, equitable access and maximize health care value for resources expended. Therefore, the application is consistent with Policy GEN-3.

In summary, the application is conforming to this criterion.

UniHealth. United Home Care, Inc. d/b/a UniHealth Home Health, Inc. d/b/a UniHealth Home Health **(UniHealth)** proposes to develop a Medicare-certified home health agency at 201 McCullough Drive, Suite 155, Charlotte, NC, 28262, Mecklenburg County.

Need Determination - UniHealth does not propose to establish more than one home health agency in Mecklenburg County. Therefore, the application is conforming to the 2012 SMFP need determination for two new home health agencies in Mecklenburg County.

Policy GEN-3 – In Section III.2, pages 144-147, UniHealth describes how it believes the project conforms with Policy GEN-3. UniHealth describes how its proposal will promote safety and quality in Section II.7, pages 74-94, Exhibit 7, Section II.1, pages 30-68, Section II.2, pages 68-69, and Section II.6, pages 72-74. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote safety and quality.

UniHealth describes how its proposal will promote equitable access in Section VI, pages 184-196. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote equitable access.

UniHealth describes how its proposal will maximize health care value for resources expended in Section III.1, pages 100-142, Section IV, pages 155-170, Section X, pages 226-231, and the applicant's pro forma financial statements, pages 241-277. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will maximize health care value for resources expended.

UniHealth adequately demonstrates how its proposal will promote safety and quality, equitable access and maximize health care value for resources expended. Therefore, the application is consistent with Policy GEN-3.

In summary, the application is conforming to this criterion.

J & D. Ogadinma Akagha d/b/a J and D Healthcare Services **(J & D)** proposes to develop a Medicare-certified home health agency at 464 Eastway Drive, Charlotte, NC, 28205, Mecklenburg County.

Need Determination – J & D does not propose to establish more than one home health agency in Mecklenburg County. Therefore, the application is conforming to the 2012 SMFP need determination for two new home health agencies in Mecklenburg County.

Policy GEN-3 – J & D describes how its proposal will promote safety and quality in Section II.7, pages 10-11, and pages 7-9. The information provided by the applicant is reasonable, credible, and supports the determination that the applicant's proposal will promote safety and quality.

J & D describes how it believes its proposal will promote equitable access in Section VI, pages 21-25. However, the applicant did not provide adequate documentation that its proposal will promote equitable access. The existing licensed home care agency serves Medicaid patients. However, the applicant does not project that the proposed Medicare-certified home health agency will serve any Medicaid patients. See Section VI. See also the discussion in Criterion (13c) which is incorporated hereby as if set forth fully herein.

J & D describes how it believes its proposal will maximize health care value for resources expended in Section III.1, page 16, Section IV, pages 11-13, Section X, pages 34-38, and the applicant's pro forma financial statements. However, the applicant did not provide adequate documentation that its proposal will maximize health care value for resources expended. The applicant does not adequately demonstrate the need for its proposal and does not adequately demonstrate that the financial feasibility of its proposal is based upon reasonable projections of costs and charges. See the Sections of the application referenced above. See also the discussion in Criteria (3) and (5) which is incorporated hereby as if set forth fully herein.

J & D adequately demonstrates how its proposal will promote safety and quality. However, J & D did not adequately demonstrate how its proposal would promote equitable access, and maximize health care value for resources expended. Therefore, the application is not consistent with Policy GEN-3.

In summary, the application is not conforming to this criterion.

Summary

Eight of the ten applications are consistent with Policy GEN-3. All ten applications are conforming to the need determination in the 2012 SMFP for two new Medicare-certified home health agencies in Mecklenburg County. However, the limit on the number of home health agencies that may be approved in this review is two. Therefore, all ten applications cannot be approved even if all ten were consistent with Policy GEN-3. See the Summary following the Comparative Analysis for the decision.

(2) Repealed effective July 1, 1987.

(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.

NC—J & D
C—All Other Applicants

Vizion One. Vizion One, Inc. **(Vizion One)** proposes to develop a Medicare-certified home health agency at 10925 Taylor Drive, Suite 130, Charlotte, NC, 28262, Mecklenburg County. In Section I.11(a), page 7, the applicant states that it operates a licensed home care agency located at 10925 Taylor Drive, Suite 130, in Charlotte, North Carolina.[1] Vizion One does not own and operate any Medicare-certified home health agencies in North Carolina.

Population to be Served

In Section III.4, page 63, Vizion One projects that 100% of its patients will be residents of Mecklenburg County in the first two years of operation. On page 63, the applicant states,

[1] All Medicare-certified home health agencies are licensed as home care agencies. Some licensed home care agencies are also certified for Medicare reimbursement and are known as Medicare-certified home health agencies. A certificate of need is not required to obtain a license for a home care agency. A certificate of need is required before a licensed home care agency may obtain Medicare certification. Vizion One already owns and operates a licensed home care agency in Mecklenburg County and proposes to obtain Medicare certification for that licensed home care agency.

"This assumption is based on the need in the county identified in the 2012 SMFP." Vizion One adequately identified the population to be served.

Need Analysis

In Section III.1(b), page 52, Vizion One states,

> *"The 2012 SMFP contains a home health need methodology based upon the use rate of four age cohorts and requires a minimum of 275 patients to indicate the need for a new home health agency in a county (for brevity, the actual calculations have not been replicated in this document but are incorporated herein by reference). … The Medicare-Certified Home Health Agency or Office Need Determinations that are contained in the 2012 SMFP indicate a need for two new home health agencies in Mecklenburg County (the total need in Mecklenburg County is 651 patients)."*

Projected Utilization

In Section IV, pages 66-67, Vizion One provides projected utilization of its proposed facility, as illustrated in the following tables.

Table 1: Projected Unduplicated Patients by Service Discipline

	Nursing	Physical Therapy	Speech Therapy	Total
Project Year 1 (CY 2013)	114.37	91.56	5.32	211.25
Project Year 2 (CY 2014)	175.94	140.86	8.19	324.99

Table 2: Projected Duplicated Patients by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 (CY 2013)	360.63	110.06	306.20	19.25	22.94	34.11	853.19
Project Year 2 (CY 2014)	555.17	169.71	470.75	19.25	39.13	51.87	1,305.88

Table 3: Projected Visits by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 (CY 2013)	2,408	441	1,924	113	34	361	5,281
Project Year 2 (CY 2014)	3,707	680	2,958	173	58	549	8,125

The applicant describes the assumptions and methodology used to project utilization on pages 105-106, which is summarized below.

*"**UNDUPLICATED PATIENT CASELOAD***
MECKLENBURG COUNTY

2012 SMFP Minimum Need	*2012 SMFP Need (Mecklenburg County)*	*Applicant, Year 1 (Mecklenburg)*	*Applicant, Year 2 (Mecklenburg)*	*Applicant, Year 3 (Mecklenburg)*
275	*651*	*211*	*325*	*348*

Assumptions:

Year 1: (2013) Vision One, has based the Year One projection upon one-half of the 2012 SMFP Minimum Need of 651 Patients or 325 Patients. As detailed in the following pages, Vision One projects Year One at sixty-five percent of the 325 Patients in Year One or 211 Patients.

Year 2 (2014): Vision One, projects to meet 100% of the identified need, 325 patients, in Year two.

Year 3: (2015) Vision One, projects growth to be seven percent between Years Two and Three, based upon the historical growth rate of seven percent between 2004 and 2009. … The percentage was applied to the Year 2, (2014), projected 325 unduplicated Patients to project Year 3, (2015), patients (325 X 107% = 347.75).

…

In order to estimate the number of unduplicated patients, visit data was obtained from the 2010 North Carolina Home Health Database for Mecklenburg County-based home health agencies, Updated 7/26/2011, (2009 data).

The Unduplicated Patients/Clients for Skilled Nursing, Physical Therapy and Speech Therapy were summed. The percentage for each discipline was determined by dividing the respective discipline patients by the Total Patients. The resulting discipline percentages were multiplied by the total Patient Need for each year resulting in the number of unduplicated patients for each discipline. The Patients by Discipline were then allocated to each discipline based upon the percentage of visits performed each month for each year as distributed in the Pro-Forma Financials resulting in the Unduplicated Patients by Service Discipline by Month for each year."

Thus, the applicant projected the number of unduplicated patients by discipline based on the percentage of FY2009 patient visits by discipline for existing Mecklenburg County Medicare-certified home health agencies. On page 106, the applicant provides a table showing its projection of unduplicated patients by discipline, which is summarized below:

Vizion One Projections of Unduplicated Patients by Discipline

Discipline	Visits	Visits by Discipline as Percent of Total	Unduplicated Patients CY2013	Unduplicated Patients CY2014	Unduplicated Patients CY2015
Skilled Nursing	66,706	54.14%	114.37	175.95	188.26
Physical Therapy	53,404	43.34%	91.56	140.86	150.72
Speech Therapy	3,105	2.52%	5.32	8.19	8.76
Total	**123,215**	**100.00%**	**211.25**	**325**	**347.75**

With regard to its projections of duplicated patients and visits, on page 107, the applicant states,

> *"In order to estimate the number of duplicated patients, visit data was obtained from the 2010 North Carolina Home Health Database for Mecklenburg County-based home health agencies, Updated 7/26/2011 (2009 data). … Visits and Clients/Patients for all six disciplines were summed as reflected in the Database using the Staffing Tab as it identifies Visits and Patients/Clients by discipline and Agency. The Visits by Discipline are then divided by the number of Patients/Clients by Discipline resulting in the number of Visits per Patient by discipline.*
>
> *Example: (66,706 SN Visits / 9,990 SN Patients) = 6.6772 SN Visits Per Patient.*
>
> *Visits for each discipline by month as distributed in the Pro-Forma Financials were then divided by the Visit Per Patient for the Discipline to determine the Duplicated Patients per Discipline per month."*
>
> *Example: (39 SN Jan 2013 Visits / 6.68) = 5.84 Duplicated Patients*
>
> …

Duplicated Patients by Discipline by Year

Discipline	*Visits*	*Duplicated Patients*	*Patient Visits Per Discipline*	*Visits 2013*	*Visits 2014*
SN	*66,706*	*9,990*	*6.68*	*2,413*	*3,710*
PT	*53,404*	*8,499*	*6.28*	*1,927*	*2,963*
ST	*3,105*	*529*	*5.87*	*112*	*165*
OT	*12,237*	*3,054*	*4.01*	*441*	*679*
MSW	*1,177*	*794*	*1.48*	*30*	*57*
HHA	*9,885*	*934*	*10.58*	*358*	*550*
Total	***146,514***	***23,800***	***6.16***	***5,281***	***8,124***

As shown in the table above, the applicant projected the total visits and duplicated patients by discipline based on the percentage of patient visits by discipline for existing Mecklenburg County Medicare-certified home health agencies, and based on the patient visits per

duplicated patient by discipline for existing Mecklenburg County Medicare-certified home health agencies, in FY2009. See the tables on pages 106-111 of the application.

The applicant adequately demonstrates that projected utilization is based on reasonable, credible and supported assumptions.

In summary, Vizion One adequately demonstrates the need to develop a Medicare-certified home health agency office in Mecklenburg County including the extent to which medically underserved groups will have access to the proposed home health services. See Criterion (13c) for discussion regarding access by medically underserved groups which is incorporated hereby as if set forth fully herein. Therefore, the application is conforming to this criterion.

Maxim. Maxim Healthcare Services, Inc. **(Maxim)** proposes to develop a Medicare-certified home health agency at 1300 Baxter Street, Suite 114, Charlotte, NC, 28204, Mecklenburg County. In Section I.11(a), page 5, Maxim states it does not own and operate any Medicare-certified home health agencies in North Carolina, but that it owns 246 *"home health offices"* in other states. Maxim owns and operates an existing licensed home care agency located at 3541 Randolph Road, Suite 204, in Charlotte, North Carolina.

Population to be Served

In Section III.4, page 64, Maxim projects that 100% of its patients will be residents of Mecklenburg County in the first three years of operation. On page 64, the applicant states, *"Consistent with the service area definition in the 2012 State Medical Facilities Plan, Maxim identifies Mecklenburg County as the defined service area because this is the specific population that generated the need determination for two additional Medicare-certified home health agencies."* Maxim adequately identified the population to be served.

Need Analysis

In Section III.1, pages 39-47, Maxim states the need for the proposed project is based on the 2012 SMFP need methodology (pp. 39-40), projected growth and aging of the Mecklenburg County population (pp. 40-42), increases in home health use rates (pp. 42-45), and the need to improve access to home health services for Medicaid recipients (pp. 46-47).

Projected Utilization

In Section IV, pages 66-69, Maxim provides projected utilization of its proposed facility, as illustrated in the following tables.

Table 1: Projected Unduplicated Patients by Service Discipline

	Nursing	Physical Therapy	Total
Project Year 1 (4/1/13-3/31/14)	284	142	426
Project Year 2 (4/1/14-3/31/15)	335	168	503

Table 2: Projected Duplicated Patients by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 (4/1/13-3/31/14)	522	522	522	33	12	522	2,131
Project Year 2 (4/1/14-3/31/15)	670	670	670	42	16	670	2,737

Table 3: Projected Visits by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 (4/1/13-3/31/14)	3,392	619	2,680	182	39	451	7,363
Project Year 2 (4/1/14-3/31/15)	4,376	798	3,458	235	51	582	9,499

The applicant describes the assumptions and methodology used to project unduplicated patients in Section III.1, pages 48-53, as follows:

1. Project the number of Mecklenburg County home health patients. On page 48, Maxim states that the 2012 SMFP projects there will be 18,716 home health patients in Mecklenburg County in 2013 based on the methodology in the 2012 SMFP. Maxim states that the CAGR between 2008 and 2010 was 4.4% for Mecklenburg County. Maxim assumed the total number of home health patients in Mecklenburg County would continue to increase at the same rate the total population is projected to increase, which is 1.8%. In 2015, Maxim projects a total of 19,378 home health patients in Mecklenburg County.

2. Project Maxim's market share and unduplicated patients. On page 46, Maxim states that it assumes it will admit 8 unduplicated home health patients per week during the first 9 months of Project Year 1 and 9 unduplicated home health patients per week during months 10 through 12. Maxim assumes it will admit 9 unduplicated home health patients per week during the first three months of Project Year 2, and 10 unduplicated patients per week during months 4 through 12. Maxim states that this results in admitting 426 unduplicated home health patients in Project Year 1 and 503 in Project Year 2. Maxim determined that that would represent a market share 2.3% in Project Year 1 and 2.6% in Project Year 2. Maxim compared its projections with the actual experience of existing Mecklenburg County agencies. See the table on page 51 of the application. The average market share for the existing Mecklenburg County agencies was 9.6% in FY2011.

3. Project unduplicated patients by admitting service discipline. On page 52, Maxim states it relied on its corporate experience in determining the number of unduplicated patients by admitting service discipline. Maxim assumes nursing will be 66.67% and physical therapy will be 33.3%.

The applicant describes the assumptions and methodology used to project duplicated patients and visits in Section IV, pages 70-79, as follows:

1. Project unduplicated patients by payor source. On page 70, Maxim states that the payor mix for unduplicated patients is based on its experience operating a home care agency in Mecklenburg County as well as a review of the payor mix for the existing Mecklenburg County agencies.

2. Project patient readmissions. On page 71, Maxim states that the number of readmissions (Medicare and Medicaid only) is based on its corporate experience. Maxim assumes 10% of Medicare and Medicaid patients will be readmitted.

3. Project Medicare episodes.[2] On page 72, Maxim states that the number of episodes per Medicare admission is based on the experience of the existing Mecklenburg County agencies. See the table on page 72 of the application. The average is 1.33. Maxim used this average to project the number of episodes per Medicare admission.

4. Project Medicare episodes by reimbursement type. On page 73, Maxim states that Medicare episodes by reimbursement type is based on its corporate experience. See the table on page 73 of the application. Full episodes without outliers are projected to be 85.71% of the total. Maxim projects full episodes with outliers to be 2.04%, low-utilization payment adjustments (LUPAs) are projected to be 11.22% of the total and partial episode payments (PEPs) are projected to be 1.02% of the total.

[2] Medicare reimbursement is based on episodes of care rather than per visit. An episode of care, as defined by Medicare, is 60 days. In 2010, The Centers for Medicare and Medicaid Services website explained the home health prospective payment system (PPS) as follows: *"Under prospective payment, Medicare pays home health agencies (HHAs) a predetermined base payment. The payment is adjusted for the health condition and care needs of the beneficiary. The payment is also adjusted for the geographic differences in wages for HHAs across the country. The adjustment … is referred to as the case-mix adjustment. The home health PPS will provide HHAs with payments for each 60-day episode of care for each beneficiary. … While payment for each episode is adjusted to reflect the beneficiary's health condition and needs, a special outlier provision exists to ensure appropriate payment for those beneficiaries that have the most expensive care needs."* The PPS has several categories of payment, including a regular 60-day episode, a case-mix adjustment, which is based upon the home health agency's assessment of the patient's functional status using OASIS (Outcome and Assessment Information Set). To determine the case-mix adjustment, patients are classified into a case-mix group called HHRG (Home Health Resource Group). Another category called LUPA (low-utilization payment adjustment) includes those patients who only require four or fewer visits. Outlier payment adjustments are made for those patients requiring costlier care. Finally, a PEP (partial episode payment) is made when a patient transfers to a different home health agency or is discharged and readmitted within a 60-day episode.

5. Project visits by payor source. On page 74, Maxim states that visits by payor source are based on its corporate experience. Maxim states that the average number of visits per Medicare episode was 16.08. See the table on page 75 of the application. Visits for LUPAs and PEPs were based on Maxim's corporate experience because data is not available for the existing Mecklenburg County agencies. Maxim assumed 9.65 visits per Medicaid patient.

6. Project visits by service discipline and payor source. On page 78, Maxim states that visits by service discipline and payor source are based on the experience of the existing Mecklenburg County agencies and its corporate experience where data was not available.

The applicant adequately demonstrates that projected utilization is based on reasonable, credible and supported assumptions.

In summary, Maxim adequately demonstrates the need to develop a Medicare-certified home health agency office in Mecklenburg County including the extent to which medically underserved groups will have access to the proposed home health services. See Criterion (13c) for discussion regarding access by medically underserved groups which is incorporated hereby as if set forth fully herein. Therefore, the application is conforming to this criterion.

CMCH. Carolinas Medical Center at Home, LLC and The Charlotte-Mecklenburg Hospital Authority **(CMCH)** propose to develop a Medicare-certified home health agency at 101 East W.T. Harris Boulevard, Suite 5105, Charlotte, NC, 28262, Mecklenburg County. In Section I.11(a), page 10, CMCH states it owns four Medicare-certified home health agencies in North Carolina, including one existing Medicare-certified home health agency located at 4701 Hedgemore Drive, Suite 300, in Charlotte, North Carolina. The applicants propose to add a second office which will be located in northern Mecklenburg County. Development of a second office requires a certificate of need pursuant to G.S. 131E-178(a). See also G.S. 131E-176(16) and G.S. 131E-176(12).

Population to be Served

In Section III.4, page 79, CMCH provides a table showing projected patient origin by county in the first two years of operation, which is summarized below:

CMCH Projected Patient Origin by County
Project Years 1 and 2

County	Year 1 (2014) Patients	Percent of Total	Year 2 (2015) Patients	Percent of Total
Mecklenburg	4,580	77%	4,730	77%
Cabarrus	1,018	17%	1,056	17%
Gaston	204	3%	210	3%
Rowan	48	1%	49	1%
Union	93	2%	98	2%
Other*	35	1%	36	1%
Total	**5,978**	100%	**6,179**	100%

*On page 79, the applicants state *"Other"* includes Iredell, Stanly, Cleveland, and McDowell counties.

On page 50, the applicants state, *"The proposed addition of a new office in northern Mecklenburg County is not expected to change the overall service area definition for H@H-CMC's Mecklenburg County agency. With the addition of a northern office, the distribution of patients in the service area by county will shift slightly, as will be demonstrated in the projected patient origin."* Projected patient origin for the proposed office is based on historical patient origin for the existing Mecklenburg County home health agency. CMCH adequately identified the population to be served.

Need Analysis

In Section III.1, pages 46-69, CMCH states the need for the proposed project is based on the need to improve the agency's operating efficiency and geographic access (pp. 46-48), growth in demand for home health services in northern Mecklenburg and Cabarrus counties (pp. 48-55), projected growth and aging of the Mecklenburg County population (pp. 57-60), capacity constraints of the existing agency office (pp. 60-63), the need to serve patients in the younger age ranges (p. 63), and the need to improve access to home health services for medically underserved patients, including self pay, indigent and Medicaid recipients (pp. 64-66), historical growth in utilization rates for home health services by Mecklenburg County residents (pp. 67-68), and the projected need for home health services in Mecklenburg and Cabarrus counties through FY2016 (pp. 68-69).

Projected Utilization

In Section IV, pages 84-86, CMCH provides projected utilization of the proposed northern Mecklenburg office, as illustrated in the following tables.

Table 1: Projected Unduplicated Patients by Service Discipline

	Nursing	Physical Therapy	Speech Therapy	Total
Project Year 1 (FFY2014)	2,037	825	8	2,870
Project Year 2 (FFY2015)	2,124	860	9	2,993

Table 2: Projected Duplicated Patients by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 (FFY2014)	5,660	1,164	4,827	282	98	221	12,251
Project Year 2 (FFY2015)	5,902	1,214	5,033	294	102	230	12,775

Table 3: Projected Visits by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 (FFY2014)	23,171	3061	15,340	632	770	2,845	45,820
Project Year 2 (FFY2015)	24,162	3192	15,997	659	803	2,967	47,780

On pages 70-71, CMHC describes the assumptions and methodology used to project utilization for the proposed project as follows:

> *"H@H-CMC developed its projected utilization for the first two years of operation ending September 30, 2014 and 2015 based on the following steps and assumptions:*
>
> 1. *The service area was divided into two zones based on ZIP code definitions currently used by H@H-CMC for staffing. Three ZIP codes, 28215, 28213 and 28206, were shifted from the Charlotte zone to the North zone that will be served by the proposed new office.*
> 2. *Population by ZIP code and age group was pulled from Claritas, Inc. for each ZIP code in the service area for 2012 and 2017. ZIP code population by age group for the intervening years 2013 through 2016 was estimated by interpolation.*
> 3. *County use rates by age group from the 2012 SMFP based on FFY2010 data were applied to the appropriate ZIP code population to project the total demand for home health services in each ZIP code for each year. To remain conservative, use rates were held constant.*
> 4. *The FFY2011 H@H-CMC unduplicated patients by ZIP code were compared to the projected total ZIP code demand for home health for FFY2011 from Step 3 to estimate H@H-CMC's historical market share by ZIP code.*
> 5. *H@H-CMC's estimated FFY2011 market share by ZIP code was applied to the projected ZIP code level market demand for the years 2012 through 2015 with the following adjustment:*

a. *North Office ZIP codes reflect a 2.7 percent increase in market share in 2014 and a 0.3 percent increase in market share in 2015 based on the opening of the new office, which will enhance accessibility to referral sources and improve operating efficiency and staffing. This level of market share increase is minimal and is based on management's expectation of growth in demand from referral sources based on greater access to the new North Office. The level of growth is also supported by the numerous physicians and referral sources that have written letters for this application. Finally, the number of referrals that H@H-CMC has been able to serve historically further supports the expected growth in market share and utilization.*
b. *The incremental growth in volume for the proposed North office of H@H-CMC of 390 patients between 2013 and 2014 reflect approximately half of the unmet need identified in the SMFP, along with H@H-CMC's routine annual growth as an existing agency.*

6. *Total projected unduplicated patients by office by year are presented in Exhibit 20 including FFY2011 actual, FFY2012 – 2013 interim, and FFY 2014 and FFY 2015, which will also be project years 1 and 2.*
7. *Unduplicated patients projected in Step 6 were grouped by ZIP code into county level patient origin for the North Office, Charlotte Office and Total Agency as shown in Exhibit 24 in response to Question III.4(c).*
8. *As shown in Table IV.1 – Unduplicated patients are projected to gradually increase by month over the first two years of operation. Unduplicated patients were allocated to the skilled service to which they will be admitted based on H@H-CMC's historical experience for FFY2011.*
9. *As shown in Table IV.2 – Duplicated patients and visits by discipline are presented based on the ratio of unduplicated to duplicated patients and visits per unduplicated patient experienced by H@H-CMC for FFY2011."*

As discussed above, the applicants projected the total duplicated patients based on historical Mecklenburg County home health service use rates, projected population growth, and historical market share data by ZIP Code area for CMCH's existing home health agency. Also, the applicants projected an increase in market share of 2.7 percent and 0.3 percent in the first two operating years, respectively. The applicants' projections of duplicated patients and visits by discipline are based on the experience of its existing Mecklenburg County home health agency in FFY2011.

The applicants adequately demonstrate that projected utilization is based on reasonable, credible and supported assumptions.

In summary, CMCH adequately demonstrates the need to develop a Medicare-certified home health agency office in Mecklenburg County including the extent to which medically underserved groups will have access to the proposed home health services. See Criterion

(13c) for discussion regarding access by medically underserved groups which is incorporated hereby as if set forth fully herein. Therefore, the application is conforming to this criterion.

HKZ Group. HKZ Group, LLC **(HKZ Group)** proposes to develop a Medicare-certified home health agency at 9940 Monroe Road, Suite 102, Matthews, NC, 28105, Mecklenburg County. In Section I.11(a), page 5, the applicant states, *"HKZ Group is not an existing agency, and does not own any existing home health agencies in North Carolina."* However, the applicant states HKZ Group will contract with HealthKeeperz, Inc. for management services, and that HealthKeeperz, Inc. owns Medicare-certified home health agencies in Robeson, Scotland, and Cumberland counties in North Carolina.

Population to be Served

In Section III.4, page 49, HKZ Group provides a table showing its projected patient origin by county in the first three years of operation, which is summarized below:

HKZ Group Projected Patient Origin by County
Project Years 1 -3

County	Year 1 CY2014	Year 2 CY2015	Year 3 CY2016
Mecklenburg	86.7%	87.3%	88.0%
Union	13.3%	12.7%	12.0%
Total	**100.0%**	**100.0%**	**100.0%**

On page 47, the applicant states

"The defined service area is composed of Mecklenburg and Union counties. HealthKeeperz of Mecklenburg will admit patients from a location within the 45 mile radius shown in the map [on page 47 of the application]*, which estimates a 60-minute driving distance from an office in Matthews."*

The Project Analyst reviewed the home health patient surpluses/deficits in the 2012 SMFP for Union County and compared it to the projected number of patients to be served in Project Year 2. In 2013, the 2012 SMFP projects a deficit of 261 patients in Union County. (Note: in order to result in a "need determination" in the 2012 SMFP, the deficit had to equal or exceed 275 patients.) In Project Year 2, HKZ Group proposes to serve 50 Union County patients. See page 57 of the application. Furthermore, a review of the patient origin data for the existing Mecklenburg County agencies shows that 10% of the patients served by those agencies are not residents of Mecklenburg County. The existing Mecklenburg County agencies currently serve residents of Union County. HKZ Group adequately identified the population to be served.

Need Analysis

In Section III.1, pages 28-39, HKZ Group states the need for the proposed project is based on the need determination in the 2012 SMFP for two Medicare-certified home health agencies or offices in Mecklenburg County (p. 28), the projected deficit of 261 home health patients in Union County as reported in Table 12C in the 2012 SMFP (p. 28), projected growth and aging of the Mecklenburg and Union County populations (pp. 28-31), historical growth in utilization rates for home health services by Mecklenburg and Union County residents (pp. 35-37), and projected growth in the Medicare populations in Mecklenburg and Union counties (pp. 37-39).

Projected Utilization

In Section IV, pages 68-69, HKZ Group provides projected utilization of its proposed facility, as illustrated in the following tables.

Table 1: Projected Unduplicated Patients by Service Discipline

	Nursing	Physical Therapy	Total
Project Year 1 (CY2014)	183	99	282
Project Year 2 (CY2015)	257	138	395

Table 2: Projected Duplicated Patients by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 (CY2014)	297	65	211	15	21	33	642
Project Year 2 (CY2015)	417	91	296	21	29	47	900

Table 3: Projected Visits by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 (CY2014)	3,177	389	1,973	108	24	444	6,115
Project Year 2 (CY2015)	4,457	546	2,768	151	34	622	8,578

The applicant describes the assumptions and methodology used to project utilization in Section IV.3, pages 53-67, which is summarized below.

1. Determine the total number of unduplicated patients to be served in Project Year 1. On pages 53-54, the applicant states that 18,716 Mecklenburg County residents are projected to need home health services in FFY 2013 and the deficit is 651 patients. The applicant's source is Table 12C in the 2012 SMFP. HKZ Group assumes that it will serve 75% of the 464 patients in FFY 2013, which is Project Year 1 for the proposed home health agency. The applicant notes that there are 10 existing Mecklenburg County agencies and they served 86% of all Mecklenburg County

residents receiving home health services. The applicant states that on average, each existing Mecklenburg County agency served 1,430 Mecklenburg County residents, which is an 8.6% market share. The applicant notes that it projects a 1.6% market share in Project Years 1-3.

2. Determine the total number of unduplicated patients to be served in Project Years 2 and 3. On pages 53-54, the applicant states that it assumes the number of unduplicated patients will increase 5.98% per year based on the average annual growth rate for Mecklenburg County unduplicated patients between 2008 and 2011. The applicant notes that this growth rate is faster than the rate of growth for the population of Mecklenburg County.

3. Calculate the number of unduplicated patients in Union County. On pages 55-56, the applicant states that it projects to serve 50 unduplicated patients from Union County in each of the first three years of operation, which is 19% of the deficit of 261 identified for Union County in the 2012 SMFP.

4. Calculate the number of unduplicated patients in Mecklenburg and Union Counties. On pages 56-57, the applicant states that it projects to serve a total 282 unduplicated patients from Mecklenburg and Union Counties in the first year of operation, 395 in the second year and 416 in the third year of operation. See table on page 57 of the application.

5. Calculate the number of unduplicated patients by qualifying discipline. On pages 57-58, the applicant states that it relied on the experience of the three existing home health agencies owned and operated by HealthKeeperz, Inc. (HealthKeeperz agencies) and the existing Mecklenburg County agencies to determine the number of unduplicated patients by qualifying discipline, which are nursing, physical therapy and speech therapy. HKZ Group assumes that 65% of unduplicated patients will be nursing and 35% will be physical therapy.

6. Calculate the number of duplicated patients. On pages 58-59, the applicant states that it reviewed data and the existing Mecklenburg County agencies to determine the ratio of duplicated patients to unduplicated patients. The applicant calculated a ratio of 2.3 for existing Mecklenburg County agencies.

7. Calculate the percentage distribution of duplicated patients by discipline. On page 60, the applicant states that it reviewed data for the three existing HealthKeeperz agencies and the existing Mecklenburg County agencies to determine the percentage of duplicated patients by discipline. The applicant used the average of the two sets of existing home health agencies shown in the table on page 60 of the application.

8. Calculate the number of duplicated patients by discipline. On page 60, the applicant states it calculated the number of duplicated patients by discipline using the

assumptions in Steps 6 and 7.

9. Determine the average number of patients by discipline. On pages 61-62, the applicant states that it reviewed data for the three existing HealthKeeperz agencies and the existing Mecklenburg County agencies to determine the average number of patient visits by discipline. The applicant used the average of the two sets of existing home health agencies shown in the table on page 61 of the application.

10. Calculate the total number of patient visits. The applicant used the duplicated patients by discipline calculated in Step 8 multiplied by the average number of visits by discipline calculated in Step 9 to determine the projected patient visits by discipline for each of the first three years of operation. See pages 62-63 of the application.

11. Determine the payor mix for duplicated patients. On pages 64-65, the applicant states that it reviewed data for the three existing HealthKeeperz agencies and the existing Mecklenburg County agencies to determine the payor mix for duplicated patients. The applicant notes that it proposes to serve Medicaid incontinence patients which will result in a higher Medicaid percentage.

12. Determine the payor mix of patient visits. On pages 65-67, the applicant states that it reviewed data for the three existing HealthKeeperz agencies and the existing Mecklenburg County agencies to determine project patient visit payor mix. The applicant notes that it proposes to serve Medicaid incontinence patients which will result in a higher Medicaid percentage.

The applicant adequately demonstrates that projected utilization is based on reasonable, credible and supported assumptions.

In summary, HKZ Group adequately demonstrates the need to develop a Medicare-certified home health agency office in Mecklenburg County including the extent to which medically underserved groups will have access to the proposed home health services. See Criterion (13c) for discussion regarding access by medically underserved groups which is incorporated hereby as if set forth fully herein. Therefore, the application is conforming to this criterion.

AssistedCare. Roberson Herring Enterprises, LLC, d/b/a AssistedCare of the Carolinas **(AssistedCare)** proposes to develop a Medicare-certified home health agency at 3081 Senna Drive, Matthews, NC, 28105, Mecklenburg County. AssistedCare does not own or operate any existing Medicare-certified home health agencies in North Carolina. AssistedCare Management Group, Inc., which manages an existing Medicare-certified home health agency in Brunswick County, will manage the proposed Mecklenburg County Medicare-certified home health agency.

Population to be Served

AssistedCare projects that 100% of its patients will be residents of Mecklenburg County. In Section III.4(a), pages 90-91, the applicant states *"The need determination in the 2012 SMFP is for Mecklenburg County. Therefore, the proposed geographic service area for the proposed project is for Mecklenburg County in accordance with the need determination."* AssistedCare adequately identified the population to be served.

Need Analysis

In Section III.1, pages 59-75, AssistedCare states the need for the proposed project is based on the lower health care costs associated with home care services (pp. 59-61), changes in Medicare reimbursement (pp. 61-62), advances in technology (pp. 62-63), rise in chronic health conditions (pp. 63-64), the need determination in the 2012 SMFP for two Medicare-certified home health agencies or offices in Mecklenburg County (pp. 64-65), the relatively low use rates for home health services in Mecklenburg County (pp. 65-69), projected growth and aging of the Mecklenburg County population (pp. 69-71), and the need for behavioral health and Alzheimer's disease home health services in Mecklenburg County (pp. 71-75).

Projected Utilization

In Exhibit 27, AssistedCare provides projected utilization of its proposed facility, as illustrated in the following tables.

Table 1: Projected Unduplicated Patients by Service Discipline

	Nursing	Physical Therapy	Total
Project Year 1 (4/1/13-3/31/14)	148	178	326
Project Year 2 (4/1/14-3/31/15)	160	192	352

Table 2: Projected Duplicated Patients by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 (4/1/13-3/31/14)	254	74	225	21	47	65	687
Project Year 2 (4/1/14-3/31/15)	274	80	243	23	50	70	741

Table 3: Projected Visits by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social	Home Health	Total

					Worker	Aide	
Project Year 1 (4/1/13-3/31/14)	3,269	257	1,563	160	80	377	5,705
Project Year 2 (4/1/14-3/31/15)	3,529	277	1,687	172	86	406	6,159

The applicant describes the assumptions and methodology used to project unduplicated patients in Section III.1(b), pages 77-81, as follows:

- *"The 2012 SMFP projects a deficit of 651 Mecklenburg County patients in 2013 (year one) and allocates two home health agencies to meet the unmet need. AssistedCare of the Carolinas conservatively proposes to meet half of the total unmet need identified in the 2012 SMFP for Mecklenburg County by serving 326 patients in 2013, or half the 651-patient deficit, with the one home health agency it proposes to develop in Mecklenburg County..*
- *The 2012 SMFP projects that the volume of Mecklenburg County home health patients served by existing agencies will increase by eight percent per year overall, as shown on the chart* [on page 78 of the application]. *AssistedCare of the Carolinas assumes that its patient volume also will grow by eight percent between year one and year two. ...*

AssistedCare of the Carolinas believes its projection of serving 326 patients in the first year of operation is reasonable based on the following factors:

- *At present, there are 10 home health agencies located in Mecklenburg County. These 10 agencies serve 96 percent of all Mecklenburg County home health patients. On average, those 10 agencies serve 1,429 Mecklenburg County patients a year, or have 9.6 percent market share each; the median number of Mecklenburg County patients served by these agencies is 1,109, or 7.45 percent market share. The 2012 SMFP standard methodology projects a total of 18,716 Mecklenburg County home health patients in 2013. If AssistedCare of the Carolinas were to assume that it would achieve the median market share of in-county agencies, it would serve 1,394 patients in 2013 [18,716 total projected Mecklenburg County patients x 7.54 percent market share = 1,394 patients]. Only two agencies serve fewer than 300 patients; one is a specialty home health agency specifically to serve non-English speaking, non-Hispanic patients (Person Home Care of North Carolina, LLC) and one is hospice/home health agency (Hospice & Palliative Care Charlotte Region). ...*
- *The only other county in North Carolina with a similar population to Mecklenburg County is Wake County. At present, there are 12 home health agencies located in Wake County. Those 12 agencies serve 79 percent of all Wake County home health patients. On average, those 12 agencies serve 893 Wake County patients a year, or have a 6.6 percent market share each; the median number of Wake County patients served by these agencies is 640, or 4.73 percent market share. If AssistedCare of the Carolinas were to assume that it*

would achieve the median market share of in-county agencies, it would serve 885 patients in 2013 [18,716 total projected patients x 4.735 percent market share = 885 patients]. Only four agencies serve fewer than 300 patients; one is a specialty agency (Pediatric Services of America, Inc.) ... Please see Exhibit 22 for the analysis of home health agencies in Mecklenburg and Wake counties.

- *The experience of the management entity, AssistedCare Home Health, in developing a new agency also supports these assumptions. In August 1997, AssistedCare Home Health opened its home health agency in Brunswick County. During the first year of its opening, from August 1997 through July 1998, AssistedCare Home Health served a total of 169 patients. The service area for AssistedCare Home Health is estimated to have had a weighted average population size of 109,354 residents during AssistedCare's first year of operation. AssistedCare Home Health therefore had a utilization rate of 15.45 patients per 10,000 service area residents in its first year of operation. If AssistedCare of the Carolinas were to assume the same utilization rate in Mecklenburg County, with a projected population size of 953,849 residents, AssistedCare of the Carolinas would serve approximately 1,474 Mecklenburg County patients (15.45/10,000 per person use rate x 953,849 people = 1,474 patients)."*

The applicant describes the assumptions and methodology used to project duplicated patients and visits in Section IV, pages 97-99, as follows:

"Total number of visits was based on the projected number of unduplicated patients by payor and average number of visits per patient by payor:

- *Patient payor mix and average number of visits per patient by payor were based on data from FY 2012 license renewal applications of Mecklenburg County home health agencies, of which nine out of ten agencies were currently available. ... Please see Exhibit 22 for data from these nine license renewal applications. ...*
- *Medicare patients are assumed to receive an average of 20.4 visits per patient overall, based on the FY 2012 license renewal data of the nine Mecklenburg County home health agencies previously discussed. ...*
- *Medicaid, private/commercial insurance, self pay / other, and charity care patients are assumed to receive an average of 13.3, 13.3, 16.7, and 11.3 visits per patient, respectively, again based on the FY 2012 license renewal data of the nine Mecklenburg County home health agencies previously discussed. ...*
- *Projected visits by discipline were based on the average experience of existing Mecklenburg County home health providers as reported on the nine FY 2012 license renewal applications previously discussed. ....*

As shown in Exhibit 27, Table IV.1 and Table IV.2 project a total of 351 unduplicated patients and 6,159 visits in year two, and therefore AssistedCare of the Carolinas proposes to provide an average of 17.5 visits per patient, which is

consistent with the Mecklenburg County agency average of 17.5 visits per patient, based on the available license renewal data described previously. ... According to the most recently available data provided by CMS, the North Carolina home health median for all providers in FY 2010 was 17.5 visits per patient, which is also consistent with AssistedCare of the Carolinas' projections."

The applicant adequately demonstrates that projected utilization is based on reasonable, credible and supported assumptions.

In summary, AssistedCare adequately demonstrates the need to develop a Medicare-certified home health agency office in Mecklenburg County including the extent to which medically underserved groups will have access to the proposed home health services. See Criterion (13c) for discussion regarding access by medically underserved groups which is incorporated hereby as if set forth fully herein. Therefore, the application is conforming to this criterion.

Well Care. Well Care Home Health, Inc. **(Well Care)** proposes to develop a Medicare-certified home health agency at 8604 Cliff Cameron Drive, Suite 616, Charlotte, NC, 28269, Mecklenburg County. In Section I.11, page 4, Well Care states it owns Medicare-certified home health agencies in New Hanover and Wake counties, and licensed home care offices in several other North Carolina counties.

Population to be Served

In Section III.4, page 56, Well Care provides a table showing its projected patient origin by county in the first two years of operation, which is summarized below:

Well Care Projected Patient Origin by County
Project Years 1 and 2

County	Year 1 Patients FFY2015	Percent of Total	Year 2 Patients FFY2015	Percent of Total
Mecklenburg	325	86.0%	510	86.3%
Cabarrus	20	5.3%	31	5.3%
Iredell	10	2.6%	16	2.6%
Lincoln	8	2.1%	11	1.9%
Gaston	2	0.5%	5	0.8%
Union	13	3.4%	18	3.1%
Total	**378**	100%	**591**	100%

On page 45, the applicant states, *"Both Well Care's experience and the analysis of existing home health agencies in Mecklenburg County support the assumption that the proposed home health agency will have approximately 86 percent of its patients from within Mecklenburg and 14 percent of its patients from the secondary service area counties listed above."*

The Project Analyst reviewed the home health patient surpluses/deficits in the 2012 SMFP for Cabarrus, Iredell, Lincoln, Gaston, and Union counties and compared them to the projected number of patients to be served in Project Year 2. In 2013, the 2012 SMFP projects a deficit of 199 patients in Cabarrus County, a deficit of 96 patients in Iredell, a deficit of 85 patients in Lincoln County, a deficit of 21 patients in Gaston, and a deficit of 261 patients in Union County. (Note: in order to result in a "need determination" in the 2012 SMFP, the deficit had to equal or exceed 275 patients.) In Project Year 2, Well Care proposes to serve 31 Cabarrus County patients, 16 Iredell County patients, 11 Lincoln County patients, 5 Gaston County patients, and 18 Union County patients. See page 56 of the application. Furthermore, a review of the patient origin data for the existing Mecklenburg County agencies shows that 10% of the patients served by those agencies are not residents of Mecklenburg County. The existing Mecklenburg County agencies currently serve residents of Cabarrus, Iredell, Lincoln, Gaston, and Union counties. Well Care adequately identified the population to be served.

Need Analysis

In Section III.1, pages 31-43, Well Care states the need for the proposed project is based on the need determination in the 2012 SMFP for two Medicare-certified home health agencies or offices in Mecklenburg County (pp. 31-32), the projected growth and aging of the Mecklenburg County population (pp. 33-34), racial and ethnic diversity in the Mecklenburg population (pp. 34-35), the historical utilization of home health services in Mecklenburg County (p. 35), the high utilization and historical growth of existing Medicare-certified home health agencies in Mecklenburg County (pp. 35-37), the need for pediatric home health services (pp. 37-40), the need for specialized home health service such as psychiatric home health services (pp. 40-41), the need for improved access by medically underserved patients (p. 42), the need to lower health care costs by substituting home health services for institutional care (p. 43).

Projected Utilization

In Section IV, pages 59-60, Well Care provides projected utilization of its proposed project, as illustrated in the following tables.

Table 1: Projected Unduplicated Patients by Service Discipline

	Nursing	Physical Therapy	Total
Project Year 1 FFY2014	246	132	378

Project Year 2 FFY2015	384	207	591

Table 2: Projected Duplicated Patients by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 FFY2014	287	79	257	23	45	102	794
Project Year 2 FFY2015	449	124	402	35	71	160	1,241

Table 3: Projected Visits by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 FFY2014	4,251	432	1,801	144	72	504	7,205
Project Year 2 FFY2015	6,648	676	2,817	225	113	789	11,268

The applicant describes the assumptions and methodology used to project utilization in Section III.1, pages 44-52, as follows:

1. Definition of the primary and secondary service area. On pages 44-45, the applicant states that it defined its primary service area as Mecklenburg County, and secondary service area as Cabarrus, Iredell, Lincoln, Gaston, and Union counties based on the patient origin data reported by the existing Mecklenburg County home health agencies in their 2012 license renewal applications.

2. Determine the historical CAGR of unduplicated patients for the service area counties. On page 46, the applicant states that it calculated the compound annual growth rate (CAGR) from 2010 to 2013 for unduplicated patients by county for the service area counties. See the table on page 46 of the application.

3. Calculate the number of unduplicated patients in the service area counties for the first three project years. On pages 46-47, the applicant states that it projected the total unduplicated home health patients by service area county through the first three project years (2104-2016) based on one half of the historical CAGR calculated in Step 2 above.

4. Calculate the number of unduplicated patients to be served by the applicant in Project Year 1 by service area county. On pages 47-48, the applicant states that it projects to serve 50 percent of the 2012 SMFP projected deficit of 651 patients for Mecklenburg County (325 patients), and that it projects to serve 10 percent of the 2012 SMFP projected deficit of patient for Cabarrus, Iredell, Lincoln, and Gaston counties (41 patients). The applicant states that it projects to serve 5 percent of the 2012 SMFP projected deficit of patient for Union County (13 patients). See the table on page 47

of the application.

5. Calculate the projected market share by service area county. On page 48, the applicant states it calculated its projected market in Project Year 1 and confirmed it is well below the average market shares for existing Mecklenburg County home health agencies.

6. Project market share increase in Project Years 2-3. On pages 48-49, the applicant project market share increases in Project Years 2-3, and notes that that its projected market shares in those years are below the average market shares for existing Mecklenburg County home health agencies.

7. Calculate the unduplicated patients by service area county for Project Years 1-3. On page 50, the applicant summarizes the unduplicated patients by service area county for Project Years 1-3 based on its projections of unduplicated home health patients by county (Step 3) and market share projections (Step 6). The applicant projects to serve 378, 591, and 821 unduplicated patients in Project Years 1-3, respectively.

8. Calculate unduplicated patients by discipline. On page 51, the applicant projects 65 percent of its unduplicated patient will be nursing service patients and 35 percent will be physical therapy patients based on the applicant's historical experience.

9. Calculate duplicated patients by discipline. On page 52, the applicant states it projected duplicated patients based on a ratio of 2.1 duplicated patients to unduplicated patients based on the applicant's historical experience. The applicant distributed its projected duplicated patients by discipline according to percentages based on the applicant's historical experience. Well Care assumed 1.333 episodes of care per patient, and 19.06 visits per patient, which equates to 14.3 visits per episode (19.06 visits per patient/1.333 episode per patient = 14.3 visits per episode). The applicant distributed the patient visits into discipline according to the following percentages: 59% in nursing; 25% in physical therapy; 2% in speech therapy; 6% in occupational therapy; 1% in social work; and 7% in home health aide.

The applicant adequately demonstrates projected utilization is based on reasonable, credible and supported assumptions.

In summary, Well Care adequately demonstrates the need to develop a Medicare-certified home health agency office in Mecklenburg County including the extent to which medically underserved groups will have access to the proposed home health services. See Criterion (13c) for discussion regarding access by medically underserved groups which is incorporated hereby as if set forth fully herein. Therefore, the application is conforming to this criterion.

Emerald Care, Inc. d/b/a Emerald Care, an Amedysis Company **(Emerald Care)** proposes to develop a Medicare-certified home health agency at 1850 East 3rd Street, Charlotte, NC,

28204, Mecklenburg County. In Section I.11, page 7, the applicant states it owns 440 home health agencies nationally, including eight Medicare-certified home health agencies in North Carolina. None are located in Mecklenburg County. The closest one is located in Gaston County.

Population to be Served

Emerald Care projects that 100% of its patients will be residents of Mecklenburg County. In Section III.4(a), page 42, the applicant states *"The proposed Service Area is Mecklenburg County, which has a 2012 SMFP unmet need of 651 persons and an unmet need for up to two new Medicare/Medicaid-certified home health agencies."* Emerald Care adequately identified the population to be served.

Need Analysis

In Section III.1, pages 25-40, Emerald Care states the need for the proposed project is based on projected growth and aging of the Mecklenburg County population (pp. 25-27), historical utilization rates for home health services by Mecklenburg County residents (pp. 27-32), and the projected need for home health services in Mecklenburg County through FY2014 (pp. 34-40).

Projected Utilization

In Section IV, pages 48-49, Emerald Care provides projected utilization of its proposed project, as illustrated in the following tables.

Table 1: Projected Unduplicated Patients by Service Discipline

	Nursing	Physical Therapy	Speech Therapy	Total
Project Year 1 (CY2013)	235	94	1	330
Project Year 2 (CY2014)	340	135	1	476

Table 2: Projected Duplicated Patients by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 (CY2013)	275	54	198	21	95	38	681
Project Year 2 (CY2014)	397	78	286	30	137	54	982

Table 3: Projected Visits by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 (CY2013)	3106	432	3132	170	332	398	7,570
Project Year 2	5138	718	5217	279	556	476	12,570

(CY2014)							

In Section IV, page 47, Emerald Care describes its methodology and assumptions used to project utilization for the proposed project as follows:

> *"The monthly build-up of Admissions is based on an existing Mecklenburg County referral base by the existing agency located in neighboring Gaston County. In Year 1, the total admissions are 330 patients. Of these, 201 patients represent existing Mecklenburg County patients served (now served from the Charlotte office) and 129 patients are additional patients served due to more intensive outreach by Emerald Care out of an office that is centrally located in Mecklenburg County. In Year 2, the total admissions are 476 patients, of which 201 represent existing patients and 275 are additional patients.*
>
> *For Table IV.1, the allocation among admitting disciplines is based on Emerald Care experience in Gaston County. It is assumed that 71.1% of patients are admitted to Nursing, 28.5% are admitted to Physical Therapy, 0.3% are admitted to Speech Therapy, and 0.1% are admitted to Occupational Therapy – for each year.*
>
> *For Table IV.2, the number of duplicated patients seen by discipline each month is based on the following percentages of total patients seen by each discipline – based on Emerald Care experience. Here, Skilled Nursing see 83.3% of patients, Physical Therapy sees 60.0%, Speech Therapy sees 6.3%, Occupational Therapy sees 16.4%, Social Workers see 29.8%, and Home Health Aides see 11.4%."*

The applicant adequately demonstrates that projected utilization is based on reasonable, credible and supported assumptions.

In summary, Emerald Care adequately demonstrates the need to develop a Medicare-certified home health agency office in Mecklenburg County including the extent to which medically underserved groups will have access to the proposed home health services. See Criterion (13c) for discussion regarding access by medically underserved groups which is incorporated hereby as if set forth fully herein. Therefore, the application is conforming to this criterion.

Continuum. Continuum II Home Care and Hospice, Inc. **(Continuum)** proposes to develop a Medicare-certified home health agency at 9200 Glenwater Drive, Charlotte, NC, 28262, Mecklenburg County. In Section I.11, page 9, the applicant states it owns a Medicare-certified home health agency in Onslow County.

Population to be Served

In Section III.4, page 68, the applicant states

> *"Continuum projects that 100% of its clients will be Mecklenburg County residents during Project Year 1. This projection is based on Continuum's findings that the primary home health need in CoG F in 2013 is in Mecklenburg County. Based on our assessment of 2014 home health need in CoG F, however, Continuum believes that Union County need (projected: -219) will be such that Union County residents will seek care from Mecklenburg County agencies. In addition to serving 457 Mecklenburg residents in Year 2, we have also projected serving a modest thirty-five (35) Union County residents."*

The Project Analyst reviewed the home health patient surpluses/deficits in the 2012 SMFP for Union County and compared it to the projected number of patients to be served in Project Year 2. In 2013, the 2012 SMFP projects a deficit of 261 patients in Union County. (Note: in order to result in a "need determination" in the 2012 SMFP, the deficit had to equal or exceed 275 patients.) In Project Year 2, Continuum proposes to serve 35 Union County patients. See page 68 of the application. Furthermore, a review of the patient origin data for the existing Mecklenburg County agencies shows that 10% of the patients served by those agencies are not residents of Mecklenburg County. The existing Mecklenburg County agencies currently serve residents of Union County. Continuum adequately identified the population to be served.

Need Analysis

In Section III.1, pages 39-54, Continuum states the need for the proposed project is based on the historical use rates and utilization of home health services in Mecklenburg County (pp. 39-42), the projected growth and aging of the Mecklenburg County population (pp. 42-45), the projected need for home health services in Union County (pp. 47-50), and the results of a community needs assessment survey conducted by the applicant (pp. 53-54).

Projected Utilization

In Section IV, pages 75-76, Continuum provides projected utilization of its proposed project, as illustrated in the following tables.

Table 1: Projected Unduplicated Patients by Service Discipline

	Nursing	Physical Therapy	Total
Project Year 1 6/1/13-5/31/14	50	24	74
Project Year 2 6/1/14-5/31/15	312	180	492

Table 2: Projected Duplicated Patients by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social	Home Health	Total

					Worker	Aide	
Project Year 1 6/1/13-5/31/14	79	37	66	3	10	13	208
Project Year 2 6/1/14-5/31/15	468	216	372	24	66	60	1,206

Table 3: Projected Visits by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 6/1/13-5/31/14	595	103	463	31	7	77	1,276
Project Year 2 6/1/14-5/31/15	3,972	708	3,084	228	48	516	8,556

The applicant describes the assumptions and methodology used to project unduplicated patients in Section III.1, pages 43-46, as follows:

> *"Although Mecklenburg County need in 2013 is close to 300 patients, Continuum only anticipates serving 74 unduplicated clients. To project a higher number would be unreasonable given the time required to achieve State licensure and Medicare/Medicaid certification. We believe it will take at least nine months to obtain certification. Since the majority of home health patients are Medicare recipients, we will be unable to serve that population until certification is achieved. Projections in Section IV reflect this admission and service pattern in Year 1. We are confident, though, that by Year 2, at which point we will be certified, and will have made in-roads in the community for referrals, we will be able to meet the full 483* [sic] *person need. …*
>
> *Although Continuum projects that Union county will have significant home health access need in 2013 (-136), we do not anticipate serving any clients in Year 1 given the demands of setting up the agency and obtaining certification. As the need continues to grow into Year 2 (-219), Continuum has projected that it will serve 35 unduplicated Union County clients in 2014."*

The applicant describes the assumptions and methodology used to project utilization in Section IV, pages 73-75, as follows:

1. *"Continuum calculated that it will serve 74 UNDUPLICATED patients in its first year of operation and 492 UNDUPLICATED patients in its second year of operation. Please see Section 3 for a detailed description about the methodology used to calculate UNDUPLICATED clients in Years 1 and 2.*
2. *Continuum will admit patients only into either the NURSING or PHYSICAL THERAPY disciplines, which is customary for the initiation of a home health admission. Continuum anticipates that admissions into these disciplines will approximately mirror the relative number of visits of skilled nursing (60%) and physical therapy (40%), which was calculated from 2012 License*

Renewal Application data for the Mecklenburg County-based home health programs….

3. *DUPLICATED clients are those patients who are admitted for home health services but who receive multiple types of services, such as nursing services, physical therapy, or occupational therapy. These patients are considered 'DUPLICATED' because they are counted under multiple disciplines of care and may span longer than one episode of care.*
4. *Continuum based its projected number of DUPLICATED* [clients] *on data contained in the 2012 License Renewal Applications for home health agencies serving Mecklenburg County residents. The LRAs provide the total number of UNDUPLICATED clients served by county. The LRAs also reflect the number of DUPLICATED clients by SERVICE DISCIPLINE. The ratio of duplicated to unduplicated can be calculated by dividing duplicated by unduplicated. The ratio ranges from 2.28 to 2.45 duplicated-to-unduplicated depending on whether all Mecklenburg Co. agencies are considered, or just those serving more than 200 unduplicated clients. See Appendix O.*
5. *Continuum then determined how the projected DUPLICATED clients would be distributed by SERVICE TYPE (i.e., nursing, P/T, O/T, Aide, etc.). Continuum referred to the 2012 LRA data, as well as our own operational experience. … Continuum's distribution of DUPLICATED clients into the various service disciplines is based on these recent* [FY2011] *Mecklenburg County percentages. … These* [tables shown on page 75 of the application] *are unduplicated residents by admitting discipline. The breakdown of nursing and physical therapy is based upon: 1) Continuum's own operating experience and 2) analysis of data unique to Mecklenburg County regarding the relative ratio of skilled nursing to PT patients and visits. These data were obtained from 2012 License Renewal Applications for the 10 home health agencies based in Mecklenburg County. It is also based upon national data that shows the relative amount of therapy to nursing, data that were obtained from Home Health Line's 2012 PPS Benchmarks Handbook. … The allocation of patients and visits between disciplines* [shown in the tables on page 76 of the application] *is based upon the experience of Continuum and also based upon an analysis of Licensure renewal applications for existing Mecklenburg County agencies."*

The applicant adequately demonstrates that projected utilization is based on reasonable, credible and supported assumptions.

In summary, Continuum adequately demonstrates the need to develop a Medicare-certified home health agency office in Mecklenburg County including the extent to which medically underserved groups will have access to the proposed home health services. See Criterion (13c) for discussion regarding access by medically underserved groups which is incorporated hereby as if set forth fully herein. Therefore, the application is conforming to this criterion.

UniHealth. United Home Care, Inc. d/b/a UniHealth Home Health, Inc. d/b/a UniHealth Home Health **(UniHealth)** proposes to develop a Medicare-certified home health agency at 201 McCullough Drive, Suite 155, Charlotte, NC, 28262, Mecklenburg County. In Section I.11, page 11, the applicant states it owns a Medicare-certified home health agency in Wake County.

Population to be Served

In Section III.4, page 148, UniHealth provides a table showing its projected patient origin by county in the first three years of operation, which is summarized below:

UniHealth Projected Patient Origin by County
Project Years 1-3

County	Year 1 Patients FFY2014	Percent of Total	Year 2 Patients FFY2015	Percent of Total	Year 3 Patients FFY2016	Percent of Total
Mecklenburg	204	100%	493	90.0%	493	90.0%
Union			26	4.8%	23	4.2%
Cabarrus			12	2.1%	13	2.4%
Iredell			9	1.6%	10	1.9%
Lincoln			8	1.5%	8	1.5%
Total	**204**	100%	**548**	100%	**548**	100%

On page 148, the applicant states

> *"The proposed home health agency will be located in Mecklenburg County and will primarily serve Mecklenburg County residents. … Cabarrus, Iredell, Lincoln, and Union Counties are all located in home health planning Region F have an unmet need for home health services, according to the 2012 SMFP home health methodology, and are within a 60-minute drive time of the proposed location of UniHealth. Therefore, it is reasonable to identify Cabarrus, Iredell, Lincoln, and Union Counties as the secondary service area. Moreover, residents of these counties seek other healthcare, including home health services, in Mecklenburg County."*

The Project Analyst reviewed the home health patient surpluses/deficits in the 2012 SMFP for Cabarrus, Iredell, Lincoln, and Union counties and compared them to the projected number of patients to be served in Project Year 2. In 2013, the 2012 SMFP projects a deficit of 199 patients in Cabarrus County, a deficit of 96 patients in Iredell, a deficit of 85 patients in Lincoln County, and a deficit of 261 patients in Union County. (Note: in order to result in a "need determination" in the 2012 SMFP, the deficit had to equal or exceed 275 patients.) In Project Year 2, UniHealth proposes to serve 12 Cabarrus County patients, 9 Iredell County patients, 8 Lincoln County patients, and 26 Union County patients. See page 148 of the application. Furthermore, a review of the patient origin data for the existing Mecklenburg County agencies shows that 10% of the patients served by those agencies are not residents of

Mecklenburg County. The existing Mecklenburg County agencies currently serve residents of Cabarrus, Iredell, Lincoln, and Union counties. UniHealth adequately identified the population to be served.

Need Analysis

In Section III.1, pages 101-142, UniHealth states the need for the proposed project is based on the projected growth and aging of the Mecklenburg County population (pp. 101-102), support expressed by referring providers (p. 103), the needs of a culturally and racially diverse population (pp. 104-106), the results of a community needs assessment survey conducted by the applicant (pp. 107-113), the need for a home health agency located in the northern part of the county (pp. 123-124), the need for improved access by medically underserved patients (pp. 126-127), and the projected unmet need for home health services in the service area counties through FY2016 (pp. 128-142).

Projected Utilization

In Section IV, pages 156-157, UniHealth provides projected utilization of its proposed project, as illustrated in the following tables.

Table 1: Projected Unduplicated Patients by Service Discipline

	Nursing	Physical Therapy	Total
Project Year 1 FFY2014	180	24	204
Project Year 2 FFY2015	488	60	548

Table 2: Projected Duplicated Patients by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 FFY2014	253	253	253	12	12	253	1,036
Project Year 2 FFY2015	719	719	719	21	12	719	2,909

Table 3: Projected Visits by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 FFY2014	1,772	371	1,235	35	15	302	3,730
Project Year 2 FFY2015	5,449	1,150	3,813	122	47	946	11,527

The applicant describes the assumptions and methodology used to project utilization in Section IV, pages 158-170, as follows:

1. Determine unduplicated census. On page 158, the applicant states it proposes to admit two unduplicated clients per week in months 1-6, four unduplicated clients per week in month seven, five per week in month eight, six per week in month nine, seven per week in month ten, eight per week in month eleven, and nine per week in month 12, in the first year of operation (FY2014). In year two, the applicant proposes to admit nine unduplicated clients per week in month one, ten per week in months 2-3, eleven per week in months 4-6, twelve per week in months 7-9, and thirteen per week in months 10-12. The applicant states year three admissions will be the same as year two. The applicant states the year one admission rates account for the time necessary to obtain Medicare certification.

2. Determine unduplicated clients by admitting service discipline. On page 159, the applicant states it assumes that 89 percent of unduplicated clients will be admitted to nursing and 11 percent to physical therapy, based on the applicant's experience.

3. Determine unduplicated clients by payor. On page 159, the applicant projected the percentage of unduplicated clients by payor based on the applicant's experience, recently approved CON applications in Mecklenburg, and the experience of existing Mecklenburg County home health agencies. See table on page 159 of the application.

4. Determine total admissions in the same year. On page 160, the applicant states that it projects no duplicated census or additional admissions in the first six months of operation, and thereafter assumes readmissions will be eight percent of admissions for Medicare and Medicaid beneficiaries. See the table on page 160 of the application.

5. Determine Medicare episode starts. On page 161, the applicant states it assumes 1.37 episodes per Medicare admission, based on the applicant's operating experience, and the experience of existing Mecklenburg County home health agencies.

6. Determine Medicare episode starts by reimbursement type. On pages 161-162, the applicant states it projected Medicare episode starts by reimbursement type based on the applicant's operating experience, and the experience of existing Mecklenburg County home health agencies. See table on page 162 of the application.

7. Determine total starts of care by payor reimbursement type. On pages 162-163, the applicant states it projected total starts of care by reimbursement type based on the applicant's Step 4 and Step 6 above. See table on page 162 of the application.

8. Determine visits per start of care by payor. On pages 163-164, the applicant states it projected visits per starts of care by payor based on the applicant's historical

experience, and the experience of existing Mecklenburg County home health agencies. See tables on page 163 of the application.

9. Adjust visits per start of care for start date. On page 164, the applicant states it projected visits per start of care by month for the first three months based on the applicant's historical experience. See table on page 164 of the application.

10. Determine visits by discipline by start of care type and payor. On pages 165-168, the applicant states it projected visits by discipline by start of care type and payor based on the results of Step 9 above and on the applicant's historical experience. See tables on pages 165-168 of the application.

11. Determine visits by discipline. On page 169, the applicant states it projected visits by discipline based on summing the results in the applicant's Step 10 above. See table on page 169 of the application.

12. Determine the ratio of visits by discipline to total starts of care. On page 169, the applicant states it projected the ratio of visits by discipline to total starts of care by dividing the results of the applicant's Step 11 above by the results of the applicant's Step 7 above. See table on page 169 of the application.

13. Determine duplicate clients by discipline. On page 170, the applicant states it projected the duplicate clients by discipline by dividing the results of the applicant's Step 11 above by the ratios calculated in applicant's Step 12 above. See table on page 170 of the application.

The applicant adequately demonstrates that projected utilization is based on reasonable, credible and supported assumptions.

In summary, UniHealth adequately demonstrates the need to develop a Medicare-certified home health agency office in Mecklenburg County including the extent to which medically underserved groups will have access to the proposed home health services. See Criterion (13c) for discussion regarding access by medically underserved groups which is incorporated hereby as if set forth fully herein. Therefore, the application is conforming to this criterion.

J & D. Ogadinma Akagha d/b/a J and D Healthcare Services **(J & D)** proposes to develop a Medicare-certified home health agency at 464 Eastway Drive, Charlotte, NC, 28205, Mecklenburg County. J & D owns and operates an existing licensed home care agency located at 464 Eastway Drive, in Charlotte, North Carolina. The applicant does not own a Medicare-certified home health agency in North Carolina.

Population to be Served

In Section III.4, page 16, the applicant states the proposed geographic service area consists of *"Mecklenburg, Gaston, Union, Cabarrus and Lincoln Counties."* On page 17, the applicant states, *"Most of the Patient* [sic] *are projected to come from Mecklenburg County."* However, the applicant did not quantify the number of patients it projects to serve from Mecklenburg County, nor did the applicant quantify the number of patients it proposes to serve from other counties. Therefore, J & D did not adequately identify the population to be served.

Need Analysis

In Section III.1, page 16, J & D states the need for the proposed project is based on the need determination in the 2012 SMFP for two Medicare-certified home health agencies or offices in Mecklenburg County.

Projected Utilization

In Section IV, pages 12-13, J & D provides projected utilization of its proposed project, as illustrated in the following tables.

Table 1: Projected Unduplicated Patients by Service Discipline

	Nursing	Physical Therapy	Speech Therapy	Occupational Therapy	Total
Project Year 1 (CY2013)	2	26	6	16	50
Project Year 2 (CY2014)	14	48	6	24	92

Table 2: Projected Duplicated Patients by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 (CY2013)	2	16	26	6	1	22	73
Project Year 2 (CY2014)	14	24	72	6	3	26	123

Table 3: Projected Visits by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
Project Year 1 (CY2013)	26	208	338	78	13	286	949
Project Year 2 (CY2014)	182	312	624	78	39	364	1,482

However, the applicant did not describe the assumptions and methodology used to project utilization. Moreover, the applicant provides inconsistent projected utilization. On page 12, the applicant projects to serve "200 patients" in the first two years of operation. However, in Table IV.1, the applicant projects to serve 50 unduplicated patients in Project Year 1 and 92 in Project Year 2, which is only 142 patients [50 + 92 = 142]. Therefore, the applicant did not adequately demonstrate that projected utilization is based on reasonable, credible or supported assumptions.

Moreover, the applicant only projects to serve 50 unduplicated patients in Project Year 1 and 92 in Project Year 2 but then projects to serve 500 patients in Project Year 3. See Section II.8, page 14. However, the applicant fails to explain why utilization will increase 443.5% [500 – 92 =408; 408/92 = 4.435] in one year. Also, the applicant fails to provide supporting documentation. The applicant's projection of 500 patients in Project Year 3 is not reasonable or credible. Therefore, the applicant does not adequately demonstrate the proposed facility will serve at least 275 patients in Project Year 3 as required by 10A NCAC 14C .2003. See also page 250 of the 2012 SMFP.

In summary, J & D did not adequately identify the population it proposed to serve, or adequately demonstrate the need to develop a Medicare-certified home health agency office in Mecklenburg County including the extent to which medically underserved groups will have access to the proposed home health services. See Criterion (13c) for discussion regarding access by medically underserved groups which is incorporated hereby as if set forth fully herein. Therefore, the application is not conforming to this criterion.

(3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

NA—All Applicants

(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.

NC—Vizion One, AssistedCare and J & D
C—All Other Applicants

Vizion One. In Section II.5, pages 28-29, the applicant describes the alternative it considered, which was to acquire an existing Medicare-certified home health agency. The applicant rejected that alternative because none of the existing agencies were available for sale.

The applicant does not provide the payor mix for the existing licensed home care agency in Mecklenburg County. Therefore, the applicant does not demonstrate that medically underserved groups have adequate access to the home care services currently being provided. See Section VI.11, page 74 of the application.

Furthermore, the application is not conforming to all applicable statutory and regulatory review criteria, and thus, the application is not approvable. An application that cannot be approved is not an effective alternative.

The applicant did not adequately demonstrate that the proposal is its least costly or most effective alternative to meet the need for a new Medicare-certified home health agency in Mecklenburg County. Consequently, the application is not conforming to this criterion.

Maxim. In Section II.5, pages 24-25, the applicant describes the alternatives it considered, which include:

1. Maintain status quo. Maxim states that not developing the proposed home health agency would not be an effective alternative because the applicant would not be able to meet the needs of its existing patients who require Medicare-certified home health services.
2. Joint venture. Maxim determined that this alternative would not be an effective alternative. One, Maxim notes that the existing licensed home care agency is already operational. On page 25, Maxim states *"a joint venture would combine two organizations that may have different definitions of quality patient care and/or community service. Maxim prides itself on continually improving its patient services and would find it difficult to be proactive in providing patient care if it had to constantly receive feedback from a second organization. In addition, governance and operation of such a joint venture facility could be inefficient and less responsive to market conditions and needs."*
3. Locate the proposed Medicare-certified home health agency in a different location from the existing licensed home care agency. Maxim determined that this would not be a cost effective alternative since the existing licensed home care agency is easily accessible to staff and obtaining Medicare certification for the existing licensed home care agency will enable Maxim to utilize economies of scale to manage costs.

Furthermore, the application is conforming to all applicable statutory and regulatory review criteria, and thus, the application is approvable. An application that cannot be approved is not an effective alternative.

The applicant adequately demonstrated that the proposal is its least costly or most effective alternative to meet the need for a new Medicare-certified home health agency in Mecklenburg County. Consequently, the application is conforming to this criterion.

CMCH. In Section II.5, pages 36-37, the applicants describe the alternative they considered, which was to maintain the status quo. CMCH states that not developing the proposed home health office in northern Mecklenburg County would not address the capacity and staffing constraints at the existing office, nor improve the accessibility of services to the northern part of the Mecklenburg County service area. The applicants state the proposed office will enable them to better serve patients, recruit additional staff, and improve operational efficiencies.

Furthermore, the application is conforming to all applicable statutory and regulatory review criteria, and thus, the application is approvable. An application that cannot be approved is not an effective alternative.

The applicants adequately demonstrated that the proposal is their least costly or most effective alternative to meet the need for a new Medicare-certified home health agency in Mecklenburg County. Consequently, the application is conforming to this criterion.

HKZ Group. In Section II.5, pages 19-22, the applicant describes the alternatives it considered, which include:

1) Maintain the status quo. HKZ Group states that not developing the proposed home health agency would not be an effective alternative to meet the need for the proposed project because the 2012 SMFP identifies a need for two additional home health agencies in Mecklenburg County.
2) Joint venture. HKZ Group states that a joint venture *"adds administrative complexities, a different service delivery philosophy and management style, and operational protocols."* For these reasons, this alternative was not considered to be the least costly or most effective.
3) Develop a home health agency to serve only Mecklenburg County. The applicant states it rejected this alternative because serving contiguous counties will provide opportunities for combined services and economies of scale.
4) Locate the agency in a different location within Mecklenburg County. HKZ Group states that the proposed location in Matthews is *"easily accessible from I-485, and geographically proximate to patients in Union County."* For these reasons, HKZ Group concluded that the proposed Matthews location represent the most effective alternative.

Furthermore, the application is conforming to all applicable statutory and regulatory review criteria, and thus, the application is approvable. An application that cannot be approved is not an effective alternative.

The applicant adequately demonstrated that the proposal is its least costly or most effective alternative to meet the need for a new Medicare-certified home health agency in Mecklenburg County. Consequently, the application is conforming to this criterion.

AssistedCare. In Section II.5, pages 47-50, the applicant describes the alternatives it

considered, which include:

1. Maintain the status quo. AssistedCare states that not developing the proposed home health agency would not be an effective alternative to meet the need for the proposed project because the 2012 SMFP identifies a need for two additional home health agencies in Mecklenburg County.
2. Develop a home care agency and offer behavioral health services without developing a Medicare-certified home health agency. AssistedCare states *"there is a distinct added benefit for patients who receive home health care from agency staff with behavioral health experience. ... Many patients admitted to home health care today have dual diagnoses – medical and behavioral – sometimes known, sometimes unknown. When undiagnosed behavioral health patients become noncompliant or otherwise compromise their care because of underlying behavioral health issues, staff that are trained to identify and care for patients with behavioral health issues have the skills and resources to provide such care."*

However, AssistedCare did not demonstrate it would have adequate staff in Project Year 2 for the projected number of visits. See Criterion (7) for discussion regarding projected staffing in Project Year 2 which is incorporated hereby as if set forth fully herein.

Furthermore, the application is not conforming to all applicable statutory and regulatory review criteria, and thus, the application is not approvable. An application that cannot be approved is not an effective alternative.

Therefore, the applicant did not adequately demonstrate that the proposal is its least costly or most effective alternative to meet the need for a new Medicare-certified home health agency in Mecklenburg County. Consequently, the application is not conforming to this criterion.

Well Care. In Section II.5, pages 21-22, the applicant describes the alternatives it considered, which include:

1. Maintain status quo. Well Care states that not developing the proposed home health agency would not be an effective alternative to meet the need for the proposed project because the 2012 SMFP identifies a need for two additional home health agencies in Mecklenburg County.
2. Develop a new Medicare-certified home health office in downtown Charlotte. The applicant states this alternative was rejected due concerns regarding traffic congestion. For that reason, Well Care determined a downtown location was not the least costly or most effective alternative, and instead selected a location in north central Mecklenburg County.

Furthermore, the application is conforming to all applicable statutory and regulatory review criteria, and thus, the application is approvable. An application that cannot be approved is not an effective alternative.

The applicant adequately demonstrated that the proposal is its least costly or most effective alternative to meet the need for a new Medicare-certified home health agency in Mecklenburg County. Consequently, the application is conforming to this criterion.

Emerald Care. In Section II.5, pages 15-20, the applicant describes the alternatives it considered, which include:

1. Maintain status quo. Emerald Care states that not developing the proposed home health agency would not be an effective alternative to meet the need for the proposed project because the 2012 SMFP identifies a need for two additional home health agencies in Mecklenburg County, nor would the alternative meet the needs of patients currently served by the applicant's Gaston County agency.
2. Rely upon individuals to arrange their own home health services. The applicant rejected this alternative for the same reasons state above.

Furthermore, the application is conforming to all applicable statutory and regulatory review criteria, and thus, the application is approvable. An application that cannot be approved is not an effective alternative.

The applicant adequately demonstrated that the proposal is its least costly or most effective alternative to meet the need for a new Medicare-certified home health agency in Mecklenburg County. Consequently, the application is conforming to this criterion.

Continuum. In Section II.5, pages 25-26, the applicant describes the alternatives it considered, which include:

1. Maintain status quo. Continuum states that not developing the proposed home health agency would not be an effective alternative to meet the need for the proposed project because the applicant's analysis of the most recent utilization data indicates a need for one new home health agency in Mecklenburg County.
2. Develop a new Medicare-certified home health office in a different area of Mecklenburg County. The applicant states that it considered location as a factor in its proposal, and selected a site that is proximate to Union County, and that *"facilitates efficient travel to the office, when necessary, and is located in an area near other medical providers."*

Furthermore, the application is conforming to all applicable statutory and regulatory review criteria. The application is not conforming to one of the regulatory review criteria, but a condition could be imposed that would make the application conforming, and thus the application could be approved. An application that cannot be approved is not an effective alternative.

The applicant adequately demonstrated that the proposal is its least costly or most effective

alternative to meet the need for a new Medicare-certified home health agency in Mecklenburg County. Consequently, the application is conforming to this criterion.

UniHealth. In Section II.5, pages 70-72, the applicant describes the alternatives it considered, which include:

1) Maintain the status quo. UniHealth states that not developing the proposed home health agency would not be an effective alternative to meet the need for the proposed project because the applicant's analysis of the most recent utilization data indicates an unmet need for home health services in Mecklenburg County.
2) Joint venture. UniHealth states that a joint venture *"would change UHC's successful ownership and care management structures, add administrative layers to the existing structure and possibly bring less experienced providers."* For these reasons, this alternative was not considered to be the least costly or most effective.
3) Develop a home health agency to provide only *"basic home health services."* The applicant states it rejected this alternative because results from the applicant's community needs assessment indicate a need for more specialized levels of home health services, such as palliative care, wound care, diabetes management, and chronic disease management.

Furthermore, the application is conforming to all applicable statutory and regulatory review criteria, and thus, the application is approvable. An application that cannot be approved is not an effective alternative.

The applicant adequately demonstrated that the proposal is its least costly or most effective alternative to meet the need for a new Medicare-certified home health agency in Mecklenburg County. Consequently, the application is conforming to this criterion.

J & D. In Section II.5, page 10, the applicant describes the alternative it considered, which was "*opening homecare or home healthcare offices in other states and counties in NC that we currently don't serve.*" J & D states that because it has available office space at their current location, it will be cost-effective to develop a new Medicare-certified home health agency at the current site.

However, the applicant did not adequately identify the population to be served and did not adequately demonstrate projected utilization is based on reasonable, credible, and supported assumptions. See Criterion (3) for discussion which is incorporated hereby as if set forth fully herein. Furthermore, the applicant did not adequately demonstrate that the financial feasibility of the proposal is based on reasonable assumptions regarding costs and charges. See Criterion (5) for discussion which is incorporated hereby as if set forth fully herein. In addition, the applicant did not demonstrate it would provide adequate access to medically underserved groups. See Criterion (13c) for discussion which is incorporated hereby as if set forth fully herein. The application is not conforming to all applicable statutory and regulatory review criteria, and thus, the application is not approvable. An application that cannot be

approved is not an effective alternative.

Therefore, the applicant did not adequately demonstrate that the proposal is its least costly or most effective alternative to meet the need for a new Medicare-certified home health agency in Mecklenburg County. Consequently, the application is not conforming to this criterion.

(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.

NC—AssistedCare, J & D
C—All Other Applicants

Each application was evaluated to determine whether the applicant adequately demonstrated that:

1) Funds are available for the capital and working capital needs of the project, if any.
2) The financial feasibility of the proposal is based upon reasonable projections of revenues and operating costs for the provision of Medicare-certified home health services.

The majority of home health visits are reimbursed by Medicare. Medicare reimbursement is based on episodes of care rather than per visit. An episode of care, as defined by Medicare, is 60 days. In 2010, The Centers for Medicare and Medicaid Services website explained the home health prospective payment system (PPS) as follows:

> *"Under prospective payment, Medicare pays home health agencies (HHAs) a predetermined base payment. The payment is adjusted for the health condition and care needs of the beneficiary. The payment is also adjusted for the geographic differences in wages for HHAs across the country. The adjustment … is referred to as the case-mix adjustment. The home health PPS will provide HHAs with payments for each 60-day episode of care for each beneficiary. … While payment for each episode is adjusted to reflect the beneficiary's health condition and needs, a special outlier provision exists to ensure appropriate payment for those beneficiaries that have the most expensive care needs."*[3]

The PPS has several categories of payment, including a regular 60-day episode, a case-mix adjustment, which is based upon the home health agency's assessment of the patient's functional status using OASIS (Outcome and Assessment Information Set). To determine the case-mix adjustment, patients are classified into a case-mix group called HHRG (Home

[3] For more information see http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/HomeHlthProsPaymt.pdf.

Health Resource Group). Another category called LUPA (low-utilization payment adjustment) includes those patients who only require four or fewer visits. Outlier payment adjustments are made for those patients requiring costlier care. Finally, a PEP (partial episode payment) is made when a patient transfers to a different home health agency or is discharged and readmitted within a 60-day episode.

To determine if the applicant demonstrated that its proposal is financially feasible, including the reasonableness of revenues and operating costs, the Project Analyst analyzed the following for each applicant:

- Net revenue in Project Years 1 and 2
- Operating costs in Project Year 2
  - Average total cost per visit
  - Average direct cost per visit (costs attributed to direct patient care)
  - Average administrative cost per visit (costs not attributed to direct patient care)
- Medicare reimbursement (how it was projected by the applicant)
- Adequacy of staffing

Vizion One

Availability of Funds – In Section VIII.1, page 83, Vizion One projects the total capital cost of the proposed project will be $115,099, which consists of $6,645 for computer equipment, $3,738 for office equipment, $4,910 for furniture, $40,000 for consultant fees, and $59,806 for other miscellaneous costs. In Section VIII.2, page 118, the applicant states the capital cost will be funded with the applicant's cash reserves.

In Section IX, page 88, Vizion One projects start-up expenses of $99,807 and $361,496 in initial operating expenses, for a total working capital requirement of $461,303 ($99,807 + $361,496 = $461,303). The applicant states the total working capital will be funded with its cash reserves.

In Section VIII, page 87, the applicant states:

> *"The Vizion One, Inc. 12/31/2011 Audited Balance Sheet reflects Cash/Savings of $2,320,407.00 and Liabilities amounting to $1,465,764.00. This reflects an available Cash Balance of $854,643.00 for the project funding."*

Exhibit 4 contains a letter from the Operational Manager for Vizion One, which states:

> *"The purpose of this letter is to document that Vizion One, Inc. has sufficient working capital to fund the above-referenced project. … Working capital requirements are: Start-Up Costs in the amount of $99,807 and Initial Operating Expenses of $361,490, for a total working capital requirement of $461,303. … Vizion One, Inc. currently has $486,857 in cash reserves available to fund this project."*

Section VIII, pages 85-88, include a portion of the applicant's audited financial statements, which indicate that, as of December 31, 2011, Vizion One had $2.3 million in cash (*"checking/savings"*), $3.2 million in current assets and $2.2 million in net assets (total assets less total liabilities).

Vizion One adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project.

Net Revenue – The following table summarizes Vizion One's projected revenues and operating costs during each of the first two operating years, as provided in the pro forma financial statements (Form B) in the application:

Vizion One	**Project Year 1**	**Project Year 2**
A. Gross Patient Revenue	$867,676	$1,336,296
B. Indigent Care Deduction	$12,687	$65,906
C. Bad Debt Deduction	$14,163	$21,875
D. Insurance/Private Pay Allowance	$99,140	$153,122
E. Medicare Allowance	($41,163)	($62,958)
F. Medicaid Allowance	$42,640	$65,906
G. Net Revenue [A – (B + C +D + E + F)]	$740,208	$1,140,200
H. Total Operating Costs	$796,837	$1,068,006
I. Net Income (Loss) (G – H)	($56,629)	$72,194

As shown above, net revenue is projected to exceed total operating costs by Project Year 2.

Operating Costs – The following tables illustrate:

1) Average total operating cost per visit in Project Year 2
2) Average direct care cost per visit in Project Year 2
3) Average administrative cost per visit in Project Year 2

Vizion One
Project Year 2
Projected Average Total Operating Cost per Visit

Total # of Visits	**Total Operating Costs**	**Average Total Operating Cost per Visit**
8,125	$1,068,006	$131.45

Vizion One
Project Year 2
Projected Average Direct Care Cost per Visit

Total # of Visits	**Total Direct Care Costs**	**Average Direct Care Cost per Visit**
8,125	$564,616	$69.49

Vizion One
Project Year 2

Projected Average Administrative Cost per Visit

Total # of Visits	Total Administrative Costs	Average Administrative Cost per Visit
8,125	$503,391	$61.96

Vizion One adequately demonstrates that projected revenues and operating costs are reasonable, credible and supported.

Medicare Reimbursement – In Section IV, pages 64-67, and the pro forma financial statements, pages 127-164, Vizion One provides its methodology, assumptions and worksheets for projecting Medicare revenue which are reasonable, credible and supported.

Adequacy of Staffing – Vizion One proposed sufficient staffing for the number of visits projected to be performed per day by discipline, including on-call coverage. See discussion in Criterion (7) which is incorporated hereby as if fully set forth herein. The applicant budgets a sufficient amount for the proposed staffing levels.

In summary, Vizion One adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project and adequately demonstrated that the financial feasibility of the proposal is based upon reasonable projections of operating costs and revenues. Therefore, the application is conforming to this criterion.

Maxim

Availability of Funds – In Section VIII.1, page 110, Maxim projects the total capital cost of the proposed project will be $65,000, which consists of $15,000 for movable equipment, $10,000 for furniture, and $40,000 for consultant fees. In Section VIII.2, page 111, the applicant states the capital cost will be funded with its accumulated reserves.

In Section IX, page 114, Maxim projects start-up expenses of $40,000 and $185,000 in initial operating expenses, for a total working capital requirement of $225,000 ($40,000 + $185,000 = $225,000). The applicant states the total working capital will be funded with unrestricted cash of the applicant.

Exhibit 15 contains a letter from Maxim's Chief Financial Officer & Chief Strategy Officer, which states,

> *"As shown on our financial statements, Maxim Healthcare Services, Inc. d/b/a Maxim, has sufficient reserves to fund the project costs associated with the certificate of need application to develop a Medicare-certified Home Health Agency in Mecklenburg County. The total capital and working capital cost of the project is estimated at less than $300,000. Maxim will fund the proposed project through accumulated reserves. Upon approval of this project, the available funds will be used for the proposed project.*

As a financial officer of Maxim Healthcare Services, I am authorized to commit all funds necessary for the development and operation of this project."

Exhibit 16 contains the audited financial statements for Maxim Healthcare Services, Inc. which indicates that, as of December 31, 2010, the applicant had cash and cash equivalents of $30.7 million. Maxim adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project.

Net Revenues – The following table summarizes Maxim's projected revenues and operating costs during each of the first two operating years, as provided in the Financials Section (Form B) of the application:

Maxim	**Project Year 1**	**Project Year 2**
A. Gross Patient Revenue	$692,310	$1,632,535
B. Charity Care Deduction	$10,315	$24,325
C. Bad Debt Deduction	$15,079	$17,820
D. Commercial Contractual Allowances	$12,063	$14,256
E. Medicare Contractual Allowances	$16,254	$41,851
F. Medicaid Contractual Allowances	$2,309	$5,709
G. Net Revenue [A – (B + C + D + E + F)]	$636,291	$1,528,574
H. Total Operating Costs	$920,038	$1,175,706
I. Net Income (G - H)	($283,747)	$352,868

As shown above, net revenue is projected to exceed total operating costs by Project Year 2.

Operating Costs – The following tables illustrate:

1) Average total operating cost per visit in Project Year 2
2) Average direct care cost per visit in Project Year 2
3) Average administrative cost per visit in Project Year 2

Maxim
Project Year 2
Projected Average Total Operating Cost per Visit

Total # of Visits	**Total Operating Costs**	**Average Total Operating Cost per Visit**
9,499	$1,175,706	$123.77

Maxim
Project Year 2
Projected Average Direct Care Cost per Visit

Total # of Visits	**Total Direct Care Costs**	**Average Direct Care Cost per Visit**
9,499	$783,753	$82.51

Maxim
Project Year 2
Projected Average Administrative Cost per Visit

Total # of Visits	**Administrative Costs**	**Average Administrative Cost per Visit**
9,499	$391,953	$41.26

Maxim adequately demonstrates that projected revenues and operating costs are reasonable, credible and supported.

Medicare Reimbursement – In Section IV, pages 66-79, Section X, page 121, and the pro forma financial statements in Section XIII, Maxim provides its methodology, assumptions and worksheets for projecting Medicare revenue which are reasonable, credible and supported.

Adequacy of Staffing – Maxim proposed sufficient staffing for the number of visits projected to be performed per day by discipline, including on-call coverage. See Criterion (7) for discussion which is incorporated hereby as if fully set forth herein. The applicant budgets a sufficient amount for the proposed staffing levels.

In summary, Maxim adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project and adequately demonstrated that the financial feasibility of the proposal is based upon reasonable projections of operating costs and revenues. Therefore, the application is conforming to this criterion.

CMCH

Availability of Funds – In Section VIII.1, page 117, CMCH projects the total capital cost of the proposed project will be $450,000, which consists of $245,500 for construction costs, $15,000 for movable equipment, $49,500 for furniture, $110,000 for consultant fees, and $30,000 for contingency. In Section VIII.2, page 118, the applicant states the capital cost will be funded with the accumulated reserves of The Charlotte-Mecklenburg Hospital Authority (CMHA) (one of the two applicants and the owner of 63% of CMCH).

In Section IX, page 121, CMCH projects no start-up expenses and $600,000 in initial operating expenses for the proposed new office in northern Mecklenburg County. The applicant states the total working capital will be funded with unrestricted cash of CMHA.

Exhibit AA contains a letter from CMHA's Executive Vice President and Chief Financial Officer, which states,

> *"As the Executive Vice President and Chief Financial Officer for CMHA d/b/a Carolinas HealthCare System (CHS), I am responsible for the financial operations of Carolinas Medical Center at Home, LLC d/b/a H@H-CMC. As such, I am very familiar with the organization's financial position. The total capital cost of the project is estimated to be approximately $450,000 for the new office to serve both existing patients and unmet demand. This expenditure will not impact the applicants' ability to fund any other projects planned, approved or under development.*
>
> *In addition to the project costs, Carolinas Medical Center at Home, LLC d/b/a H@H-*

CMC will require ongoing working capital support from CMHA d/b/a CHS. … CMHA d/b/a CHS will finance the capital cost and working capital needs for this project from existing accumulated cash reserves."

Exhibit AB contains the audited financial statements for CMHA which indicates that, as of December 31, 2011, CMHA had cash and cash equivalents of $56.3 million. CMCH adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project.

Net Revenues – The following table summarizes CMCH's projected revenues and operating costs during each of the first two operating years for the new office only, as provided in the pro forma financial statements in Section XIII of the application:

CMCH-New Office Only	**Project Year 1**	**Project Year 2**
A. Gross Patient Revenue	$6,918,289	$7,551,470
B. Charity Care Deduction	$68,473	$74,740
C. Bad Debt Deduction	$205,419	$224,219
D. Other Contractual Adjustments	$133,650	$114,378
E. Medicare Contractual Adjustments	$47,941	$54,205
F. Medicaid Contractual Adjustments	$137,564	$152,887
G. Net Revenue [A – (B + C + D + E + F)*	$6,325,243	$6,931,041
H. Total Operating Costs	$6,373,035	$6,793,650
I. Net Income (G - H)*	($47,792)	$137,391

*Excludes *"Other revenue"* which the applicant identifies as *"Affiliate support and seminars/education."*

As shown above, for the new office only, net revenue is projected to exceed total operating costs by Project Year 2. However, for the CMCH agency as a whole, the applicant's pro forma financial statements indicate that projected total operating costs will exceed net revenue in Project Years 1 and 2. On page 129 of the application, the applicant states

"The new North Office is projected to break even in the first year of operation. The Agency as a whole will continue to experience a loss from operations, which has been its history. As part of CHS, H@H-CMC plays an invaluable role in creating cost savings for the system by reducing acute care lengths of stay and readmission rates. H@H-CMC also serves all patients regardless of ability to pay including significantly higher levels of Medicaid and charity patients compared to other Mecklenburg County home health providers. For these reasons, CMHA d/b/a [sic] *has historically and will continue to cover the losses from operations for the total Agency. Please see Attachment AA for a letter from Greg Gombar, Executive Vice President and Chief Financial Officer, CMCH d/b/a CHS confirming the availability of funds for both the project costs associated with the proposed North Office as well as the ongoing operating shortfall for H@H-CMC."*

Operating Costs – The following tables illustrate (for the new office only):

1) Average total operating cost per visit in Project Year 2

2) Average direct care cost per visit in Project Year 2
3) Average administrative cost per visit in Project Year 2

CMCH
Project Year 2
Projected Average Total Operating Cost per Visit

Total # of Visits	Total Operating Costs	Average Total Operating Cost per Visit
47,780	$6,793,650	$142.19

CMCH
Project Year 2
Projected Average Direct Care Cost per Visit

Total # of Visits	Total Direct Care Costs	Average Direct Care Cost per Visit
47,780	$4,895,971	$102.47

CMCH
Project Year 2
Projected Average Administrative Cost per Visit

Total # of Visits	Administrative Costs	Average Administrative Cost per Visit
47,780	$1,897,679	$39.72

CMCH adequately demonstrates that projected revenues and operating costs are reasonable, credible and supported.

Medicare Reimbursement – In Section IV, pages 81-87, Section X, pages 127-128, and the pro forma financial statements in Section XIII, CMCH provides its methodology, assumptions and worksheets for projecting Medicare revenue which are reasonable, credible and supported.

Adequacy of Staffing – CMCH proposed sufficient staffing for the number of visits projected to be performed per day by discipline, including on-call coverage. See Criterion (7) for discussion which is incorporated hereby as if fully set forth herein. The applicant budgets a sufficient amount for the proposed staffing levels for the whole agency.

In summary, CMCH adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project and adequately demonstrated that the financial feasibility of the proposal is based upon reasonable projections of operating costs and revenues. Therefore, the application is conforming to this criterion.

HKZ Group

Availability of Funds – In Section VIII.1, page 93, HKZ Group projects the total capital cost of the proposed project will be $62,400, which consists of $9,900 for movable equipment, $10,000 for furniture and $42,500 for consultant fees. In Section VIII.2, page 94, the applicant states the capital cost will be funded from a line of credit.

In Section IX, page 97, HKZ Group projects start-up expenses of $122,137 and $31,455 in initial operating expenses, for a total working capital requirement of $153,592 ($122,137 + $31,455 = $153,592). The applicant states the total working capital will be funded from a line of credit obtained by HealthKeeperz, Inc.

Exhibit 15 contains a letter from the Executive Vice President, Chief Credit Officer of the Lumbee Guaranty Bank which states:

> *"We have examined the financial position of HealthKeeperz, Inc in relation to the proposed financing of a Medicare-certified Home Health Agency in Mecklenburg County, NC. Based on the financial condition of your company and its principals, as well as the long positive banking relationship we have had, we would be willing to provide financing for this project as follows:*
>
> | | |
> |---|---|
> | *Purpose:* | *To fund initial capital and operating expenditures* |
> | *Rate:* | *A variable rate of Prime + 0.00%, equal to 3.25%* |
> | *Repayment:* | *A revolving line of credit with interest payments due monthly and renewable annually* |
> | *Amount:* | *$500,000"* |

Exhibit 15 also contains a letter from the President of HealthKeeperz, which states:

> *"This letter is to advise you HealthKeeperz, Inc. will establish the proposed line of credit of $500,000 with Lumbee Bank in Pembroke, NC. which is adequate to fund the anticipated equity for the capital costs of $62,400, the working capital of approximately $125,282 which includes $122,366 for start-up costs as needed for the above referenced application. Documentation from the bank is included in the HKZ Group LLC Certificate of Need Application.*
>
> *HealthKeeperz, Inc. will provide HKZ Group LLC the funds necessary to meet the capital and borrowing expenses required for the development, start up and initial operation of the HKZ Group LLC home health agency in Mecklenburg County. The terms of the line of credit from the Lumbee Bank will be applicable to HKZ Group LLC.*
>
> *Please accept this letter as our commitment to financing the proposed project. As a sister organization, we look forward to working with HKZ Group LLC and are confident the development of the proposed project will result in a long term successful enterprise."*

HKZ Group adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project.

Net Revenue – The following table summarizes HKZ Group's projected revenues and operating costs during each of the first two operating years, as provided in the pro forma

financial statements (Form B):

HKZ Group	Project Year 1	Project Year 2
A. Gross Patient Revenue	$943,437	$1,323,127
B. Charity Care Deduction	$5,561	$7,807
C. Bad Debt Deduction	$5,561	$7,807
D. Medicare Contractual Adjustment	$0	$0
E. Medicaid Contractual Adjustment	$30,909	$43,420
F. Other Contractual Adjustments	$28,588	$39,891
G. Net Revenue [A – (B + C + D + E + F)]	$872,817	$1,224,203
H. Total Operating Costs	$912,320	$1,196,680
I. Net Income (G - H)	($39,503)	$27,522

As shown above, net revenue is projected to exceed total operating costs by Project Year 2.

Operating Costs – The following tables illustrate:

1) Average total operating cost per visit in Project Year 2
2) Average direct care cost per visit in Project Year 2
3) Average administrative cost per visit in Project Year 2

HKZ Group
Project Year 2
Projected Average Total Operating Cost per Visit

Total # of Visits	Total Operating Costs	Average Total Operating Cost per Visit
8,578	$1,196,680	$139.51

HKZ Group
Project Year 2
Projected Average Direct Care Cost per Visit

Total # of Visits	Total Direct Care Costs	Average Direct Care Cost per Visit
8,578	$734,997	$85.68

HKZ Group
Project Year 2
Projected Average Administrative Cost per Visit

Total # of Visits	Administrative Costs	Average Administrative Cost per Visit
8,578	$461,683	$53.82

HKZ Group adequately demonstrates that projected revenues and operating costs are reasonable, credible and supported.

Medicare Reimbursement – In Section IV, pages 52-69, and the pro forma financial statements, pages 119-120, HKZ Group provides its methodology, assumptions and

worksheets for projecting Medicare revenue which are reasonable, credible and supported.

Adequacy of Staffing – HKZ Group proposed sufficient staffing for the number of visits projected to be performed per day by discipline, including on-call coverage. See Criterion (7) for discussion which is incorporated hereby as if fully set forth herein. The applicant budgets a sufficient amount for the proposed staffing levels.

In summary, HKZ Group adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project and adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of operating costs and revenues. Therefore, the application is conforming to this criterion.

AssistedCare

Availability of Funds – In Section VIII.1, page 135, AssistedCare projects the total capital cost of the proposed project will be $31,874, which consists of $27,710 for movable equipment and $4,164 for furniture. In Section VIII.2, page 136, the applicant states the capital cost will be funded with the assets of one its member/managers, C. Saunders Roberson, Jr.

In Section IX, page 140, AssistedCare projects start-up expenses of $65,966 and $341,220 in initial operating expenses, for a total working capital requirement of $407,187 ($65,966 + $341,220 = $407,187). The applicant states the total working capital will be funded with the assets of one its member/managers, C. Saunders Roberson, Jr.

Exhibit 33 contains a letter from C. Saunders Roberson, Jr., which states,

> *"As a member/manager of Roberson Herring Enterprises, LLC, d/b/a AssistedCare of the Carolinas, I am committed to funding the capital needs and the initial operating expenses of the proposed project to develop a home health agency in Mecklenburg County, North Carolina. The estimated capital costs are $31,874 and the initial operating expenses are expected to be $407,187 for a total project cost of $439,061.*
>
> *As documented in my financial statements included in the application, I have sufficient funds to provide funding for this project as proposed. The contributed funds will be placed as reserves in the account of Roberson Herring Enterprises, LLC, d/b/a AssistedCare of the Carolinas."*

Exhibit 33 also contains a second letter from member/managers C. Saunders Roberson, Jr. and Russell Herring of Roberson Herring Enterprises, LLC, which states in part

> *"Following the receipt of the funds from Mr. Roberson, Roberson Herring Enterprises, LLC d/b/a AssistedCare of the Carolinas will use the funds to develop the proposed Mecklenburg County home health agency as described in its certificate*

of need application submitted on July 16, 2012."

Further, Exhibit 33 contains the unaudited *"Net Worth Report"* of Mr. and Mrs. C. Saunders Roberson, Jr. As of February 15, 2012, Mr. and Mrs. C. Saunders Roberson, Jr. had *"Cash and Bank Accounts"* of $807,497 and total assets of $26.3 million.

AssistedCare adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project.

Net Revenue – The following table summarizes AssistedCare's projected revenues and operating costs during each of the first two operating years, as provided in the Financials Section (Form B) of the application:

AssistedCare	**Project Year 1**	**Project Year 2**
A. Gross Patient Revenue	$1,024,451	$1,105,895
B. Charity Care Deduction	$9,370	$10,115
C. Bad Debt Deduction	$37,708	$40,705
D. Contractual Allowances	$114,332	$123,422
E. Net Revenue [A – (B + C + D)]	$863,041	$931,653
F. Total Operating Costs	$791,567	$859,289
G. Net Income (E - F)	$71,475	$72,364

As shown above, net revenue is projected to exceed total operating costs in Project Years 1 and 2.

Operating Costs – The following tables illustrate:

1) Average total operating cost per visit in Project Year 2
2) Average direct care cost per visit in Project Year 2
3) Average administrative cost per visit in Project Year 2

AssistedCare
Project Year 2
Projected Average Total Operating Cost per Visit

Total # of Visits	**Total Operating Costs**	**Average Total Operating Cost per Visit**
6,159	$859,289	$139.52

AssistedCare
Project Year 2
Projected Average Direct Care Cost per Visit

Total # of Visits	**Total Direct Care Costs**	**Average Direct Care Cost per Visit**
6,159	$529,668	$86.00

AssistedCare
Project Year 2
Projected Average Administrative Cost per Visit

Total # of Visits	Administrative Costs	Average Administrative Cost per Visit
6,159	$329,621	$53.52

Medicare Reimbursement – In Section IV, pages 96-99, Exhibit 27, and the pro forma financial statements, pages 162-163, AssistedCare provides its methodology, assumptions and worksheets for projecting Medicare revenue which are reasonable, credible and supported.

Adequacy of Staffing – AssistedCare did not propose sufficient staffing for the number of visits projected to be performed per day by discipline, including on-call coverage, in Project Year 2. Therefore, the applicant does not adequately demonstrate that total operating costs, including salaries, in Project Year 2 are reliable. Therefore, the applicant does not adequately demonstrate that the financial feasibility of the proposal is based on reasonable projections of costs. See Criterion (7) for additional discussion which is incorporated hereby as if fully set forth herein.

In summary, the applicant did not adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of operating costs. Therefore, the application is not conforming to this criterion.

Well Care

Availability of Funds – In Section VIII.1, page 91, Well Care projects the total capital cost of the proposed project will be $110,000, which consists of $40,000 for movable equipment, $20,000 for furniture, $35,000 for consultant fees, and $15,000 for contingency. In Section VIII.2, page 92, the applicant states the capital cost will be funded with its accumulated reserves.

In Section IX, page 95, Well Care projects start-up expenses of $70,000 and $480,000 in initial operating expenses, for a total working capital requirement of $550,000 ($70,000 + $480,000 = $550,000). The applicant states the total working capital will also be funded with an *"investment account."*

Exhibit 22 contains a letter from the Owner and Director of Well Care, which states:

> *"As an Owner and Director of Well Care Home Health, Inc., I am committed to funding the capital cost and start-up cost of the new home health agency in Mecklenburg County. Well Care Home Health, Inc. estimates the total capital cost to be $110,000 and the working capital to be $550,000 for a combined total of $660,000. The funds will be provided from Well Care Home Health's Investment Account at First Citizen's Bank and placed in reserve for the development of the home health project. … Well Care Home Health will utilize these funds to develop the proposed project as described in its Certificate of Need application submitted on July 16, 2012."*

Exhibit 21 contains a letter from a Senior Vice President at First Citizens Bank, which states:

> *"I certify that as of July 12, 2012, Well Care Home Health's balance in the above referenced account was $1,265,125.23. This account holds various stocks and bonds as well as cash."*

The applicant adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project.

Net Revenues – The following table summarizes Well Care's projected revenues and operating costs during each of the first two operating years, as provided in the pro forma financial statements (Form B) of the application:

Well Care	**Project Year 1**	**Project Year 2**
A. Gross Patient Revenue	$1,204,258	$1,883,516
B. Charity Care Deduction	$1,052	$1,781
C. Bad Debt Deduction	$13,351	$20,880
D. Contractual Allowances	$76,675	$119,915
E. Net Revenue [A – (B + C + D)]	$1,113,180	$1,740,941
F. Total Operating Costs	$1,025,737	$1,494,904
G. Net Income (E – F)	$87,443	$246,036

As shown above, net revenue is projected to exceed total operating costs in Project Years 1 and 2.

Operating Costs – The following tables illustrate:

1) Average total operating cost per visit in Project Year 2
2) Average direct care cost per visit in Project Year 2
3) Average administrative cost per visit in Project Year 2

Well Care
Project Year 2
Projected Average Total Operating Cost per Visit

Total # of Visits	**Total Operating Costs**	**Average Total Operating Cost per Visit**
11,268	$1,494,904	$132.67

Well Care
Project Year 2
Projected Average Direct Care Cost per Visit

Total # of Visits	**Total Direct Care Costs**	**Average Direct Care Cost per visit**
11,268	$971,064	$86.18

Well Care
Project Year 2

Projected Average Administrative Cost per Visit

Total # of Visits	Administrative Costs	Average Administrative Cost per visit
11,268	$523,840	$46.49

Well Care adequately demonstrates that projected revenues and operating costs are reasonable, credible and supported.

Medicare Reimbursement – In Section IV, pages 58-63, Section X, page 101, and the pro forma financial statements, page 112, Well Care provides its methodology, assumptions and worksheets for projecting Medicare revenue which are reasonable, credible and supported.

Adequacy of Staffing – Well Care proposed sufficient staffing for the number of visits projected to be performed per day by discipline, including on-call coverage. See Criterion (7) for discussion which is incorporated hereby as if fully set forth herein. The applicant budgets a sufficient amount for the proposed staffing levels.

In summary, Well Care adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project and adequately demonstrated that the financial feasibility of the proposal is based upon reasonable projections of operating costs and revenues. Therefore, the application is conforming to this criterion.

Emerald Care

Availability of Funds – In Section VIII.1, page 74, Emerald Care projects the total capital cost of the proposed project will be $111,713, which consists of $51,260 for movable equipment, $23,953 for furniture, $31,500 for consultant fees, and $5,000 for miscellaneous other expenses. In Section VIII.2, page 75, the applicant states the capital cost will be funded from the accumulated reserves of Amedysis, Inc.

In Section IX, page 77, Emerald Care projects start-up expenses of $102,283 and $64,638 in initial operating expenses, for a total working capital requirement of $166,921 ($102,283 + $64,638 = $166,921). The applicant states the total working capital will be funded from the unrestricted cash of Emerald Care, Inc.

In Section I.2, the applicant identifies Amedysis, Inc. as the parent company for Emerald Care. Exhibit 25 contains a letter from the Treasurer for Amedisys, Inc., which states:

> *"Amedysis, Inc. will make available its current cash balances necessary to open and implement a new home health agency office in Mecklenburg County, North Carolina. These funds are projected to be $111,713 in capital costs, $102,283 in start-up costs, and $64,648 in working capital during the initial operating period. All funds will be made available following receipt of State approval for the project."*

Exhibit 26 contains the financial statements for Amedysis, Inc. which indicates that, as of

December 31, 2011, it had cash and cash equivalents of $48 million. Emerald Care adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project.

Net Revenue – The following table summarizes Emerald Care's projected revenues and operating costs during each of the first two operating years, as provided in the pro forma financial statements (Form B) in Exhibit 31 of the application:

Emerald Care	**Project Year 1**	**Project Year 2**
A. Gross Patient Revenue	$1,248,082	$2,073,092
B. Charity Care Deduction	$4,300	$6,645
C. Bad Debt Deduction	$25,340	$40,144
D. Medicare Contractual Adjustment	$0	$0
E. Medicaid Contractual Adjustment	$34,485	$53,976
F. Other Contractual Adjustments	$22,241	$34,805
G. Net Revenue [A – (B + C + D + E + F)]	$1,161,716	$1,937,522
H. Total Operating Costs	$1,193,465	$1,658,683
I. Net Income (G - H)	($31,749)	$278,839

As shown above, net revenue is projected to exceed total operating costs by Project Year 2.

Operating Costs – The following tables illustrate:

1) Average total operating cost per visit in Project Year 2
2) Average direct care cost per visit in Project Year 2
3) Average administrative cost per visit in Project Year 2

Emerald Care
Project Year 2
Projected Average Total Operating Cost per Visit

Total # of Visits	**Total Operating Costs**	**Average Total Operating Cost per Visit**
12,570	$1,658,683	$131.96

Emerald Care
Project Year 2
Projected Average Direct Care Cost per Visit

Total # of Visits	**Total Direct Care Costs**	**Average Direct Care Cost per Visit**
12,570	$1,059,192	$84.26

Emerald Care
Project Year 2
Projected Average Administrative Cost per Visit

Total # of Visits	**Administrative Costs**	**Average Administrative Cost per Visit**
12,570	$599,491	$47.69

Emerald Care adequately demonstrates that projected revenues and operating costs are

reasonable, credible and supported.

Medicare Reimbursement – In Section IV, pages 47-49, Section X, pages 82-83, and the pro forma financial statements, Exhibit 31, Emerald Care provides its methodology, assumptions and worksheets for projecting Medicare revenue which are reasonable, credible and supported.

Adequacy of Staffing – Emerald Care proposed sufficient staffing for the number of visits projected to be performed per day by discipline, including on-call coverage. See Criterion (7) for discussion which is incorporated hereby as if fully set forth herein. The applicant budgets a sufficient amount for the proposed staffing levels.

In summary, Emerald Care adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project and adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of operating costs and revenues. Therefore, the application is conforming to this criterion.

Continuum

Availability of Funds – In Section VIII.1, page 92, Continuum projects the total capital cost of the proposed project will be $92,270, which consists of $38,480 for movable equipment, $11,440 for furniture, $750 for consultant fees, and $41,600 for other miscellaneous costs. In Section VIII.2, page 93, the applicant states the capital cost will be funded with the accumulated reserves of Principle Long Term Care, Inc., which the applicant identified as its parent company in Section I.2 of the application.

In Section IX, page 96, Continuum projects start-up expenses of $42,826 and $247,565 in initial operating expenses, for a total working capital requirement of $290,391 ($42,826 + $247,565 = $290,391). The applicant states the total working capital will be funded with the unrestricted cash of Principle Long Term Care, Inc.

Exhibit L contains a letter from the President of Principle Long Term Care, Inc. which states:

> *"This is to certify that Principle Long Term Care, Inc. will fund from current assets, $92,270 for equity contribution and $290,391 for initial operating losses and start-up costs for a total of $382,661 for the proposed development and implementation of a new certified home health agency in Mecklenburg County pursuant to the determination of need for such a service in the 2012 State Medical Facilities Plan. … An examination of our financial records for the last two years will substantiate that this expenditure is well within our cash flow projections."*

Exhibit L contains the consolidated financial statements for Principle Long Term Care, Inc., which indicates that, as of September 30, 2011, it had $689,000 in cash and $5.5 million in current assets. Continuum adequately demonstrated the availability of sufficient funds for the

capital and working capital needs of the project.

Net Revenue – The following table summarizes Continuum's projected revenues and operating costs during each of the first two operating years, as provided in the pro forma financial statements (Form B) in the application:

Continuum	Project Year 1	Project Year 2
A. Gross Patient Revenue	$187,165	$1,296,768
B. Charity Care Deduction	$1,685	$11,676
C. Bad Debt Deduction	$35,561	$12,968
D. Medicare Adjustment	($61,350)	($372,351)
E. Medicaid Adjustment	$4,537	$33,797
F. Net Revenue [A – (B + C +D + E)]	$206,732	$1,610,678
G. Total Operating Costs	$512,762	$1,299,562
H. Net Income (Loss) (F – G)	($306,030)	$311,116

As shown above, net revenue is projected to exceed total operating costs by Project Year 2.

Operating Costs – The following tables illustrate:

1) Average total operating cost per visit in Project Year 2
2) Average direct care cost per visit in Project Year 2
3) Average administrative cost per visit in Project Year 2

Continuum
Project Year 2
Projected Average Total Operating Cost per Visit

Total # of Visits	Total Operating Costs	Average Total Operating Cost per Visit
8,556	$1,299,562	$151.89

Continuum
Project Year 2
Projected Average Direct Care Cost per Visit

Total # of Visits	Total Direct Care Costs	Average Direct Care Cost per Visit
8,556	$966,142	$112.92

Continuum
Project Year 2
Projected Average Administrative Cost per Visit

Total # of Visits	Total Administrative Costs	Average Administrative Cost per Visit
8,556	$333,420	$38.97

Continuum adequately demonstrates that projected revenues and operating costs are reasonable, credible and supported.

Medicare Reimbursement – In Section IV, pages 73-76, and the pro forma financial statements, page 111, Continuum provides its methodology, assumptions and worksheets for projecting Medicare revenue which are reasonable, credible and supported.

Adequacy of Staffing – Continuum proposed sufficient staffing for the number of visits projected to be performed per day by discipline, including on-call coverage. See discussion in Criterion (7) which is incorporated hereby as if fully set forth herein. The applicant budgets a sufficient amount for the proposed staffing levels.

In summary, Continuum adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project and adequately demonstrated that the financial feasibility of the proposal is based upon reasonable projections of operating costs and revenues. Therefore, the application is conforming to this criterion.

UniHealth

Availability of Funds – In Section VIII.1, page 218, UniHealth projects the total capital cost of the proposed project will be $196,196, which consists of $8,000 for fixed equipment, $93,260 for movable equipment, $22,100 for furniture, $55,000 for consultant fees, and $17,836 for contingency. In Section VIII.2, page 2192, the applicant states the capital cost will be funded with cash from ongoing operations of United Health Services, Inc. (UHS), which the applicant identified as its parent company in Section I.2 of the application.

In Section IX, page 224, UniHealth projects start-up expenses of $171,554 and $539,614 in initial operating expenses, for a total working capital requirement of $711,168 ($171,554 + $539,614 = $711,168). The applicant states the total working capital will also be funded with cash from ongoing operations of UHS.

Exhibit 59 contains a letter from the Senior Vice President of Treasury Management & Treasurer for UHS, which states:

> *"This letter attests to the availability of all funds necessary for any fixed and working capital required for the proposed home health agency in Mecklenburg County, applied for by United Home Care, Inc. d/b/a UniHealth Home Health, Inc. d/b/a UniHealth Home Health. The applicant is a majority owned subsidiary of United Health Services, Inc. … United Health Services, Inc. hereby commits to provide up to $1,000,000 in funds to successfully develop and operate the proposed project with cash from ongoing operations….*
>
> *Attached are the consolidated cash flow statements from United Health Service, Inc.'s audited financial statements for the period ending June 30, 2010 and June 30, 2011. As you can see, in the past two years, United Health Services, Inc., as a consolidated entity, generated more than $103,207,251 in operating cash flow. Furthermore, as of June 30, 2011, United Health Services, Inc. had positive net cash*

flow of $3,732,248 and Cash and Cash Equivalents that totaled $6,735,162. Based on these figures, funding the proposed project from cash from ongoing operations is reasonable."

Exhibit 60 contains the consolidated financial statements for UHS which indicates that, as of June 30, 2011, it had $6.7 million in cash and cash equivalents. The applicant adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project.

Net Revenues – The following table summarizes UniHealth's projected revenues and operating costs during each of the first two operating years, as provided in the pro forma financial statements (Form B) of the application:

UniHealth	**Project Year 1**	**Project Year 2**
A. Gross Patient Revenue	$696,467	$2,153,123
B. Charity Care Deduction	$6,965	$20,390
C. Bad Debt Deduction	$9,505	$27,977
D. Medicare Contractual Allowance	$83,401	$208,983
E. Medicaid Contractual Allowance	$48,141	$81,857
F. Contractual Allowances	$20,982	$61,275
G. Net Revenue [A – (B + C + D + E + F)]	$527,473	$1,752,641
H. Total Operating Costs	$934,100	$1,711,184
I. Net Income (G – H)	($406,627)	$41,457

As shown above, net revenue is projected to exceed total operating costs by Project Year 2.

Operating Costs – The following tables illustrate:

1) Average total operating cost per visit in Project Year 2
2) Average direct care cost per visit in Project Year 2
3) Average administrative cost per visit in Project Year 2

UniHealth
Project Year 2
Projected Average Total Operating Cost per Visit

Total # of Visits	**Total Operating Costs**	**Average Total Operating Cost per Visit**
11,527	$1,711,184	$148.45

UniHealth
Project Year 2
Projected Average Direct Care Cost per Visit

Total # of Visits	Total Direct Care Costs	Average Direct Care Cost per Visit
11,527	$1,043,442	$90.52

UniHealth
Project Year 2
Projected Average Administrative Cost per Visit

Total # of Visits	Administrative Costs	Average Administrative Cost per Visit
11,527	$667,742	$57.93

UniHealth adequately demonstrates that projected revenues and operating costs are reasonable, credible and supported.

Medicare Reimbursement – In Section IV, pages 155-170, and the pro forma financial statements, page 265, UniHealth provides its methodology, assumptions and worksheets for projecting Medicare revenue which are reasonable, credible and supported.

Adequacy of Staffing – UniHealth proposed sufficient staffing for the number of visits projected to be performed per day by discipline, including on-call coverage. See Criterion (7) for discussion which is incorporated hereby as if fully set forth herein. The applicant budgets a sufficient amount for the proposed staffing levels.

In summary, UniHealth adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project and adequately demonstrated that the financial feasibility of the proposal is based upon reasonable projections of operating costs and revenues. Therefore, the application is conforming to this criterion.

J & D

Availability of Funds – In Section VIII.1, page 29, J & D projects the total capital cost of the proposed project will be $6,000, which consists of $3,000 for movable equipment and $3,000 for furniture. In Section VIII.2, page 30, the applicant states the capital cost will be funded with the accumulated reserves of J and D Healthcare Services, which the applicant identified as its *"parent company"* in Section I.2 of the application (the applicant is an individual, not a business).

In Section IX, page 32, J & D projects start-up expenses of $20,000 and $30,000 in initial operating expenses, for a total working capital requirement of $50,000 ($20,000 + $30,000 = $50,000). The applicant states the total working capital will be funded with the accounts receivable of J and D Healthcare Services.

Section VIII of the application contains a copy of a BB&T bank statement for J & D

Healthcare Services, LLC, dated June 29, 2012, showing a *"Total checking and money market savings"* account balance of $103,232. Section VIII of the application also contains a letter from the Administrator for J and D Healthcare Services, which states:

> *"I Ogadinma Akagha is* [sic] *a signatory to the* [BB&T bank accounts] *with money balance of $103,232. This money will be available to fund the capital cost, start up cost, and other costs associated with the proposed home healthcare agency in charlotte, NC."*

J & D adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project.

Net Revenue – The following table summarizes J & D's projected revenues and operating expenses during each of the first two operating years, as provided in the pro forma financial statements (Form B) in the application:

J & D	**Project Year 1**	**Project Year 2**
A. Gross Patient Revenue	$1,574,634	$1,664,138
B. Charity Care Deduction	$0	$0
C. Bad Debt Deduction	$0	$0
D. Medicare Allowance	$0	$0
E. Medicaid Allowance	$0	$0
F. Net Revenue [A – (B + C +D + E)]	$1,574,634	$1,664,138
G. Total Operating Costs	$3,041,925	$3,116,397
H. Net Income (Loss) (F – G)	($1,467,291)	($1,452,259)

As shown above, total operating costs are projected to exceed net revenue in Project Years 1 and 2. Thus, the applicant does not expect to show a profit by Project Year 2. The applicant does not provide a Form B for subsequent years showing a profit or explain how it will fund the operating losses.

Moreover, at the public hearing, J & D provided the project analyst with revised pro forma financial statements which were not requested by the Agency. Pursuant to 10A NCAC .0204, an applicant may not amend an application.

Operating Costs – The following tables illustrate:

1) Average total operating cost per visit in Project Year 2
2) Average direct care cost per visit in Project Year 2
3) Average administrative cost per visit in Project Year 2

J & D
Project Year 2
Projected Average Total Operating Cost per Visit

Total # of Visits	Total Operating Costs	Average Total Operating Cost per Visit
1,482	$3,116,397	$2,089

J & D
Project Year 2
Projected Average Direct Care Cost per Visit

Total # of Visits	Total Direct Care Costs	Average Direct Care Cost per visit
1,482	$2,887,897	$1,949

J & D
Project Year 2
Projected Average Administrative Cost per Visit

Total # of Visits	Administrative Costs	Average Administrative Cost per visit
1,482	$228,500	$154.18

J & D did not adequately demonstrate that projected revenues and operating costs are reasonable, credible or supported. The average total operating cost per visit ($2,089) is extremely high for home health services and is highly questionable.

Medicare Reimbursement – J & D did not adequately explain its methodology and assumptions for projecting Medicare revenue, and therefore did not adequately demonstrate they are reasonable, credible or supported.

Adequacy of Staffing – J & D proposed sufficient staffing for the number of visits projected to be performed per day by discipline, including on-call coverage. See discussion in Criterion (7) which is incorporated hereby as if fully set forth herein.

In summary, J & D adequately demonstrated the availability of sufficient funds for the capital and working capital needs of the project, but did not adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of operating costs and revenues. Therefore, the application is not conforming to this criterion.

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

NC—J & D
C—All Other Applicants

Vizion One adequately demonstrates that its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Mecklenburg County based on the following analysis:

1) The State Health Coordinating Council and Governor determined that two new Medicare-certified home health agencies or offices will be needed in Mecklenburg County in 2013 in addition to the existing agencies serving Mecklenburg County residents. See Table 12C on page 312 of the 2012 SMFP. Vizion One submitted its application in response to the need determination in the 2012 SMFP.
2) Vizion One adequately demonstrates in its application that the Medicare-certified home health agency it proposes to develop in Mecklenburg County is needed in addition to the existing agencies. See Sections III, IV and VI of Vizion One's application.
3) Because home health services are provided in the patient's home, the proposed location of the home health agency within the county is not a relevant consideration.

Consequently, the application is conforming to this criterion.

Maxim adequately demonstrates that its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Mecklenburg County based on the following analysis:

1) The State Health Coordinating Council and Governor determined that two new Medicare-certified home health agencies or offices will be needed in Mecklenburg County in 2013 in addition to the existing agencies serving Mecklenburg County residents. See Table 12C on page 312 of the 2012 SMFP. Maxim submitted its application in response to the need determination in the 2012 SMFP.
2) Maxim adequately demonstrates in its application that the Medicare-certified home health agency it proposes to develop in Mecklenburg County is needed in addition to the existing agencies. See Sections III, IV and VI of Maxim's application.
3) Because home health services are provided in the patient's home, the proposed location of the home health agency within the county is not a relevant consideration.

Consequently, the application is conforming to this criterion.

CMCH adequately demonstrates that its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Mecklenburg County based on the following analysis:

1) The State Health Coordinating Council and Governor determined that two new Medicare-certified home health agencies or offices will be needed in Mecklenburg County in 2013 in addition to the existing agencies serving Mecklenburg County residents. See Table 12C on page 312 of the 2012 SMFP. CMCH submitted its application in response to the need determination in the 2012 SMFP.
2) CMCH adequately demonstrates in its application that the Medicare-certified home health agency it proposes to develop in Mecklenburg County is needed in addition to the existing agencies. See Sections III, IV and VI of CMCH's application.
3) Because home health services are provided in the patient's home, the proposed

location of the home health agency within the county is not a relevant consideration.

Consequently, the application is conforming to this criterion.

HKZ Group adequately demonstrates that its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Mecklenburg County based on the following analysis:

1) The State Health Coordinating Council and Governor determined that two new Medicare-certified home health agencies or offices will be needed in Mecklenburg County in 2013 in addition to the existing agencies serving Mecklenburg County residents. See Table 12C on page 312 of the 2012 SMFP. HKZ Group submitted its application in response to the need determination in the 2012 SMFP.
2) HKZ Group adequately demonstrates in its application that the Medicare-certified home health agency it proposes to develop in Mecklenburg County is needed in addition to the existing agencies. See Sections III, IV and VI of HKZ Group's application.
3) Because home health services are provided in the patient's home, the proposed location of the home health agency within the county is not a relevant consideration.

Consequently, the application is conforming to this criterion.

AssistedCare adequately demonstrates that its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Mecklenburg County based on the following analysis:

1) The State Health Coordinating Council and Governor determined that two new Medicare-certified home health agencies or offices will be needed in Mecklenburg County in 2013 in addition to the existing agencies serving Mecklenburg County residents. See Table 12C on page 312 of the 2012 SMFP. AssistedCare submitted its application in response to the need determination in the 2012 SMFP.
2) Assisted Care adequately demonstrates in its application that the Medicare-certified home health agency it proposes to develop in Mecklenburg County is needed in addition to the existing agencies. See Sections III, IV and VI of AssistedCare's application.
3) Because home health services are provided in the patient's home, the proposed location of the home health agency within the county is not a relevant consideration.

Consequently, the application is conforming to this criterion.

Well Care adequately demonstrates that its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Mecklenburg County based on the following analysis:

1) The State Health Coordinating Council and Governor determined that two new Medicare-certified home health agencies or offices will be needed in Mecklenburg County in 2013 in addition to the existing agencies serving Mecklenburg County residents. See Table 12C on page 312 of the 2012 SMFP. Well Care submitted its application in response to the need determination in the 2012 SMFP.
2) Well Care adequately demonstrates in its application that the Medicare-certified home health agency it proposes to develop in Mecklenburg County is needed in addition to the existing agencies. See Sections III, IV and VI of Well Care's application.
3) Because home health services are provided in the patient's home, the proposed location of the home health agency within the county is not a relevant consideration.

Consequently, the application is conforming to this criterion.

Emerald Care adequately demonstrates that its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Mecklenburg County based on the following analysis:

1) The State Health Coordinating Council and Governor determined that two new Medicare-certified home health agencies or offices will be needed in Mecklenburg County in 2013 in addition to the existing agencies serving Mecklenburg County residents. See Table 12C on page 312 of the 2012 SMFP. Emerald Care submitted its application in response to the need determination in the 2012 SMFP.
2) Emerald Care adequately demonstrates in its application that the Medicare-certified home health agency it proposes to develop in Mecklenburg County is needed in addition to the existing agencies. See Sections III, IV and VI of Emerald Care's application.
3) Because home health services are provided in the patient's home, the proposed location of the home health agency within the county is not a relevant consideration.

Consequently, the application is conforming to this criterion.

Continuum adequately demonstrates that its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Mecklenburg County based on the following analysis:

1) The State Health Coordinating Council and Governor determined that two new Medicare-certified home health agencies or offices will be needed in Mecklenburg County in 2013 in addition to the existing agencies serving Mecklenburg County residents. See Table 12C on page 312 of the 2012 SMFP. Continuum submitted its application in response to the need determination in the 2012 SMFP.
2) Continuum adequately demonstrates in its application that the Medicare-certified home health agency it proposes to develop in Mecklenburg County is needed in addition to the existing agencies. See Sections III, IV and VI of Continuum's

application.

3) Because home health services are provided in the patient's home, the proposed location of the home health agency within the county is not a relevant consideration.

Consequently, the application is conforming to this criterion.

UniHealth adequately demonstrates that its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Mecklenburg County based on the following analysis:

1) The State Health Coordinating Council and Governor determined that two new Medicare-certified home health agencies or offices will be needed in Mecklenburg County in 2013 in addition to the existing agencies serving Mecklenburg County residents. See Table 12C on page 312 of the 2012 SMFP. UniHealth submitted its application in response to the need determination in the 2012 SMFP.
2) UniHealth adequately demonstrates in its application that the Medicare-certified home health agency it proposes to develop in Mecklenburg County is needed in addition to the existing agencies. See Sections III, IV and VI of UniHealth's application.
3) Because home health services are provided in the patient's home, the proposed location of the home health agency within the county is not a relevant consideration

Consequently, the application is conforming to this criterion.

J & D did not adequately demonstrate that its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Mecklenburg County. The State Health Coordinating Council and Governor determined that two new Medicare-certified home health agencies or offices will be needed in Mecklenburg County in 2013 in addition to the existing agencies serving Mecklenburg County residents. See Table 12C on page 312 of the 2012 SMFP. J & D submitted its application in response to the need determination in the 2012 SMFP. However, J & D did not adequately demonstrate that projected utilization is reasonable, credible or supported. Therefore, J & D did not adequately demonstrate in its application that the Medicare-certified home health agency it proposes to develop in Mecklenburg County is needed in addition to the existing agencies. See Criterion (3) for additional discussion which is incorporated hereby as if set forth fully herein. Consequently, the application is not conforming to this criterion.

(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.

NC – AssistedCare
C – All Other Applicants

Vizion One. On page 114, the applicant provides the proposed staffing for the first two operating years of the proposed project, as shown in the table below:

Vizion One	Full-Time Equivalent (FTE) Positions Project Year 1	FTEs Project Year 2
Skilled Nursing	1.85	2.85
Physical Therapist	1.48	2.28
Speech Therapist	0.09	0.13
Occupational Therapist	0.34	0.52
Medical Social Worker	0.04	0.07
Home Health Aide	0.28	0.42
Administrator	1.00	1.00
Director of Nursing	0.75	1.00
Case Manager	0.75	1.00
Medical Director	0.02	0.02
Other Administrative	2.00	2.00
Total	**8.60**	**11.29**

In Section VII.5, the applicant states it does not propose to use contract staff for the proposed project.

On page 113, Vizion One provides the assumptions it used in projecting staffing levels for its patient care staff, which are shown in the table below.

Discipline	# of Equivalent Visits per Week*	# of Visits per Day
Skilled Nursing	25.0	5.0
Physical Therapist	25.0	5.0
Speech Therapist	25.0	5.0
Occupational Therapist	25.0	5.0
Medical Social Worker	15.0	3.0
Home Health Aide	25.0	5.0

*Calculated by the Project Analyst (# of visits per day X 5 days per week = # of equivalent visits per week).

Regarding staffing for weekend and on-call coverage, in Section VII.7, page 80, the applicant states, *"All clinical staff are available on a 24/7 basis. Staff rotate to serve after hours and on weekends."*

To determine if Vizion One's proposed staffing for Project Year 2 is sufficient, the Project Analyst divided the projected visits by the visits per day assumption, which results in the total work days required to complete the visits. The resulting quotient was divided by 260 work days per year (2,080 work hours per year per FTE position / 8 hours per day = 260 work days per year). This results in the number of required FTE positions. The number of required FTE positions was then compared to the number of projected FTE positions provided by the applicant in Section VII of the application. This calculation was performed for each discipline and is illustrated in the following table:

Discipline	Projected Visits Project Year 2 (Section IV) (A)	Visits per Day Project Year 2 (Section VII) (B)	Required FTE Positions* [(A)/(B)] / 260	Projected FTE Positions Project Year 2 (Section VII)
Skilled Nursing	3,707	5.0	2.85	2.85
Physical Therapist	2,958	5.0	2.28	2.28
Speech Therapist	173	5.0	0.13	0.13
Occupational Therapist	680	5.0	0.52	0.52
Medical Social Worker	58	3.0	0.07	0.07
Home Health Aide	549	5.0	0.42	0.42

*Calculated by the project analyst.

As shown in the table above, Vizion One's projected FTEs in Project Year 2 are equal to the required FTEs as calculated by the project analyst using the applicant's assumptions.

In summary, the applicant proposes adequate staffing for the visits it projects to perform during the second operating year. Additionally, Vizion One has proposed sufficient staffing for administrative and managerial functions of the proposed Medicare-certified home health agency. Therefore, the application is conforming to this criterion.

Maxim. In Section VII.2, pages 101-102, Maxim provides the proposed staffing for the first two operating years of the proposed project, as shown in the table below:

Maxim	FTEs Project Year 1	FTEs Project Year 2
Administrator	0.33	0.33
Secretary / Clerk	0.20	0.20
OASIS Coordinator	1.00	1.00
Manager of Branch Operations	0.50	0.50
RN (Care Provider)	3.00	3.75
Certified Nursing Assistant	0.40	0.50
Dietician	0.10	0.10
Medical Records	0.25	0.25
Medical Social Worker	0.10	0.10
Physical Therapist	2.25	2.75
Occupational Therapist	0.50	0.75
Speech Therapist	0.15	0.20
Total	**8.78**	**10.43**

In Section VII.5, page 106, Maxim states it does not propose to use contract staff for the proposed project.

In Section VII.3, pages 103-104, Maxim provides the assumptions it used in projecting staffing levels for its patient care staff. The assumptions are shown in the table below.

Discipline	# of Equivalent Visits per Week	# of Visits per Day*

Registered Nurse	25.0	5.0
Certified Nursing Assistant	27.0	5.4
Physical Therapist	25.0	5.0
Occupational Therapist	25.0	5.0
Speech Therapist	25.0	5.0
Medical Social Worker	17.5	3.5

*Calculated by the Project Analyst (# of equivalent visits per week /5 days per week = # of visits per day).

Regarding staffing for weekend and on-call coverage, in Section VII.7, pages 107-108, the applicant states, *"All Maxim home health agencies (including the proposed Mecklenburg County agency) provide coverage 24 hours a day, seven days per week. … The staffing plan in Section VII.2 incorporates additional nurse FTE time for on-call coverage of evenings, weekends, vacations, holidays, and sick time."*

To determine if Maxim's proposed staffing for Project Year 2 is sufficient, the Project Analyst divided the projected visits by the visits per day assumption, which results in the total work days required to complete the visits. The resulting quotient was divided by 260 work days per year (2,080 work hours per year per FTE position / 8 hours per day = 260 work days per year). This results in the number of required FTE positions. The number of required FTE positions was then compared to the number of projected FTE positions provided by the applicant in Section VII of the application. This calculation was performed for each discipline and is illustrated in the following table.

Discipline	**Projected Visits Project Year 2 (Sections IV) (A)**	**Visits per Day Project Year 2 (Section VII) (B)**	**Required FTE Positions* [(A)/(B)] / 260**	**Projected FTE Positions Project Year 2 (Section VII)**
Registered Nurse	4,376	5.0	3.37	3.75
Certified Nursing Assistant	582	5.4	0.41	0.50
Physical Therapist	3,458	5.0	2.66	2.75
Occupational Therapist	798	5.0	0.61	0.75
Speech Therapist	235	5.0	0.18	0.20
Medical Social Worker	51	3.5	0.06	0.10

*Calculated by the Project Analyst.

As shown in the table above, Maxim's projected FTE positions in Project Year 2 are equal to or exceed the required FTE positions as calculated by the project analyst.

In summary, Maxim proposes adequate staffing for the visits it projects to perform during the second operating year. Additionally, Maxim has proposed sufficient staffing for administrative and managerial functions of the proposed Medicare-certified home health agency. Therefore, the application is conforming to this criterion.

CMCH. In Section VII.2, pages 113-114, CMCH provides the proposed staffing for the first two operating years of the proposed project, as shown in the table below:

CMCH	**FTEs**	**FTEs**

	Project Year 1	Project Year 2
Administrator	1.0	1.0
Secretary/Clerk	1.0	1.0
Other Administrative	6.5	7.5
Director of Professional Services	2.0	2.0
Nurse Supervisor	6.0	8.0
Registered Nurse (Care Provider)	16.8	16.8*
Licensed Practical Nurse	3.0	3.8*
Certified Nursing Assistant	2.5	2.5
Dietician	0.5	0.5
Medical Records	0.5	0.5
Medical Social Worker	1.0	1.0
Therapy Supervisor	1.0	1.0
Physical Therapist	8.8	8.9
LPTA	4.5	5.8
Occupational Therapist	1.5	1.5
COTA	1.0	1.0
Speech Therapist	1.0	1.0
Other: RN PRN	2.2	3.0*
Total	**60.8**	**66.8***

*The numbers in the application for these projections are not mathematically correct. The correct numbers are reflected in the table above. The total in Table VII.2 for the whole agency is correct in the application.

In Section VII.5, page 107, CMCH states it does not propose to use contract staff for the proposed project.

In Section VII.3, page 105, CMCH provides the assumptions it used in projecting staffing levels for its patient care staff. The assumptions are shown in the table below.

Discipline	# of Equivalent Visits per Week*	# of Visits per Day
RN (Care Provider)	20.0	4.0
LPN	27.5	5.5
RN PRN	22.5	4.5
Therapy Supervisor**	15.0	3.0
Physical Therapist	20.0	4.0
LPTA	20.0	4.0
Speech Therapist	20.0	4.0
Occupational Therapist	25.0	5.0
COTA	27.5	5.5
Medical Social Worker	20.0	4.0
Certified Nursing Assistant	27.5	5.5

*Calculated by the Project Analyst (# of visits per day X 5 days per week = # of equivalent visits per week).
**Applicant states, *"Therapy Supervisor does not see patients full time."*

Regarding staffing for weekend and on-call coverage, in Section VII.7, page 108, the applicant states, *"H@H-CMC's dedication to serving its patients 24 hours a day will continue with the addition of a second office. H@H-CMC's proposed staffing for years one and two are sufficient to provide on-call service for evenings and weekends."*

To determine if CMCH's proposed staffing for Project Year 2 is sufficient, the Project Analyst divided the projected visits by the visits per day assumption, which results in the total work days required to complete the visits. The resulting quotient was divided by 260 work days per year (2,080 work hours per year per FTE position / 8 hours per day = 260 work days per year). This results in the number of required FTE positions. The number of required FTE positions was then compared to the number of projected FTE positions provided by the applicant in Section VII of the application. This calculation was performed for each discipline and is illustrated in the following table.

Discipline	**Projected Visits Project Year 2 (Sections IV) (A)**	**Visits per Day Project Year 2 (Section VII) (B)**	**Required FTE Positions* [(A)/(B)] / 260**	**Projected FTE Positions Project Year 2 (Section VII)**
Nursing (1)	24,162	4.0	23.23	23.50
Certified Nursing Assistant	2,967	5.4	2.11	2.50
Physical Therapist (2)	15,997	4.6	13.38	14.70
Occupational Therapist (3)	3,192	5.0	2.46	2.50
Speech Therapist	659	4.0	0.63	1.00
Medical Social Worker	803	4.0	0.77	1.00

*Calculated by the project analyst.

(1) In Section VII, page 105, CMCH projects 4.0 RN visits per day, 4.5 RN PRN visits per day, and 5.5 LPN visits per day. The applicant did not provide a ratio of RN visits to LPN and RN PRN visits. For purposes of the table above, the project analyst combined RN, LPN, and RN PRN, and assumed an average of 4.0 visits per day and projected 23.5 FTE positions (18.8 RN FTE positions + 2.5 LPN FTE positions + 2.2 RN PRN positions = 23.5 FTE positions) as provided on page 114 of the application.

(2) In Section VII, page 105, CMCH projects 4.0 physical therapist visits per day and 5.5 LPTA visits per day. The applicant did not provide a ratio of Physical Therapist visits to LPTA visits. For purposes of the table above, the project analyst combined Physical Therapists and LPTA, and assumed a weighted average of 4.6 visits per day and projected 14.7 FTE positions (8.9 Physical Therapist FTE positions + 5.8 LPTA FTE positions = 14.7 FTE positions) as provided on page 114 of the application.

(3) In Section VII, page 105, CMCH projects 5.0 occupational therapist visits per day and 5.5 COTA visits per day. The applicant did not provide a ratio of Occupational Therapist visits to COTA visits. For purposes of the table above, the project analyst combined Occupational Therapists and COTA, and assumed an average of 5 visits per day and projected 2.5 FTE positions (1.5 Occupational Therapist FTE positions + 1.0 COTA FTE positions = 2.5 FTE positions) as provided on page 114 of the application.

As shown in the table above, CMCH's projected FTE positions in Project Year 2 are equal to

or exceed the required FTE positions as calculated by the project analyst.

In summary, CMCH proposes adequate staffing for the visits it projects to perform during the second operating year. Additionally, CMCH has proposed sufficient staffing for administrative and managerial functions of the proposed Medicare-certified home health agency. Therefore, the application is conforming to this criterion.

HKZ Group. In Section VII., pages 90-91, HKZ Group provides the proposed staffing for the first two operating years of the proposed project, as shown in the table below:

HKZ Group	**FTEs Project Year 1**	**FTEs Project Year 2**
Administrator	1.0	1.0
Secretary / Clerk	1.0	1.0
Registered Nurse (Care Provider)	1.5	2.3
Licensed Practical Nurse	1.0	1.0
Certified Nursing Assistant	0.5	0.5
Medical Records	0.0	0.5
Physical Therapist	1.5	2.0
Occupational Therapist	0.3	0.4
Speech Therapist	0.1	0.1
Total	**6.9**	**8.8**

In Section VII.5, page 87, the applicant states *"HealthKeeperz of Mecklenburg has discussed using contract services with Supplemental Healthcare, Achieving Better Communications, LLC, and CoreMedical Group. As needed, HealthKeeperz of Mecklenburg will utilize these entities for RNs, LPNs, physical therapist assistants, speech therapists, medical social workers and occupational therapists."* In Section VII.5(b), page 88, the applicant states *"Additionally, under the Management Agreement, HealthKeeperz, Inc. agrees to provide medical social worker services and nutritionist services as needed."*

In Table VII.3, pages 91-92, the applicant indicates that it intends to use contract staff for registered nurses, medical social workers, physical therapists, occupational therapists and speech therapists.

In Section VII.3, page 86, HKZ Group provides the assumptions it used in projecting staffing levels for its patient care staff. The assumptions are shown in the table below.

Discipline	**# of Equivalent Visits per Week***	**# of Visits per Day**
RN	25.0	5.0
LPN / LVN	29.5	5.9
Home Care Aide	26.0	5.2
Physical Therapist	27.0	5.4
Speech Therapist	26.5	5.3
Occupational Therapist	26.5	5.3
Social Worker	17.5	3.5

*Calculated by the Project Analyst (# visits per day x 5 days per week = # of equivalent visits per week).

Regarding staffing for weekend and on-call coverage, in Section VII.7, page 89 the applicant states,

> *"On-call coverage will be provided for patient care on a 24-hour on-call basis by staff and through contract personnel. … The staffing proposed in Table VII.2 will be sufficient to meet that need."*

To determine if the HKZ Group's proposed staffing for Project Year 2 is sufficient, the Project Analyst divided the projected visits by the visits per day assumption, which results in the total work days required to complete the visits. The resulting quotient was divided by 260 work days per year (2,080 work hours per year per FTE position / 8 hours per day = 260 work days per year). This results in the number of required FTE positions. The number of required FTE positions was then compared to the number of projected FTE positions provided by the applicant in Section VII of the application. This calculation was performed for each discipline and is illustrated in the following table:

Discipline	**Projected Visits Project Year 2 (Sections IV) (A)**	**Visits per Day Project Year 2 (Section VII) (B)**	**Required FTE Positions* [(A)/(B)] / 260**	**Projected FTE Positions Project Year 2 (Section VII)**
Nursing**	4,457	5.0	3.43	3.30
Certified Nursing Assistant	622	5.2	0.46	0.50
Physical Therapist	2,768	5.4	1.97	2.00
Occupational Therapist	546	5.3	0.40	0.40
Speech Therapist	151	5.3	0.11	0.10
Medical Social Worker	34	3.5	0.04	0.04

*Calculated by the project analyst.

**In Section VII, page 86, HKZ Group projects 5.0 RN visits per day and 5.9 LPN/LVN visits per day. The applicant did not provide a ratio of RN visits to LPN / LVN visits. For purposes of the table above, the project analyst combined RN and LPN and assumed 5.0 visits per day and projected 3.3 FTE positions (2.3 RN FTE positions + 1.0 LPN FTE positions = 3.3 FTE positions) as provided on page 91 of the application.

As illustrated in the table above, HKZ Group's projected FTE positions in Project Year 2 meet or exceed the required FTE positions as calculated by the Project Analyst except for nursing and speech therapy. However, the Project Analyst based the projections on the applicant's lower number for visits per day for Registered Nurses of 5.0 visits per day, rather than the applicant's standard for LPN/LVN's of 5.9 visits per day. The higher the number of visits per day, the lower the number of FTE positions needed to provide the visits. Therefore, the "*Required FTE positions*" projection for nursing services, as calculated by the project analyst in the table above, may be overstated. Also, in Table VII.3, page 92, the applicant projects 726 visits by contracted registered nurses and LPN/LVNs, and 151 visits by contracted speech therapists, in the second year of operation. Contract employees are

compensated on a per visit basis. Thus, it is not necessary to provide a specific number of FTE positions.

In summary, HKZ Group proposes adequate staffing for the visits it projects to perform during the second operating year. Additionally, HKZ Group has proposed sufficient staffing for administrative and managerial functions of the proposed Medicare-certified home health agency. Therefore, the application is conforming to this criterion.

AssistedCare. In Section VII, pages 131-132, AssistedCare provides the proposed staffing for the first two operating years of the proposed project, as shown in the table below:

AssistedCare	**FTEs Project Year 1**	**FTEs Project Year 2**
Clinical / Operations Manager	1.00	1.00
Medical Records Coordinator / Team Assistant	1.00	1.00
Registered Nurse (Care Provider)	2.03	2.19
LPN	0.17	0.18
Certified Nursing Assistant	0.21	0.23
Medical Social Worker	0.03	0.03
Physical Therapist	1.13	1.22
Licensed Physical Therapy Assistant	0.35	0.38
Occupational Therapist	0.35	0.38
Speech Therapist	0.09	0.09
Total	**6.36**	**6.70**

In Section VII.5, page 126, AssistedCare states that it does not propose to use contract staff for the proposed project.

In Section VII.3, page 124, AssistedCare provides the assumptions it used in projecting staffing levels for its patient care staff. The assumptions are shown in the table below.

Discipline	**# of Equivalent Visits per Week***	**# of Visits per Day**
Nursing	25.0	5.0
Physical Therapist	25.0	5.0
Occupational Therapist	25.0	5.0
Speech Therapist	25.0	5.0

Home Health Aide	30.0	6.0
Medical Social Worker	17.5	3.5

*Calculated by the Project Analyst (# visits per day x 5 days per week = # of equivalent visits per week).

Regarding staffing for weekend and on-call coverage, in Section VII.7, pages 128-129, the applicant states it has included sufficient staffing to provide on-call nursing staff 24 hours a day, 7 days a week.

To determine if AssistedCare's proposed staffing for Project Year 2 is sufficient, the Project Analyst divided the projected visits by the visits per day assumption, which results in the total work days required to complete the visits. The resulting quotient was divided by 260 work days per year (2,080 work hours per year per FTE position / 8 hours per day = 260 work days per year). This results in the number of required FTE positions. The number of required FTE positions was then compared to the number of projected FTE positions provided by the applicant in Section VII of the application. This calculation was performed for each discipline and is illustrated in the following table.

Discipline	**Projected Visits Project Year 2 (Section IV) (A)**	**Visits per Day Project Year 2 (Section VII) (B)**	**Required FTE Positions* [(A)/(B)] / 260**	**Projected FTE Positions Project Year 2 (Section VII)**
Nursing**	3,529	5.0	2.71	2.37
Certified Nursing Assistant	406	6.0	0.26	0.23
Physical Therapist**	1,687	5.0	1.30	1.60
Occupational Therapist	277	5.0	0.21	0.38
Speech Therapist	172	5.0	0.13	0.09
Medical Social Worker	86	3.5	0.09	0.03

*Calculated by the project analyst.
**For purposes of the table above, the project analyst combined the RN and LPN positions to project 2.37 FTE positions (2.19 RN FTE positions + 0.18 LPN FTE positions = 2.37 FTE positions), and combined the Physical Therapist and LPTA positions to project 1.60 FTE positions (1.22 Physical Therapist FTE + 0.38 LPTA FTE position = 1.60 FTE positions), as provided on page 132 of the application.

As shown in the table above, AssistedCare's projected FTE positions in Project Year 2 are equal to or exceed the required FTE positions as calculated by the project analyst for physical therapists and occupational therapists. However, AssistedCare's projected FTE positions in Project Year 2 are less than the required FTE positions as calculated by the project analyst for nursing, certified nursing assistants, speech therapists and medical social workers.

AssistedCare did not adequately demonstrate that it proposes adequate staffing for the visits it projects to perform during the second operating year. Therefore, the applicant did not adequately demonstrate the availability of sufficient health manpower for provision of the services proposed to be provided. Consequently, the application is not conforming to this

criterion.

Well Care. In Section VII, pages 87-88, Well Care provides the proposed staffing for the first two operating years of the proposed project, as shown in the table below:

Well Care	**FTEs Project Year 1**	**FTEs Project Year 2**
Clinical Manager/Branch Manager	1.00	1.00
Team Assistant/Medical Records Specialist	0.30	0.50
Liaison	1.50	2.00
Registered Nurse (Care Provider)	3.50	5.20
Home Health Aide	0.40	0.60
Medical Social Worker	0.10	0.20
Physical Therapist	1.30	2.00
Occupational Therapist	0.30	0.50
Speech Therapist	0.10	0.18
Total	**8.50**	**12.18**

In Section VII.5, page 79, Well Care states that it does not propose to use contract staff for the proposed project.

In Section VII.3, page 78, Well Care provides the assumptions it used in projecting staffing levels for its patient care staff. The assumptions are shown in the table below.

Discipline	**# of Equivalent Visits per Week***	**# of Visits per Day**
Nursing	27.5	5.5
Physical Therapist	27.5	5.5
Speech Therapist	27.5	5.5
Occupational Therapist	27.5	5.5
Medical Social Worker	20.0	4.0
Home Health Aide	32.5	6.5

*Calculated by the Project Analyst (# visits per day x 5 days per week = # of equivalent visits per week).

Regarding staffing for weekend and on-call coverage, in Section VII.7, pages 84-85, the applicant states, *"Well Care schedules administrative and clinical staff to be available on-call for evenings, weekends and holidays. … The coverage requirements are factored into the number of staff positions reflected in Table VII.2."*

To determine if Well Care's proposed staffing for Project Year 2 is sufficient, the Project Analyst divided the projected visits by the visits per day assumption, which results in the total work days required to complete the visits. The resulting quotient was divided by 260 work days per year (2,080 work hours per year per FTE position / 8 hours per day = 260 work days per year). This results in the number of required FTE positions. The number of required FTE positions was then compared to the number of projected FTE positions provided by the applicant in Section VII of the application. This calculation was performed for each discipline and is illustrated in the following table.

Discipline	Projected Visits Project Year 2 (Section IV) (A)	Visits per Day Project Year 2 (Section VII) (B)	Required FTE Positions* [(A)/(B)] / 260	Projected FTE Positions Project Year 2 (Section VII)
Nursing	6,648	5.5	4.65	5.20
Home Health Aide	789	6.5	0.47	0.60
Physical Therapist	2,817	5.5	1.97	2.00
Occupational Therapist	676	5.5	0.47	0.50
Speech Therapist	225	5.5	0.16	0.18
Medical Social Worker	113	4.0	0.11	0.20

*Calculated by the Project Analyst.

As shown in the table above, Well Care's projected FTE positions in Project Year 2 are equal to or exceed the required FTE positions as calculated by the project analyst.

In summary, Well Care proposes adequate staffing for the visits it projects to perform during the second operating year. Additionally, Well Care has proposed sufficient staffing for administrative and managerial functions of the proposed Medicare-certified home health agency. Therefore, the application is conforming to this criterion.

Emerald Care. In Section VII, pages 71-72, Emerald Care provides the proposed staffing for the first two operating years of the proposed project, as shown in the table below:

Emerald Care	FTEs Project Year 1	FTEs Project Year 2
Administrator	1.00	1.00
Business Office Staff	1.00	1.00
Business Office Manager	1.00	1.00
Clinical Manager	1.00	1.00
Registered Nurse (Care Provider)	2.20	3.35
Licensed Practical Nurse	1.00	1.00
Home Health Aide	0.40	0.55
Medical Social Worker	0.35	0.45
Physical Therapist	2.20	3.40
LPTA	1.00	1.00
Occupational Therapist	0.45	0.60
Speech Therapist	0.20	0.25
Sales	1.00	1.00
Account Manager	1.00	1.00
Total	**13.80**	**16.60**

In Section VII.5, page 67, Emerald Care states that it does not propose to use contract staff for the proposed project.

In Section VII.3, page 65, Emerald Care provides the assumptions it used in projecting staffing levels for its patient care staff. The assumptions are shown in the table below.

Discipline	# of Equivalent Visits per Week*	# of Visits per Day
Nursing	25.0	5.0
Physical Therapist	25.0	5.0
Speech Therapist	25.0	5.0
Occupational Therapist	25.0	5.0
Medical Social Worker	25.0	5.0
Home Health Aide	25.0	5.0

*Calculated by the Project Analyst (# visits per day x 5 days per week = # of equivalent visits per week).

Regarding staffing for weekend and on-call coverage, in Section VII.7, page 69, the applicant states, *"There will be an on-call nurse after hours and on the weekend."*

To determine if Emerald Care's proposed staffing for Project Year 2 is sufficient, the Project Analyst divided the projected visits by the visits per day assumption, which results in the total work days required to complete the visits. The resulting quotient was divided by 260 work days per year (2,080 work hours per year per FTE position / 8 hours per day = 260 work days per year). This results in the number of required FTE positions. The number of required FTE positions was then compared to the number of projected FTE positions provided by the applicant in Section VII of the application. This calculation was performed for each discipline and is illustrated in the following table.

Discipline	Projected Visits Project Year 2 (Section IV) (A)	Visits per Day Project Year 2 (Section VII) (B)	Required FTE Positions* [(A)/(B)] / 260	Projected FTE Positions Project Year 2 (Section VII)
Nursing**	5,138	5.0	3.95	4.35
Home Health Aide	662	5.0	0.51	0.55
Physical Therapist**	5,217	5.0	4.01	4.40
Occupational Therapist	718	5.0	0.55	0.60
Speech Therapist	279	5.0	0.21	0.25
Medical Social Worker	556	5.0	0.43	0.45

*Calculated by the Project Analyst.
**For purposes of the table above, the project analyst combined the RN and LPN positions to project 4.35 FTE positions (3.35 RN FTE positions + 1.00 LPN FTE positions = 4.35 FTE positions), and combined the Physical Therapist and LPTA positions to project 4.40 FTE positions (3.40 Physical Therapist FTE + 1.00 LPTA FTE position = 4.40 FTE positions), as provided on page 72 of the application.

As shown in the table above, Emerald Care's projected FTE positions in Project Year 2 are equal to or exceed the required FTE positions as calculated by the project analyst.

In summary, Emerald Care proposes adequate staffing for the visits it projects to perform during the second operating year. Additionally, Emerald Care has proposed sufficient staffing for administrative and managerial functions of the proposed Medicare-certified home health agency. Therefore, the application is conforming to this criterion.

Continuum. In Section VII, pages 87-88, Continuum provides the proposed staffing for the first two operating years of the proposed project, as shown in the table below:

Continuum	FTEs Project Year 1	FTEs Project Year 2
Administrator	1.00	1.00
Secretary/Clerk	1.00	1.00
Accounting	1.00	1.00
Director of Professional Services	0.50	0.50
Nurse Supervisor	0.50	0.50
Registered Nurse (Care Provider)	0.75	2.75
Licensed Practical Nurse	0.00	1.00
Certified Nursing Assistant	0.07	0.48
Dietician	0.03	0.03
Medical Social Worker	0.02	0.25
Therapy Supervisor	0.00	0.50
Physical Therapist	0.41	2.08
LPTA	0.00	0.50
Occupational Therapist	0.10	0.66
Speech Therapist	0.05	0.25
Oasis/QA	0.10	1.00
Total	**5.52**	**13.50**

In Section VII.5, page 90, Continuum states that it does not propose to use contract staff for the proposed project.

In Section VII.3, pages 88-89, Continuum provides the assumptions it used in projecting staffing levels for its patient care staff. The assumptions are shown in the table below.

Discipline	# of Equivalent Visits per Week*	# of Visits per Day
Registered Nurse	22.50	4.50
Licensed Practical Nurse	29.00	5.80
Physical Therapist	27.00	5.40
LPTA	27.00	5.40
Speech Therapist	22.00	4.40
Occupational Therapist	25.75	5.15
Medical Social Worker	16.50	3.30
Home Health Aide	27.00	5.40

*Calculated by the Project Analyst (# visits per day x 5 days per week = # of equivalent visits per week).

Regarding staffing for weekend and on-call coverage, in Section VII.7, page 91, the applicant states, *"The Director of Professional Services/Nursing Supervisor, the OASIS/QA nurse, and the RN/Case Manager will rotate on-call responsibilities 24 hours/day."*

To determine if Continuum's proposed staffing for Project Year 2 is sufficient, the Project Analyst divided the projected visits by the visits per day assumption, which results in the total work days required to complete the visits. The resulting quotient was divided by 260 work days per year (2,080 work hours per year per FTE position / 8 hours per day = 260 work days per year). This results in the number of required FTE positions. The number of required FTE positions was then compared to the number of projected FTE positions

provided by the applicant in Section VII of the application. This calculation was performed for each discipline and is illustrated in the following table.

Discipline	Projected Visits Project Year 2 (Section IV) (A)	Visits per Day Project Year 2 (Section VII) (B)	Required FTE Positions* [(A)/(B)] / 260	Projected FTE Positions Project Year 2 (Section VII)
Nursing**	3,972	4.5	3.39	3.75
Home Health Aide	516	5.4	0.37	0.48
Physical Therapist**	3,084	5.4	2.20	2.58
Occupational Therapist	708	5.2	0.53	0.66
Speech Therapist	228	4.4	0.20	0.25
Medical Social Worker	48	3.3	0.06	0.25

*Calculated by the Project Analyst.
**For purposes of the table above, the project analyst combined the RN and LPN positions to project 3.75 FTE positions (2.75 RN FTE positions + 1.00 LPN FTE positions = 3.75 FTE positions), and combined the Physical Therapist and LPTA positions to project 2.58 FTE positions (2.08 Physical Therapist FTE + 0.50 LPTA FTE position = 2.58 FTE positions), as provided on page 88 of the application.

As shown in the table above, Continuum's projected FTE positions in Project Year 2 are equal to or exceed the required FTE positions as calculated by the project analyst.

In summary, Continuum proposes adequate staffing for the visits it projects to perform during the second operating year. Additionally, Continuum has proposed sufficient staffing for administrative and managerial functions of the proposed Medicare-certified home health agency. Therefore, the application is conforming to this criterion.

UniHealth. In Section VII, pages 213-214, UniHealth provides the proposed staffing for the first two operating years of the proposed project, as shown in the table below:

UniHealth	FTEs Project Year 1	FTEs Project Year 2
Administrator	1.00	1.00
Secretary/Clerk (Team Assistant)	1.00	1.00
Other Admin (BOM)	1.00	1.00
Nurse Supervisor	1.00	1.00
Registered Nurse (Care Provider)	1.64	5.00
Certified Nursing Assistant	0.25	0.80
Medical Social Worker	0.20	0.30
Other (OASIS Coordinator)	1.00	1.00
Other (Community Relations Representative)	0.50	1.00
Total	**7.60**	**12.10**

In Section VII.5, page 204, UniHealth states that it proposes to use contract staff to provide physical therapy, occupational therapy and speech therapy services for the proposed project. In Section VII, page 216, the applicant states that the hourly contract fee amount in Year 2 will be $76.50 per hour for physical therapy, occupational therapy, and speech therapy.

In Section VII.3, pages 197-199, UniHealth provides the assumptions it used in projecting

staffing levels for its patient care staff. The assumptions are shown in the table below.

Discipline	# of Equivalent Visits per Week*	# of Visits per Day
Skilled Nursing	22.35	4.47
Home Health Aide	25.00	5.00
Medical Social Worker	16.90	3.38
Physical Therapist	25.00	5.00
Occupational Therapist	25.00	5.00
Speech Therapist	Not provided	Not provided

*Calculated by the Project Analyst (# visits per day x 5 days per week = # of equivalent visits per week).

Regarding staffing for weekend and on-call coverage, in Section VII.7, page 210, the applicant states, *"All UHC agencies provide coverage 24 hours a day, seven days per week."*

To determine if UniHeatlh's proposed staffing for Project Year 2 is sufficient, the Project Analyst divided the projected visits by the visits per day assumption, which results in the total work days required to complete the visits. The resulting quotient was divided by 260 work days per year (2,080 work hours per year per FTE position / 8 hours per day = 260 work days per year). This results in the number of required FTE positions. The number of required FTE positions was then compared to the number of projected FTE positions provided by the applicant in Section VII of the application. This calculation was performed for each discipline and is illustrated in the following table.

Discipline	Projected Visits Project Year 2 (Section IV) (A)	Visits per Day Project Year 2 (Section VII) (B)	Required FTE Positions* [(A)/(B)] / 260	Projected FTE Positions Project Year 2 (Section VII)
Nursing	5,449	4.5	4.69	5.00
Certified Nursing Assistant	946	5.0	0.73	0.80
Medical Social Worker	47	3.4	0.05	0.30
Physical Therapist	3,813	5.0	2.93	None projected
Occupational Therapist	1,150	5.0	0.88	None projected
Speech Therapist	122	Not provided	NA	None projected

*Calculated by the Project Analyst.

As shown in the table above, UniHealth's projected FTE positions in Project Year 2 for nursing, certified nursing assistants, and medical social workers are equal to or exceed the required FTE positions as calculated by the project analyst. In the table above, the applicant did not provide the number of contract FTE positions for physical therapists, occupational therapists, and speech therapists. Contract employees are compensated on a per visit basis. Thus, it is not necessary to provide a specific number of FTE positions. On pages 215-216, the applicant provides the hourly contract fee and the projected total number of contract visits per year for the physical therapists, occupational therapists, and speech therapists. In Form B of the pro forma financial statements, pages 243-244, UniHealth budgeted sufficient funds to cover the total hourly contract fees multiplied by the projected total number of contract visits for each of the three service disciplines projected to use contract employees.

In summary, UniHealth proposes adequate staffing for the visits it projects to perform during the second operating year. Additionally, UniHealth has proposed sufficient staffing for administrative and managerial functions of the proposed Medicare-certified home health agency. Therefore, the application is conforming to this criterion.

J & D. In Table VII.2, J & D provides the proposed staffing for the first two operating years of the proposed project, as shown in the table below:

J & D	**FTEs Project Years 1 and 2**
Administrator	0.97
Secretary/Clerk	0.97
Accounting	0.33
Nurse Supervisor	0.97
Registered Nurse (Care Provider)	1.33
License Practical Nurse	2.33
Certified Nursing Assistant	4.66
Dietician	0.33
Medical Records	0.97
Medical Social Worker	0.16
Therapy Supervisor	0.97
Physical Therapist	4.66
Occupational Therapist	3.33
Speech Therapist	1.32
Total	**23.31**

In Section VII.5, page 27, J & D states that it does not propose to use contract staff for the proposed project.

In Table VII.2, page 21, J & D provides the assumptions it used in projecting staffing levels for its patient care staff. The assumptions are shown in the table below.

Discipline	**# of Equivalent Visits per Week***	**# of Visits per Day**
Nurse Supervisor	20.0	4.0
Registered Nurse (Care Provider)	15.0	3.0

Licensed Practical Nurse	15.0	3.0
Certified Nursing Assistant	15.0	3.0
Therapy Supervisor	25.0	5.0
Physical Therapist	15.0	3.0
Speech Therapist	10.0	2.0
Occupational Therapist	15.0	3.0
Medical Social Worker	5.0	1.0

*Calculated by the Project Analyst (# visits per day x 5 days per week = # of equivalent visits per week).

Regarding staffing for weekend and on-call coverage, in Section VII.7, page 28, the applicant states, *"A staff* [sic] *will be designated as an on call representative of J and D representative* [sic] *on a weekly rotation for intake and other telephone calls on weekends or after hours."*

To determine if J & D's proposed staffing for Project Year 2 is sufficient, the Project Analyst divided the projected visits by the visits per day assumption, which results in the total work days required to complete the visits. The resulting quotient was divided by 260 work days per year (2,080 work hours per year per FTE position / 8 hours per day = 260 work days per year). This results in the number of required FTE positions. The number of required FTE positions was then compared to the number of projected FTE positions provided by the applicant in Section VII of the application. This calculation was performed for each discipline and is illustrated in the following table.

Discipline	**Projected Visits Project Year 2 (Section IV) (A)**	**Visits per Day Project Year 2 (Section VII) (B)**	**Required FTE Positions* [(A)/(B)] / 260**	**Projected FTE Positions Project Year 2 (Section VII)**
Nursing	182	3.0	0.23	3.66
Home Health Aide	364	3.0	0.47	4.66
Physical Therapist	624	3.0	0.80	4.66
Occupational Therapist	312	3.0	0.40	3.33
Speech Therapist	78	2.0	0.15	1.32
Medical Social Worker	39	1.0	0.15	0.16

*Calculated by the Project Analyst.
**For purposes of the table above, the project analyst combined the RN and LPN positions to project 3.66 FTE positions (1.33 RN FTE positions + 2.33 LPN FTE positions = 3.66 FTE positions), as provided on page 21 of the application.

As shown in the table above, J & D's projected FTE positions in Project Year 2 exceed the required FTE positions as calculated by the project analyst. The project analyst notes that the proposed staffing seems high for the level of services proposed in the first two operating years. Nevertheless, the applicant certainly proposes enough staff.

In summary, J & D proposes adequate staffing for the visits it projects to perform during the second operating year. Additionally, J & D has proposed sufficient staffing for administrative and managerial functions of the proposed Medicare-certified home health agency. Therefore, the application is conforming to this criterion.

(8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C—All Applicants

Vizion One. In Section VII.5, page 80, the applicant states it does not propose to contract for direct patient care services. Exhibit 3 contains copies of letters of support from referral sources and clients served by other Vizion One offices and locations, but does not include letters from Mecklenburg County healthcare providers. In Section I.11(a), page 7, the applicant states that it operates a licensed home care agency located at 10925 Taylor Drive, Suite 130, in Charlotte, North Carolina. Exhibit 3 contains a copy of correspondence from the Administrator for Vizion One's Charlotte licensed home care agency which states, *"The Director of Nursing Charlotte went into the field visiting physician offices, adult day cares, hospitals, community centers/agencies and other home health agencies and found it 'difficult to get letters of reference since we are a new business and we have not proven ourselves.'"* Vizion One adequately demonstrated it will provide or make arrangements for the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Maxim. In Section VII.5, page 106, the applicant states it does not propose to contract for direct patient care services. In Sections V.2 and V.3, the applicant discusses anticipated referral sources. Exhibits 19, 20 and 21 contain letters of support for the proposal from health care providers and current clients of Maxim's Charlotte licensed home care agency, and a list of referring physicians. Maxim adequately demonstrated it will provide or make arrangements for the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

CMCH. In Section VII.5, page 107, the applicants state they do not propose to contract for direct patient care services. In Sections V.2 and V.3, the applicants discuss anticipated referral sources. Exhibit U contains letters of support for the proposal from physicians and other health care providers. CMCH adequately demonstrated it will provide or make arrangements for the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

HKZ Group. In Section VII.5, pages 87-88, the applicant states it may contract for nursing, speech therapy, physical therapy, occupational therapy, and medical social work. Exhibit 12 contains:

1) A letter of intent from Supplemental Healthcare for staffing services (nursing, physical therapists, speech therapist, occupational therapists, and medical social

workers).

2) A letter of intent from CoreMedical Group for staffing services (nursing, physical therapists, speech therapist, occupational therapists, and medical social workers).

Exhibits 5, 6 and 7 contain letters of support for the proposal from health care providers, a list of health care providers contacted, and copies of letters sent by the applicant to area healthcare providers. In Sections V.2 and V.3, the applicant discusses anticipated referral sources. HKZ Group adequately demonstrated it will provide or make arrangements for the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

AssistedCare. In Section VII.5, page 126, the applicant states it does not propose to contract for direct patient care services. Exhibit 29 contains letters of support for the proposal from health care providers and a list of health care providers contacted. In Sections V.2 and V.3, the applicant discusses anticipated referral sources. AssistedCare adequately demonstrated it will provide or make arrangements for the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Well Care. In Section VII.5, page 79, the applicant states it does not propose to contract for direct patient care services. In Sections V.2 and V.3, the applicant discusses anticipated referral sources. Exhibits 8 and 9 contain letters of support for the proposal from health care providers and a list of healthcare providers contacted. Well Care adequately demonstrated it will provide or make arrangements for the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Emerald Care. In Section VII.5, page 67, the applicant states it does not propose to contract for direct patient care services. In Sections V.2 and V.3, the applicant discusses anticipated referral sources. Exhibits 8, 13, 14, and 18 contain community contact lists, physician referral contact lists, sample contact letters, and letters of support for the proposal from health care providers. Emerald Care adequately demonstrated it will provide or make arrangements for the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Continuum. In Section VII.5, page 90, the applicant states it does not propose to contract for direct patient care services. In Sections V.2 and V.3, the applicant discusses anticipated referral sources. Exhibit I contain letters of support for the proposal from health care providers and copies of responses to the applicant's needs assessment survey. Continuum adequately demonstrated it will provide or make arrangements for the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

UniHealth. In Section VII.5, page 204, the applicant states it will contract for speech therapy, physical therapy, occupational therapy. In Section V.2 and V.3, pages 111-112, the applicant discusses anticipated referral sources. Exhibit 17 contains a copy of a letter and sample contract from United Rehab expressing its intention to contract with the applicant to provide speech therapy, physical therapy and occupational therapy services. Exhibits 10, 11, 15, 16, 36, and 51 contain documentation showing that health care providers and others were contacted regarding the proposal. UniHealth adequately demonstrated it will provide or make arrangements for the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

J & D. In Section VII.5, page 27, the applicant states it does not propose to contract for direct patient care services. In Sections V.2 and V.3, the applicant discusses anticipated referral sources. The application contains two letters of support from physicians. J & D adequately demonstrated it will provide or make arrangements for the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

(9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA—All Applicants

(10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates:

(a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and

NA—All Applicants

(b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

(i) would be available under a contract of at least 5 years duration;
(ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;

(iii) would cost no more than if the services were provided by the HMO; and

(iv) would be available in a manner which is administratively feasible to the HMO.

NA—All Applicants

(11) Repealed effective July 1, 1987.

(12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

NA—All Applicants

(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;

C – Maxim, CMCH, Emerald Care and J & D
NC – Vizion One
NA - All Other Applicants

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates of the percentage of uninsured for each county in North Carolina. The following table illustrates those percentages for Mecklenburg County and statewide.

	2010 Total # of Medicaid Eligibles as % of Total Population *	**2010 Total # of Medicaid Eligibles Age 21 and older as % of Total Population ***	**CY2008-2009 % Uninsured (Estimate by Cecil G. Sheps Center) ***
Mecklenburg County	15%	5%	20.1%
Statewide	17%	7%	19.7%

* More current data, particularly with regard to the estimated uninsured percentages, was not available.

The majority of Medicaid eligibles are children under the age of 21. This age group does not utilize the same health services at the same rate as older segments of the population.

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of persons eligible for dental services with the number actually receiving services. The statewide percentage of persons eligible to receive dental services who actually received dental services was 45.9% for those age 20 and younger and 30.6% for those age 21 and older. Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. In addition, data is available by age, race or gender. However, a direct comparison to the applicants' current payor mix would be of little value. The population data by age, race or gender does not include information on the number of elderly, minorities or women utilizing health services. Furthermore, OSBM's website does not include information on the number of handicapped persons.

Vizion One operates an existing licensed home care agency in Mecklenburg County. Note: Vizion One's existing licensed home care agency is not currently certified for Medicare reimbursement. However, the applicant did not provide payor information for the existing licensed home care agency. Moreover, that information does not appear to be publicly available. It is not included in the 2012 Home Care License Renewal Application for Vizion One's existing licensed home care agency. Therefore, the applicant did not demonstrate that it provides adequate access to medically underserved groups. Consequently, the application is not conforming to this criterion.

Maxim operates an existing licensed home care agency in Mecklenburg County. In Section VI.11, page 95, Maxim provides the FY2011 payor mix for the existing licensed home care agency, as shown in the table below.

Payor	Visits as a Percentage of Total Visits
Self Pay/Indigent/Charity	1.5%
Other Government	5.7%
Commercial Insurance	14.1%
Medicaid	78.8%
Total	100.0%

As shown in the table above, during FY2011, 79% of Maxim's home care patient visits were for Medicaid recipients. Note: Maxim's existing licensed home care agency is not currently certified for Medicare reimbursement.

The applicant demonstrates that it provides adequate access to medically underserved groups. Therefore, the application is conforming to this criterion.

CMCH operates an existing Medicare-certified home health agency in Mecklenburg County. In Section VI.11, page 102, CMCH provides the FY2011 payor mix for the existing Medicare-certified home health agency, as shown in the table below.

Payor	Visits as a Percentage of Total Visits
Medicare	68%
Medicaid	14%
Self Pay	3%
Commercial Insurance	13%
Charity	2%
Total	100%

As shown in the table above, during FY2011, 68% of CMCH's home health patient visits were for Medicare recipients, and 14% of their home health patient visits were for Medicaid recipients.

The applicants demonstrate that they provide adequate access to medically underserved groups. Therefore, the application is conforming to this criterion.

Emerald Care operates an existing Medicare-certified home health agency in Gaston County which, based on data in the 2012 SMFP, Table 12A, served 201 Mecklenburg patients in FY2010. In Section VI.11, page 63, Emerald Care provides the payor mix for the last full operating year for the existing Medicare-certified home health agency, as shown in the table below.

Payor	Visits as a Percentage of Total Visits
Medicare	78.4%
Medicaid	7.2%
Commercial Insurance	14.4%
Total	100.0%

As shown in the table above, during its last full operating year, the applicant reported that 78.4% of Emerald Care's home health patient visits were for Medicare recipients, and 7.2% of its home health patient visits were for Medicaid recipients.

The applicant demonstrates that it provides adequate access to medically underserved groups. Therefore, the application is conforming to this criterion.

J & D operates an existing licensed home care agency in Mecklenburg County. In Section VI.11, page 25, J & D provides the CY2011 payor mix for the existing licensed home care agency, as shown in the table below.

Payor	Visits as a Percentage of Total Visits
Private Pay	1%
Medicaid	89%
VA	8%
Charity	1%
Total	100.0%

As shown in the table above, during FY2011, 89% of J & D's home care patient visits were for Medicaid recipients. Note: J & D's existing licensed home care agency is not currently certified for Medicare reimbursement.

The applicant demonstrates that it provides adequate access to medically underserved groups. Therefore, the application is conforming to this criterion.

None of the other applicants operates an existing Medicare-certified home health agency or an existing licensed home care agency in Mecklenburg County. Furthermore, none of the other applicants have an affiliation with an existing Medicare-certified home health agency that serves a substantial number of Mecklenburg County residents out of an office located in another county.

(b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C – All Applicants

Vizion One. In Section VI.9, page 74, the applicant states *"There have been no civil rights equal access complaints filed against the applicant."* In Section VI.10, page 74, the applicant states that it has no obligation under any applicable regulations to provide uncompensated care, community service, or access by minorities and handicapped persons. The application is conforming to this criterion.

Maxim. In Section VI.9, page 93, the applicant states *"Maxim has not had any civil rights equal access complaints filed against its North Carolina home health agencies in the last five years."* In Section VI.10, page 94, the applicant states *"Maxim is not obligated under federal regulations to provide uncompensated care, community service, or access by minorities or handicapped persons. … Maxim provides, and will continue to provide, uncompensated care, community service and other services to the local community, as previously described in Section VI. Maxim does not*

discriminate based on race, creed, color, sex, age, religion, national origin, medical condition, disability, veteran status, sexual orientation, genetic information or ability to pay." The application is conforming to this criterion.

CMCH. In Section VI.9, page 102, the applicant states, *"No civil rights equal access complaints have been filed against H@H-CMC or CMCH in the last five years."* In Section VI.10, page 102, the applicant states, *"The applicant is under no obligation to provide uncompensated care, community service or access by minorities and handicapped persons. However, as previously documented, H@H-CMC provides an unmatched level of uncompensated care to home health patients in Mecklenburg County and provides access to all patients, including minorities and handicapped persons."* The application is conforming to this criterion.

HKZ Group. In Section VI.9, page 83, the applicant states, *"HealthKeeperz of Mecklenburg is not an existing home health agency. HealthKeeperz, Inc.* [the company that will manage the proposed home health agency] *has not had any civil rights equal access complaints filed against its existing home health agencies in North Carolina in the last five years."* In Section VI.10, page 83, the applicant states, *"HealthKeeperz of Mecklenburg has no obligation under any applicable regulations to provide uncompensated care, community service or access by minorities and handicapped persons."* The application is conforming to this criterion.

AssistedCare. In Section VI.9, page 121, the applicant states *"AssistedCare of the Carolinas does not own any home health agencies in North Carolina or any other states. No civil rights equal access complaints have been filed against existing home health agencies owned by the applicant's related entities in North Carolina during the past five years."* In Section VI.10, pages 121-122, the applicant states *"None of the applicant's related entities has an obligation to provide uncompensated care or community service under any applicable regulations; however, as discussed in the response to VI.3, AssistedCare of the Carolinas is committed to serving all patients regardless of race, color, creed, sex, age, sexual orientation, handicap (mental or physical), communicable disease, or place of national origin."* The application is conforming to this criterion.

Well Care. In Section VI.9, page 73, the applicant states *"The applicant has had no civil rights equal access complaints within the past five years."* In Section VI.10, page 74, the applicant states *"The applicant and parent company have no obligations to provide uncompensated care, community service, or access by minorities or handicapped persons."* The application is conforming to this criterion.

Emerald Care. In Section VI.9, page 62, the applicant states, *"There have been no such complaints filed against Emerald Care or any of its related agencies in North Carolina or any other state."* In Section VI.10, page 63, the applicant states that it has no obligation under any applicable regulations to provide uncompensated care,

community service, or access by minorities and handicapped persons, and that *"Commitments made by the Agency are voluntary."* The application is conforming to this criterion

Continuum. In Section VI.9, page 84, the applicant states, *"No civil rights equal access complaints have been filed against Continuum or its parent company."* In Section VI.10, page 63, the applicant states, *"Continuum has no obligation to provide uncompensated care or community services; however, it is company policy to provide access to minorities and handicapped persons as a matter of course."* The application is conforming to this criterion

UniHealth. In Section VI.9, pages 190-195, the applicant provides a table listing the civil rights access complaints file against United Health Services facilities in the past five years. The applicant also provides a discussion of the current status of the resolution of the complaints. In Section VI.10, page 195, the applicant states, *"The applicant has no obligation, but still willingly provides uncompensated care, community service, and access to minorities and handicapped persons."* The application is conforming to this criterion

J & D. In Section VI.9, page 24, the applicant states, *"No civil rights equal access complaints that* [sic] *have been filed against J and D Healthcare services."* In Section VI.10, page 24, the applicant states, *"J and D Healthcare Services is obligated to provide affordable, high quality, home care services to our community without distinction of race, sex, religion, political belief, physical impairment, economic, or social condition."* The application is conforming to this criterion

(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

NC – J & D
C – All Other Applicants

The following table illustrates the FFY2011 payor mix for the existing Medicare-certified home health agencies located in Mecklenburg County (Mecklenburg County agencies), as reported in their respective *Home Health Agency 2012 Annual Data Supplement to License Application* forms.

Existing Medicare-Certified Home Health Agencies Located in Mecklenburg County	**Percent of Total Visits**	
	Medicare	**Medicaid**
Innovative Senior Care	100.0%	0.0%
Gentiva Carmel Commons	79.0%	3.4%
Gentiva Perimeter Woods	74.6%	9.8%
Gentiva Cliff Cameron	69.6%	6.3%
Home Health Professionals	69.2%	9.1%

Carolinas MC @ Home	68.6%	10.9%
Advanced Home Care	63.8%	4.8%
Liberty Home Care	63.0%	12.9%
Personal Home Care	61.6%	25.9%
Interim Healthcare	44.7%	14.4%
Average*	67.8%	8.2%

* This was not calculated by adding up the percentages for each agency and dividing by 10 (there are 10 agencies listed in the table). It is a "weighted average." For example, to calculate the Average Medicare percentages, the total visits provided by each agency were added together (A), the Medicare visits provided by each agency were added together (B) and then B was divided by A. The Average Medicaid percentages were calculated in the same manner. A weighted average gives more "weight" to those agencies that provided more visits. The total number of visits provided by the agencies listed in the table varies considerably, just like the Medicare and Medicaid percentages.

As shown in the table above, the weighted average Medicare percentage for all Mecklenburg County agencies was 67.8% in FFY 2011 and the weighted average Medicaid percentage was 8.2%. The Medicare percentage ranges from a low of 44.7% to a high of 100%. The Medicaid percentages range from a low of 0% to 25.9%.

Vizion One. In Section VI.12, page 75, the applicant provides the following projected payor mix for Project Year 2.

Payor	**Duplicated Patients as a % of Total Duplicated Patients** (from Section VI.12, page 75)	**Visits as a % of Total Visits** (from Section VI.12, page 75)
Medicare	53.00%	52.98%
Medicaid	12.95%	12.92%
Commercial	32.65%	32.71%
Indigent (HHSP)	1.40%	1.38%
Total	100.00%	100.00%

* The applicant states that rounding is responsible for the totals not equaling 100%.

The projected Medicare percentage for visits is within the range reported by existing Mecklenburg County agencies. The projected Medicaid percentage for visits is within the range reported by existing Mecklenburg County agencies.

The applicant demonstrated that the elderly and medically underserved groups will have adequate access to the proposed home health services. Therefore, the application is conforming to this criterion.

Maxim. In Section VI.12, page 96, the applicant provides the following projected payor mix for the second year of operation.

Payor	**Duplicated Patients as a % of Total Duplicated Patients**	**Visits as a % of Total Visits** (from Section VI.12, page 96)

	(from Section VI.12, page 96)	
Medicare	67.9%	80.9%
Medicaid	15.5%	8.7%
Commercial	15.7%	10.1%
Self Pay/Indigent/Charity	0.9%	0.4%
Total	100.0%	100.0%

The projected Medicare percentage for visits is within the range reported by existing Mecklenburg County agencies. The projected Medicaid percentage for visits is comparable to the weighted average for the existing Mecklenburg County agencies.

The applicant demonstrated that the elderly and medically underserved groups will have adequate access to the proposed home health services. Therefore, the application is conforming to this criterion.

CMCH. In Section VI.12, page 103, the applicant provides the following projected payor mix for the second year of operation.

Payor	**Duplicated Patients as a % of Total Duplicated Patients** (from Section VI.12, page 103)	**Visits as a % of Total Visits** (from Section VI.12, page 103)
Medicare	64.4%	72.0%
Medicaid	23.4%	16.2%
Commercial/Managed Care	10.0%	9.2%
Self Pay	1.1%	1.2%
Charity	1.2%	1.4%
Total	100.0%	100.0%

The projected Medicare percentage for visits is within the range reported by existing Mecklenburg County agencies. The projected Medicaid percentage for visits is within the range reported by existing Mecklenburg County agencies.

The applicant demonstrated that the elderly and medically underserved groups will have adequate access to the proposed home health services. Therefore, the application is conforming to this criterion.

HKZ Group. In Section VI.12, pages 84-85, the applicant provides the following projected payor mix for Project Year 2.

Payor	**Duplicated Patients as a % of Total Duplicated Patients** (from Section VI.12, page 84)	**Visits as a % of Total Visits** (from Section VI.12, page 85)
Medicare	58.3%	66.8%
Medicaid	20.0%	14.9%
Private Insurance	18.8%	15.8%
VA	1.0%	1.1%
Others	1.8%	1.3%

Total	100.0%	100.0%

The projected Medicare percentage for visits is comparable to the weighted average percentage for existing Mecklenburg County agencies. The projected Medicaid percentage for visits is within the range reported by existing Mecklenburg County agencies.

The applicant demonstrated that the elderly and medically underserved groups will have adequate access to the proposed home health services. Therefore, the application is conforming to this criterion.

AssistedCare. In Section VI.12, page 123, the applicant provides the following projected payor mix for the second year of operation.

Payor	**Duplicated Patients as a % of Total Duplicated Patients** (from Section VI.12, page 123)	**Visits as a % of Total Visits** (from Section VI.12, page 123)
Medicare	58.2%	67.7%
Medicaid	10.8%	8.2%
Private Pay/Commercial	25.3%	19.2%
Charity	1.4%	0.9%
Self Pay/Other*	4.2%	4.0%
Total	100.0%	100.0%

*Applicant states *"Other"* includes *"negligible percentages of VA and Workers Comp."*

The projected Medicare percentage for visits is comparable to the weighted average percentage for existing Mecklenburg County agencies. The projected Medicaid percentage for visits is comparable to the weighted average for the existing Mecklenburg County agencies.

The applicant demonstrated that the elderly and medically underserved groups will have adequate access to the proposed home health services. Therefore, the application is conforming to this criterion.

Well Care. In Section VI.12, page 75, the applicant provides the following projected payor mix for the second year of operation.

Payor	**Duplicated Patients as a % of Total Duplicated Patients** (from Section VI.12, page 75)	**Visits as a % of Total Visits** (from Section VI.12, page 75)
Medicare	60%	72.40%
Medicaid	20%	14.48%
Commercial Insurance	15%	9.44%

Indigent/Charity	1%	0.11%
Self Pay/Champus	4%	3.57%
Total	100.00%	100.00%

The projected Medicare percentage for visits is within the range reported by existing Mecklenburg County agencies. The projected Medicaid percentage for visits is within the range reported by existing Mecklenburg County agencies.

The applicant demonstrated that the elderly and medically underserved groups will have adequate access to the proposed home health services. Therefore, the application is conforming to this criterion.

Emerald Care. In Section VI.12, page 64, the applicant provides the following projected payor mix for the second year of operation.

Payor	**Duplicated Patients as a % of Total Duplicated Patients** (from Section VI.12, page 64)	**Visits as a % of Total Visits** (from Section VI.12, page 64)
Medicare	69.6%	77.9%
Medicaid	15.6%	7.4%
Commercial Insurance*	14.3%	14.3%
Charity	0.5%	0.4%
Total	100.0%	100.0%

*The applicant states the table on page 64, which shows only 11.3 percent of duplicated patients in the *"Commercial Insurance"* category, resulting in a total of only 97 percent, is the result of a typographical error. The corrected Commercial Insurance percentage of 14.3 percent is shown above.

The projected Medicare percentage for visits is within the range reported by existing Mecklenburg County agencies. The projected Medicaid percentage for visits is comparable to the weighted average for the existing Mecklenburg County agencies.

The applicant demonstrated that the elderly and medically underserved groups will have adequate access to the proposed home health services. Therefore, the application is conforming to this criterion.

Continuum. In Section VI.12, page 85, the applicant provides the following projected payor mix for the second year of operation.

Payor	**Duplicated Patients as a % of Total Duplicated Patients** (from Section VI.12, page 85)	**Visits as a % of Total Visits** (from Section VI.12, page 85)
Medicare	58.03%	67.80%
Medicaid	10.70%	8.17%
Commercial	25.08%	19.13%
Private Pay	1.99%	1.81%

VA	0.41%	0.52%
Charity	1.39%	0.90%
Other	2.41%	1.68%
Total	100.00%	100.00%

The projected Medicare percentage for visits is equal to the weighted average percentage for existing Mecklenburg County agencies. The projected Medicaid percentage for visits is equal to the weighted average for the existing Mecklenburg County agencies.

The applicant demonstrated that the elderly and medically underserved groups will have adequate access to the proposed home health services. Therefore, the application is conforming to this criterion.

UniHealth. In Section VI.12, page 196, the applicant provides the following projected payor mix for the second year of operation.

Payor	**Duplicated Patients as a % of Total Duplicated Patients** (from Section VI.12, page 196)	**Visits as a % of Total Visits** (from Section VI.12, page 196)
Medicare	74.61%	79.36%
Medicaid	11.30%	9.20%
Commercial	11.05%	8.94%
Private Pay	1.52%	1.45%
Charity	1.52%	1.04%
Total	100.00%	100.00%

The projected Medicare percentage for visits is within the range reported by existing Mecklenburg County agencies. The projected Medicaid percentage for visits is comparable to the weighted average for the existing Mecklenburg County agencies.

The applicant demonstrated that the elderly and medically underserved groups will have adequate access to the proposed home health services. Therefore, the application is conforming to this criterion.

J & D. In Section VI.12, page 25, the applicant provides the following projected payor mix for the second year of operation.

Payor	**Duplicated Patients as a % of Total Duplicated Patients** (from Section VI.12, page 25)	**Visits as a % of Total Visits** (from Section VI.12, page 25)
Medicare	89%	89%
Medicaid	0%	0%
Commercial	1%	1%
Private Pay	1%	1%
VA	8%	8%
Charity	1%	1%

Total	100.0%	100.0%

The projected Medicare percentage for visits is within the range reported by the existing Mecklenburg County agencies.

However, J & D projects that it will serve no Medicaid patients, a medically underserved group. The existing licensed home care agency currently serves Medicaid patients (89%). The applicant does not explain why it projects to serve no Medicaid patients. Therefore, the applicant did not demonstrate that the medically underserved groups will have adequate access to the proposed home health services. Consequently, the application is not conforming to this criterion.

(d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C – All Applicants

Vizion One. In Section VI.8(a), page 73, Vizion One identifies the range of means by which a person will have access to its services. The applicant adequately demonstrates that it will offer a range of means for access to the proposed home health services. Therefore, the application is conforming to this criterion.

Maxim. In Section VI.8(a), pages 89-90, Maxim identifies the range of means by which a person will have access to its services. The applicant adequately demonstrates that it will offer a range of means for access to the proposed home health services. Therefore, the application is conforming to this criterion.

CMCH. In Section VI.8(a), page 103, CMCH identifies the range of means by which a person will have access to its services. The applicants adequately demonstrate that they will offer a range of means for access to the proposed home health services. Therefore, the application is conforming to this criterion.

HKZ Group. In Section VI.8 (a), page 82, HKZ Group identifies the range of means by which a person will have access to its services. The applicant adequately demonstrates that it will offer a range of means for access to the proposed home health services. Therefore, the application is conforming to this criterion.

AssistedCare. In Section VI.8 (a), page 119, AssistedCare identifies the range of means by which a person will have access to its services. The applicant adequately demonstrates that it will offer a range of means for access to the proposed home health services. Therefore, the application is conforming to this criterion.

Well Care. In Section VI.8(a), pages 72-73, Well Care identifies the range of means

by which a person will have access to its services. The applicant adequately demonstrates that it will offer a range of means for access to the proposed home health services. Therefore, the application is conforming to this criterion.

Emerald Care. In Section VI.8(a), page 61, Emerald Care identifies the range of means by which a person will have access to its services. The applicant adequately demonstrates that it will offer a range of means for access to the proposed home health services. Therefore, the application is conforming to this criterion.

Continuum. In Section VI.8 (a), page 83, Continuum identifies the range of means by which a person will have access to its services. The applicant adequately demonstrates that it will offer a range of means for access to the proposed home health services. Therefore, the application is conforming to this criterion.

UniHealth. In Section VI.8(a), page 188, UniHealth identifies the range of means by which a person will have access to its services. The applicant adequately demonstrates that it will offer a range of means for access to the proposed home health services. Therefore, the application is conforming to this criterion.

J & D. In Section VI.8(a), page 23, J & D identifies the range of means by which a person will have access to its services. The applicant adequately demonstrates that it will offer a range of means for access to the proposed home health services. Therefore, the application is conforming to this criterion.

(14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C—All Applicants

Vizion One. In Section V.1, page 68, the applicant states, "*Vizion One is committed to furthering the education and development of future Nursing, Home Health Aide and Medical Assistants/Home Care Aides. As such, we provide a clinical rotation site for local nursing and technical schools. In addition, we offer our clinical and professional staff to provide educational sessions or guest lectures with the community.*" The applicant adequately demonstrates that the proposed facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

Maxim. In Section V.1, page 80, the applicant states "*Maxim is committed to establishing and maintaining collaborative relationships with local and regional health professional training programs. The proposed Medicare-certified Home Health Agency in Mecklenburg County will be available to all area schools and training programs, as necessary. Maxim has sent a letter to Central Piedmont Community College (CPCC) regarding the development of a training program for the proposed project.*" Exhibit 10 contains a copy of

the letter to CPCC. The applicant adequately demonstrates that the proposed facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

CMCH. In Section V.1, page 88, the applicants state, *"Both CHS and CMCH have a history of partnering with local colleges, universities, and training programs in various fields of health sciences. …The addition of a second agency office in Mecklenburg County will increase the opportunities available for training relationships."* The applicants adequately demonstrate that the proposed facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

HKZ Group. In Section V.1, page 70, the applicant states that it has an existing professional training relationship with UNC-Pembroke to provide training for health professionals within home health disciplines and intends to establish similar relationships with clinical programs in Mecklenburg County and surrounding counties. The applicant states, *"Representatives of HealthKeeperz of Mecklenburg contacted representatives at UNC Charlotte and Central Piedmont Community College, as documented in the contact summary included in Exhibits 6 and 9. … HealthKeeperz of Mecklenburg will continue to contact educational and training programs to health* [sic] *meet the clinical needs of students in those programs."* The applicant adequately demonstrates that the proposed facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

AssistedCare. In Section V.1, pages 100, the applicant states, *"AssistedCare of the Carolinas has sent letters to five program administrators in four institutions in the area indicating AssistedCare of the Carolinas' intent to submit a certificate of need application for a new home health agency office in Mecklenburg County and stating its desire to offer the new agency as a training site for students of the various institutions."* Exhibit 28 contains copies of the letters sent to area health professional training programs expressing an interest in offering the proposed facility as a training site. The applicant adequately demonstrates that the proposed facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

Well Care. In Section V.1, page 64, the applicant states, *"Well Care has experienced staff and extensive training resources that can be shared with health professional students through a clinical training agreement. … Well Care expects to establish new clinical training program relationships with programs in Mecklenburg County."* Exhibit 17 contains copies of the letters sent to area health professional training programs, including Carolina College of Health Sciences and Presbyterian School of Nursing, expressing an intention to offer the proposed agency as a clinical training site. The applicant adequately demonstrates that the proposed facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

Emerald Care. In Section V.1, page 50, the applicant states, *"Emerald Care has already written to area health professional training schools to request a working relationship. We anticipate offering the Mecklenburg County office, as appropriate, as a site for clinical training."* Exhibit 18 contains a copy of the letter sent to area health professional training programs, including Carolina College of Health Sciences, Queens University, and Presbyterian School of Nursing expressing an intention to offer the proposed agency as a clinical training site. The applicant adequately demonstrates that the proposed facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

Continuum. In Section V.1, page 77, the applicant states, *"Continuum will accommodate the clinical needs of health professional training programs in and around Mecklenburg County. Upon issuance of the CON and licensure/certification of the agency, we would enter into contracts wit those schools that wish to work with us."* Exhibit H contains a copy of correspondence sent to an area health professional training program, Central Piedmont Community College, expressing an intention to offer the proposed agency as a clinical training site. The applicant adequately demonstrates that the proposed facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

UniHealth. In Section V.1, page 171, the applicant states, *"UniHealth is committed to assisting health professional programs meet their clinical training needs when such assistance is requested. … UniHealth has also communicated its interest in developing additional relationships with local health professional programs, reaching out to 16 training programs in the proposed service area."* Exhibit 50 contains a copies of correspondence sent to area health professional training programs, including Central Piedmont Community College, Queens University, UNC Charlotte, and Davidson College, expressing an intention to offer the proposed agency as a clinical training site. The applicant adequately demonstrates that the proposed facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

J & D. In Section V.1, page 18, the applicant states, *"The proposed project will welcome all interested health professional training programs in Mecklenburg county and surrounding counties."* The applicant states that it contacted Central Piedmont Community College, UNC-Charlotte, and UNC at Chapel Hill regarding training relationships with the proposed project. The applicant adequately demonstrates that the proposed facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

(15) Repealed effective July 1, 1987.
(16) Repealed effective July 1, 1987.
(17) Repealed effective July 1, 1987.
(18) Repealed effective July 1, 1987.

(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 a service on which competition will not have a favorable impact.

NC – AssistedCare and J & D
C – All Other Applicants

Each of the ten applicants propose to develop a new Medicare-certified home health agency or office in response to the 2012 SMFP need determination for two new Medicare-certified home health agencies or offices for Mecklenburg County.

There are currently ten existing Medicare-certified home health agencies or offices in Mecklenburg County, as shown in the following table.

Existing Medicare-Certified Home Health Agencies Located in Mecklenburg County	Location
Advanced Home Care, Inc.	2520 Whitehall Park Drive, Charlotte
Healthy @ Home-Carolinas Medical Center	4701 Hedgemore Drive, Charlotte
Gentiva Health Services	11111 Carmel Commons Boulevard, Charlotte
Gentiva Health Services	8520 Cliff Cameron Drive, Charlotte
Gentiva Health Services	9009-C Perimeter Woods Drive, Charlotte
Home Health Professionals	2221 Edge Lake Drive, Charlotte
Innovative Senior Care Home Health	1420 East Seventh Street, Charlotte
Interim Healthcare of the Triad	131 Providence Road, Charlotte
Liberty Home Care and Hospice	201 South Kings Drive, Charlotte
Personal Home Care of North Carolina	1515 Mockingbird Lane, Charlotte

Vizion One does not currently own or operate any Medicare-certified home health agencies in Mecklenburg County or anywhere else in the State. Vizion One does currently own and operate a licensed home care agency in Mecklenburg County. In Section V.7, page 70, the applicant discusses the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access. The applicant states

> *"Competition can promote innovations, expand the scope of services provided, improve operating efficiencies, and give consumers and referral sources a choice of providers. To remain competitive as a home health provider, agencies must offer compassionate services, treat patients with respect and dignity, and offer only the highest quality of care."*

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need to develop a new Medicare-certified home health agency in Mecklenburg County and that it is a cost-effective alternative;
- The applicant will provide quality services; and
- The applicant proposes to provide adequate access to medically underserved populations.

The application is conforming to this criterion.

Maxim does not own or operate any existing Medicare-certified home health agencies in North Carolina. It does own and operate them in other states. Maxim does currently own and operate 17 licensed home care agencies in North Carolina, including one in Mecklenburg County. In Section V.7, pages 83-85, the applicant discusses the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access. The applicant states

> *"According to the National Association for Home Care & Hospice, home care is a cost-effective service for individuals recuperating from a hospital stay and for those who, because of a functional or cognitive disability, are unable to care for themselves. … The proposed project will provide high quality home health services by an organization that is recognized for excellence in care delivery. … Maxim will render appropriate medical care to all persons in need of care, regardless of their ability to pay."*

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need to develop a new Medicare-certified home health agency in Mecklenburg County and that it is a cost-effective alternative;
- The applicant will provide quality services; and
- The applicant proposes to provide adequate access to medically underserved populations.

The application is conforming to this criterion.

CMCH owns and operates four Medicare-certified home health agencies in North Carolina, including one existing Medicare-certified home health agency in Mecklenburg County. In Section V.7, pages 92-95, the applicants discuss the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access. The applicants state

> *"H@H-CMC had determined that it would result in a greater level of efficiency and geographic access for patients, referral sources, and staff to serve its tremendous patient volume from two geographically dispersed locations within the county. The addition of a second home health office for H@H-CMC to serve northern Mecklenburg County will lead to significant gains in operational efficiency and the overall quality of care."*

See also Sections II, III, V, VI and VII where the applicants discuss the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicants in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicants adequately demonstrate the need to develop a new Medicare-certified home health agency in Mecklenburg County and that it is a cost-effective alternative;
- The applicants will provide quality services; and
- The applicants will provide adequate access to medically underserved populations.

The application is conforming to this criterion.

HKZ Group does not currently own or operate a Medicare-certified home health agency in Mecklenburg County or anywhere else in the State. The proposed management company, HealthKeeperz, Inc., does own and operate three Medicare-certified home health agencies in Robeson, Scotland and Cumberland counties. In Section V.7, pages 74-75, the applicant discusses the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access. The applicant states

> *"HealthKeeperz, Inc. will provide management services to HealthKeeperz of Mecklenburg, to include administrative services, which will reduce expenses through economies of scale. … HealthKeeperz of Mecklenburg will provide services to all patients without discriminating on the basis of payment source, age, gender, race, religion, national origin or handicap."*

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need to develop a new Medicare-certified home health agency in Mecklenburg County and that it is a cost-effective alternative;
- The applicant will provide quality services; and
- The applicant will provide adequate access to medically underserved populations.

The application is conforming to this criterion.

AssistedCare does not currently own or operate a Medicare-certified home health agency in Mecklenburg County or anywhere else in the State. The proposed management company, AssistedCare Management Group, Inc., does manage an existing Medicare-certified home health agency in Brunswick County. In Section V.7, pages 106-113, the applicant discusses the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access. The applicant states

> *"Because AssistedCare of the Carolinas will be modeled after AssistedCare Home Health, the new agency will have the advantage of an existing home health agency's organizational structure that has been created to efficiently and effectively operate multiple home health agency offices in a variety of locations. … AssistedCare Management Group is committed to quality and safety for its agencies' patients, families, and staff and will bring this same level of commitment to its management of AssistedCare of the Carolinas in Mecklenburg County. … As is clearly evident, AssistedCare's mission and history of service demonstrates its commitment to caring for populations traditionally considered medically underserved."*

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

However, the applicant does not project adequate staffing in Project Year 2 for the level of services proposed and does not adequately demonstrate that projected operating costs, including salaries, are reliable. See Sections II, III, VII, X and the pro forma financial statements. See also Criteria (5) and (7) for additional discussion which is incorporated hereby as if set forth fully herein. Therefore, the applicant does not adequately demonstrate that the expected effects of the proposal on competition in the service area include a positive impact on the cost-effectiveness and quality of the proposed services. Consequently, the application is not conforming to this criterion.

Well Care does not currently own or operate a Medicare-certified home health agency in Mecklenburg County, but does own and operate Medicare-certified home health agencies in New Hanover and Wake counties. Also, Well Care currently owns and operates 7 licensed

home care agencies in North Carolina. In Section V.7, pages 67-68, the applicant discusses the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access. The applicant states

> *"The availability of Well Care's corporate resources and information systems is a competitive advantage that is not available to other providers. … This proposed project will benefit from extensive resources such as existing policies and procedures, billing systems, electric* [sic] *health records and marketing support that are afforded through the corporate offices and Well Care resource staff. Well Care is committed to expanding healthcare services to the medically underserved population and to provide access to all patients in need of services regardless of their ability to pay, insurance coverage, handicap, racial/ethnic background, language or gender."*

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need to develop a new Medicare-certified home health agency in Mecklenburg County and that it is a cost-effective alternative;
- The applicant will provide quality services; and
- The applicant will provide adequate access to medically underserved populations.

The application is conforming to this criterion.

Emerald Care does not currently own or operate a Medicare-certified home health agency in Mecklenburg County. However, Emerald Care owns 440 home health agencies nationally, including eight Medicare-certified home health agencies in other counties in North Carolina. The closest one is located in Gaston County. In Section V.7, pages 55-57, the applicant discusses the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access. The applicant states

> *"Emerald Care also raises the standard of competition among existing providers by its use of telehealth monitoring from the use of computer technology by its field staff and by the access which the Agency will have to the experts at Amedysis, Inc., the Emerald Care parent corporate offices. All of these contribute to a more effective and more competitive provider in the community that provides cost effectiveness, improves quality, and improves access of field staff to clinical support staff which they are serving patients in their homes."*

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need to develop a new Medicare-certified home health agency in Mecklenburg County and that it is a cost-effective alternative;
- The applicant will provide quality services; and
- The applicant will provide adequate access to medically underserved populations.

The application is conforming to this criterion.

Continuum does not currently own or operate a Medicare-certified home health agency in Mecklenburg County. However, the applicant owns a Medicare-certified home health agency in Onslow County. In Section V.7, page 79, the applicant discusses the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access. The applicant states

> *"In general, Continuum's proposed development of a new home health agency in Mecklenburg County will foster competition because it represents a new provider offering home health services in response to identified needs at reasonable rates. This project will also have a positive impact on quality of care as a result of Continuum's proven track record of delivering quality home health services to our clients. … Lastly, Continuum's proposal will provide increased access to home health services for residents of Mecklenburg County and the extended service area who are projected to be underserved in 2013 and beyond."*

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need to develop a new Medicare-certified home health agency in Mecklenburg County and that it is a cost-effective alternative;
- The applicant will provide quality services; and
- The applicant will provide adequate access to medically underserved populations.

The application is conforming to this criterion.

UniHealth does not currently own or operate a Medicare-certified home health agency in Mecklenburg County. However, the applicant owns a Medicare-certified home health agency in Wake County. In Section V.7, pages 179-183, the applicant discusses the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access. The applicant states

> *"Operationally, UniHealth will contain costs through efficient use of health care resources, economies of scale, and careful use of external productivity benchmarks. … As discussed in response to Policy GEN-3, UniHealth and its family of companies have an intense commitment to quality, including all of the elements of the CMS Triple Aim. … As discussed in Section III.2, the proposed project will provide access to home health services for clients who have limited financial resources and the medically underserved."*

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need to develop a new Medicare-certified home health agency in Mecklenburg County and that it is a cost-effective alternative;
- The applicant will provide quality services; and
- The applicant will provide adequate access to medically underserved populations.

The application is conforming to this criterion.

J & D does not currently own or operate a Medicare-certified home health agency in Mecklenburg County or anywhere else in the State. However, the applicant owns and operates an existing licensed home care agency in Mecklenburg County. In Section V.7, page 20, the applicant discusses the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access.

However, the information provided by the applicant is not reasonable or credible and does not adequately demonstrate that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant did not adequately demonstrate the need to develop a new Medicare-certified home health agency in Mecklenburg County and that it is a cost-effective alternative;

- The applicant did not demonstrate it will provide adequate access to medically underserved populations.

The application is not conforming to this criterion.

(19) Repealed effective July 1, 1987.

(20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C
Vizion One
Maxim
CMCH
Emerald Care
J & D

NA – All Other Applicants

Vizion One currently owns and operates a licensed home care agency in Mecklenburg County. The agency is not Medicare-certified. According to the Acute and Home Care Licensure and Certification Section, Division of Health Service Regulation, there were no incidents during the 18 months immediately preceding the date of this decision which resulted in any of the following actions: provisional license; suspension of services; intent to revoke license; or revocation of license. Therefore, the application is conforming to this criterion.

Maxim currently owns and operates a licensed home care agency in Mecklenburg County. The agency is not Medicare-certified. According to the Acute and Home Care Licensure and Certification Section, Division of Health Service Regulation, there were no incidents during the 18 months immediately preceding the date of this decision which resulted in any of the following actions: provisional license; suspension of services; intent to revoke license; or revocation of license. Therefore, the application is conforming to this criterion.

CMCH currently owns and operates a Medicare-certified home health agency in Mecklenburg County. According to the Acute and Home Care Licensure and Certification Section, Division of Health Service Regulation, there were no incidents during the 18 months immediately preceding the date of this decision which resulted in any of the following actions: provisional license; suspension of services; intent to revoke license; or revocation of license. Furthermore, the agency operated in compliance with all Medicare conditions of participation during the same time period. Therefore, the application is conforming to this criterion.

Emerald Care currently owns and operates a Medicare-certified home health agency in Gaston County which serves a significant number of Mecklenburg County residents. According to the Acute and Home Care Licensure and Certification Section, Division of Health Service Regulation, there were no incidents during the 18 months immediately preceding the date of this decision which resulted in any of the following actions: provisional license; suspension of services; intent to revoke license; or revocation of license. Furthermore, the agency operated in compliance with all Medicare conditions of participation during the same time period. Therefore, the application is conforming to this criterion.

J & D currently owns and operates a licensed home care agency in Mecklenburg County. The agency is not Medicare-certified. According to the Acute and Home Care Licensure and Certification Section, Division of Health Service Regulation, there were no incidents during the 18 months immediately preceding the date of this decision which resulted in any of the following actions: provisional license; suspension of services; intent to revoke license; or revocation of license. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

(b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

NC – AssistedCare, Continuum and J & D
C – All Other Applicants

The proposals submitted by AssistedCare, Continuum, and J & D are not conforming to all applicable Criteria and Standards for Home Health Services promulgated in 10A NCAC 14C .2000.

The proposals submitted by all the other applicants are conforming with all applicable Criteria and Standards for Home Health Services promulgated in 10A NCAC 14C .2000.

The specific criteria are discussed below.

SECTION .2000 CRITERIA AND STANDARDS FOR HOME HEALTH SERVICES

10A NCAC 14C .2002 INFORMATION REQUIRED OF APPLICANT

.2002(a) An applicant shall identify:
(1) the counties that are proposed to be served by the new office;

-C- **Vizion One** projects to serve residents of Mecklenburg County.
-C- **Maxim** projects to serve residents of Mecklenburg County.
-C- **CMCH** projects to serve residents of Mecklenburg, Cabarrus, Gaston, Rowan, Union, Iredell, Stanly, Cleveland, and McDowell counties.
-C- **HKZ Group** projects to serve residents of Mecklenburg and Union counties.
-C- **AssistedCare** projects to serve residents of Mecklenburg County.
-C- **Well Care** projects to serve residents of Mecklenburg, Cabarrus, Iredell, Lincoln, Gaston and Union counties.
-C- **Emerald Care** projects to serve residents of Mecklenburg County.
-C- **Continuum** projects to serve residents of Mecklenburg and Union counties.
-C- **UniHealth** projects to serve residents of Mecklenburg, Union, Cabarrus, Iredell and Lincoln counties.
-C- **J & D** projects to serve residents of Mecklenburg, Gaston, Cabarrus, Union and Lincoln counties.

(2) the proposed types of services to be provided, including a description of each discipline;

-C- **Vizion One.** In Section II.1, pages 8-18, the applicant describes the services it proposes to offer by each discipline.
-C- **Maxim.** In Section II.1, pages 9-18, the applicant describes the services it proposes to offer by each discipline.
-C- **CMCH.** In Section II.1, pages 19-32, the applicants describe the services they propose to offer by each discipline.
-C- **HKZ Group.** In Section II.1, pages 9-14, the applicant describes the services it proposes to offer by each discipline.
-C- **AssistedCare.** In Section II.1, pages 18-35, the applicant describes the services it proposes to offer by each discipline.
-C- **Well Care.** In Section II.1, pages 11-18, the applicant describes the services it proposes to offer by each discipline.
-C- **Emerald Care.** In Section II.1, pages 9-14, the applicant describes the services it proposes to offer by each discipline.
-C- **Continuum.** In Section II.1, pages 11-22, and Section II.8, pages 30-33, the applicant describes the services it proposes to offer by each discipline.
-C- **UniHealth.** In Section II.1, pages 30-64, the applicant describes the services it proposes to offer by each discipline.
-C- **J & D.** In Section II.1, page 8, and Section II.8, page 11, the applicant describes the services it proposes to offer by each discipline.

(3) the projected total unduplicated patient count of the new office for each of the first two years of operation;

-C- **Vizion One.** In Section IV, page 66, the applicant projects to serve 211 unduplicated patients in Year 1 and 325 unduplicated patients in Year 2.

-C- **Maxim.** In Section IV.1, pages 66-67, the applicant projects to serve 426 unduplicated patients in Year 1 and 503 unduplicated patients in Year 2.

-C- **CMCH.** In Section IV.1, page 84, the applicant projects to serve 2,870 unduplicated patients in Year 1 and 2,993 unduplicated patients in Year 2.

-C- **HKZ Group.** In Section IV.1, page 68, the applicant projects to serve 282 unduplicated patients in Year 1 and 395 unduplicated patients in Year 2.

-C- **AssistedCare.** In Exhibit 27, Table IV.1, page 395 of the exhibits, the applicant projects to serve 326 unduplicated patients in Year 1 and 352 unduplicated patients in Year 2.

-C- **Well Care.** In Section IV.1, page 59, the applicant projects to serve 378 unduplicated patients in Year 1 and 591 unduplicated patients in Year 2.

-C- **Emerald Care.** In Section IV.1, page 48, the applicant projects to serve 330 unduplicated patients in Year 1 and 476 unduplicated patients in Year 2.

-C- **Continuum.** In Section II.8, page 33, the applicant projects to serve 74 unduplicated patients in Year 1 and 492 unduplicated patients in Year 2.

-C- **UniHealth.** In Section II.8, page 95, the applicant projects to serve 204 unduplicated patients in Year 1 and 548 unduplicated patients in Year 2.

-NC- **J & D.** In Section II.8, page 12, the applicant states it projects to serve *"200 patients"* in the first two years of operation, but does not provide the projected number of unduplicated patients for <u>each</u> of the first two years. Moreover, in Table IV.1, the applicant provides conflicting information. The applicant states it projects to serve 50 unduplicated patients in Year 1 and 92 unduplicated patients in Year 2, for a total of 142 unduplicated patients in the first two years of operation [50 + 92 = 142], not 200 as stated on page 12. The application is nonconforming to this Rule.

(4) the projected number of patients to be served per service discipline for each of the first two years of operation;

-C- **Vizion One**. In Section IV, page 67, the applicant provides the projected number of patients to be served per service discipline for each of the first two years of operation of the proposed home health agency.

-C- **Maxim**. In Section IV, pages 68-69, the applicant provides the projected number of patients to be served per service discipline for each of the first two years of operation of the proposed home health agency.

-C- **CMCH**. In Section IV, page 86, the applicants provide the projected number of patients to be served per service discipline for each of the first two years of operation of the proposed home health office.

-C- **HKZ Group**. In Section IV, page 69, the applicant provides the projected number of patients to be served per service discipline for each of the first two years of operation of the proposed home health agency.

-C- **AssistedCare**. In Exhibit 27, Table IV.2, page 396 of the exhibits, the applicant

provides the projected number of patients to be served per service discipline for each of the first two years of operation of the proposed home health agency.

-C- **Well Care**. In Section IV, page 60, the applicant provides the projected number of patients to be served per service discipline for each of the first two years of operation of the proposed home health agency.

-C- **Emerald Care**. In Section IV, page 49, the applicant provides the projected number of patients to be served per service discipline for each of the first two years of operation of the proposed home health agency.

-C- **Continuum**. In Section II.8, page 33, the applicant provides the projected number of patients to be served per service discipline for each of the first two years of operation of the proposed home health agency.

-C- **UniHealth**. In Section IV, page 157, the applicant provides the projected number of patients to be served per service discipline for each of the first two years of operation of the proposed home health agency.

-NC- **J & D**. In Section II.8, page 12, the applicant provides the projected number of patients to be served per service discipline for the first two years of operation of the proposed home health agency combined, but does not provide the projected number of patients to be served by service discipline for <u>each</u> of the first two years of operation. In Section IV, page 49, the applicant provides the projected number of patients to be served per service discipline for <u>each</u> of the first two years of operation of the proposed home health agency, but the projected numbers of patients for the physical therapy and home health aide disciplines are different than those reported in Section II.8, page 12. Therefore, the applicant provided inconsistent information and it is not possible to determine which representation is "correct." Consequently, the application is nonconforming with this Rule.

(5) the projected number of visits by service discipline for each of the first two years of operation;

-C- **Vizion One**. In Section II.8, page 67, the applicant provides the projected number of visits by service discipline for each of the first two years of operation of the proposed home health agency.

-C- **Maxim**. In Section IV, pages 68-69, the applicant provides the projected number of visits by service discipline for each of the first two years of operation of the proposed home health agency.

-C- **CMCH**. In Section IV, page 86, the applicants provide the projected number of visits by service discipline for each of the first two years of operation of the proposed home health office.

-C- **HKZ Group**. In Section IV, page 69, the applicant provides the projected number of visits by service discipline for each of the first two years of operation of the proposed home health agency.

-C- **AssistedCare**. In Exhibit 27, Table IV.2, page 396 of the exhibits the applicant provides the projected number of visits by service discipline for each of the first two years of operation of the proposed home health agency.

-C- **Well Care**. In Section IV, page 60, the applicant provides the projected number of visits by service discipline for each of the first two years of operation of the proposed home health agency.

-C- **Emerald Care**. In Section IV, page 49, the applicant provides the projected number of visits by service discipline for each of the first two years of operation of the proposed home health agency.

-C- **Continuum**. In Section II.8, page 34, the applicant provides the projected number of visits by service discipline for each of the first two years of operation of the proposed home health agency.

-C- **UniHealth**. In Section IV, page 157, the applicant provides the projected number of visits by service discipline for each of the first two years of operation of the proposed home health agency.

-NC- **J & D**. In Section II.8, page 12, the applicant provides the projected number of visits per service discipline for the first two years of operation of the proposed home health agency combined, but does not provide the projected number of visits by service discipline for <u>each</u> of the first two years of operation. In Section IV, page 49, the applicant provides the projected number of visits per service discipline for <u>each</u> of the first two years of operation of the proposed home health agency, but the projected numbers of visits for the home health aide discipline is different than those reported in Section II.8, page 12. Therefore, the applicant provided inconsistent information and it is not possible to determine which representation is "correct." Consequently, the application is nonconforming to this rule.

(6) within each service discipline, the average number of patient visits per day that are anticipated to be performed by each staff person;

-C- **Vizion One**. On page 113 of the applicant's *"Pro-Forma Assumptions"* section, the applicant provides, for each service discipline, the average number of visits per day that are anticipated to be performed by each staff person.

-C- **Maxim**. In Section VII.3, page 103, the applicant provides, for each service discipline, the average number of visits per day that are anticipated to be performed by each staff person.

-C- **CMCH**. In Section VII.3, page 105, the applicants provide, for each service discipline, the average number of visits per day that are anticipated to be performed by each staff person.

-C- **HKZ Group**. In Section VII.3, page 86, the applicant provides, for each service discipline, the average number of visits per day that are anticipated to be performed by each staff person.

-C- **AssistedCare**. In Section VII.3, page 124, the applicant provides, for each service discipline, the average number of visits per day that are anticipated to be performed by each staff person.

-C- **Well Care**. In Section VII.3, page 78, the applicant provides, for each service discipline, the average number of visits per day that are anticipated to be performed by each staff person.

-C- **Emerald Care**. In Section VII.3, page 65, the applicant provides, for each service discipline, the average number of visits per day that are anticipated to be performed by each staff person.

-C- **Continuum**. In Section II.8, page 34, the applicant provides, for each service discipline, the average number of visits per day that are anticipated to be performed by each staff person.

-C- **UniHealth**. In Section VII.3, pages 197-198, the applicant provides, for each service discipline, the average number of visits per day that are anticipated to be performed by each staff person.

-C- **J & D**. In Table VII.2, page 21, the applicant provides, for each service discipline, the average number of visits per day that are anticipated to be performed by each staff person.

(7) the projected average annual cost per visit for each service discipline;

-C- **Vizion One**. In Section X.1, page 92, the applicant provides the projected average annual cost per visit for each proposed service discipline.

-C- **Maxim**. In Section X.1, page 116, the applicant provides the projected average annual cost per visit for each proposed service discipline.

-C- **CMCH**. In Section X.1, page 123, the applicants provide the projected average annual cost per visit for each proposed service discipline.

-C- **HKZ Group**. In Section X.1, page 99, the applicant provides the projected average annual cost per visit for each proposed service discipline.

-C- **AssistedCare**. In Section X.1, page 142, the applicant provides the projected average annual cost per visit for each proposed service discipline.

-C- **Well Care**. In Section X.1, page 97, the applicant provides the projected average annual cost per visit for each proposed service discipline.

-C- **Emerald Care**. In Section X.1, page 79, the applicant provides the projected average annual cost per visit for each proposed service discipline. .

-C- **Continuum**. In Section X.1, page 98, the applicant provides the projected average annual cost per visit for each proposed service discipline.

-C- **UniHealth**. In Section X.1, page 226, the applicant provides the projected average annual cost per visit for each proposed service discipline.

-NC- **J & D**. The applicant did not provide the projected average annual cost per visit for each proposed service discipline in Section II.8 or Section X.1 of the application. In Section X.1, page 34, the applicant provides the *"Year 1 Proposed Charge"* and *"Year 2 Proposed Charge"* for each proposed service discipline. The application is nonconforming to this Rule.

(8) the projected charge by payor source for each service discipline;

-C- **Vizion One**. In Section X.2, page 92, the applicant provides the projected charge by payor source for each proposed service discipline.

-C- **Maxim**. In Section X.2, page 117, the applicant provides the projected charge by

payor source for each proposed service discipline.

-C- **CMCH**. In Section X.2, page 124, the applicants provide the projected charge by payor source for each proposed service discipline.

-C- **HKZ Group**. In Section X.2, page 99, the applicant provides the projected charge by payor source for each proposed service discipline.

-C- **AssistedCare**. In Section X.2, page 143, the applicant provides the projected charge by payor source for each proposed service discipline.

-C- **Well Care**. In Section X.2, page 98, the applicant provides the projected charge by payor source for each proposed service discipline.

-C- **Emerald Care**. In Section X.2, page 79, the applicant provides the projected charge by payor source for each proposed service discipline.

-C- **Continuum**. In Section X.2, page 99, the applicant provides the projected charge by payor source for each proposed service discipline.

-C- **UniHealth**. In Section X.2, page 228, the applicant provides the projected charge by payor source for each proposed service discipline.

-C- **J & D**. In Section II.8, page 12, the applicant provides the projected charge by payor source for each proposed service discipline.

(9) the names of the anticipated sources of referrals; and

-C- **Vizion One**. In Section II.8, page 35, the applicant provides a list identifying anticipated referral sources. The list includes the Presbyterian and Carolinas Medical Center hospitals in Mecklenburg County.

-C- **Maxim**. In Sections V.2 and V.3, pages 81-82, and Exhibits 19 and 20, the applicant identifies anticipated referral sources. Exhibit 19 contains letters of support for the proposal from health care providers and Exhibit 20 contains a list of *"Physician Referral Sources."*

-C- **CMCH**. In Sections V.2 and V.3, pages 89-90, and Exhibits T and U, the applicants identify anticipated referral sources. Exhibit T contains a list of referral sources and Exhibit U contains copies of letters of support from those health care providers.

-C- **HKZ Group**. In Sections V.2 and V.3, pages 70-73, and Exhibits 6 and 7, the applicant identifies anticipated referral sources. Exhibits 6 and 7 contain copies of the applicant's *"CON Contact Summary"* identifying potential referral sources, and copies of letters sent to area health care providers.

-C- **AssistedCare**. In Sections V.2 and V.3, pages 101-105, and Exhibit 5, the applicant identifies anticipated referral sources. Exhibit 29 contains letters of support for the proposal from health care providers and a list of health care providers contacted.

-C- **Well Care**. In Sections V.2 and V.3, pages 65-66, and Exhibits 7, 8 and 9, the applicant identifies anticipated referral sources. Exhibits 7, 8 and 9 a list of referral sources, letters of support for the proposal from health care providers, and a list of health care providers contacted.

-C- **Emerald Care**. In Sections V.2 and V.3, pages 51-52, and Exhibits 13 and 14, the applicant identifies anticipated referral sources. Exhibits 13 and 14 contain and a contact list of health care providers and letters of support for the proposal from health

care providers.

-C- **Continuum**. In Section II.8, page 35, and Sections V.2 and V.3, pages 77-78, and Exhibit I, the applicant identifies anticipated referral sources. Exhibit I contains copies of needs assessment survey responses and letters of support for the proposal from health care providers.

-C- **UniHealth**. In Sections V.2 and V.3, pages 173-176, and Exhibit I, the applicant identifies anticipated referral sources. Exhibits 10, 11, 15, 16, 36, and 51 contain copies of letters sent to area health care providers, copies of survey responses to the applicant's needs assessment survey, and copies of letters of support for the proposal from health care providers. .

-C- **J & D**. In Section II.8, pages 12-13, and Sections V.2 and V.3, pages 18-19, the applicant identifies anticipated referral sources.

(10) documentation of attempts made to establish working relationships with the sources of referrals.

-C- **Vizion One**. In Section II.8, page 35, the applicant discusses potential referral sources and its attempts to establish working relationships with them. Exhibit 3 contains documentation of attempts to establish working relationships with sources of referrals.

-C- **Maxim**. In Sections V.2 and V.3, pages 81-82, and Section VI.8, pages 90-93, the applicant notes that it operates an existing licensed home care agency in Mecklenburg County and describes its existing working relationships with referral sources. Exhibit 19 contains documentation of attempts to establish working relationships with sources of referrals for the proposed Medicare-certified home health agency.

-C- **CMCH**. In Sections V.2 and V.3, pages 89-90, and Section VI.8, page 72, the applicants discuss their referral sources and their working relationships with them. Exhibits T and U contain documentation of established working relationships with sources of referrals.

-C- **HKZ Group**. In Sections V.2 and V.3, pages 70-73, and Section VI.8, pages 82-83, the applicant discusses potential referral sources and its attempts to establish working relationships with them. Exhibits 6 and 7 contain documentation of attempts to establish working relationships with sources of referrals.

-C- **AssistedCare**. In Section V.2 and V.3, pages 101-105, and Section VI.8, pages 119-121, the applicant discusses potential referral sources and its attempts to establish working relationships with them. Exhibit 29 contains documentation of attempts to establish working relationships with sources of referrals.

-C- **Well Care**. In Sections V.2 and V.3, pages 65-66, and Section VI.8, pages 72-73, the applicant discusses potential referral sources and its attempts to establish working relationships with them. Exhibits 7, 8 and 9 contain documentation of attempts to establish working relationships with sources of referrals.

-C- **Emerald Care**. In Sections V.2 and V.3, pages 51-52, and Section VI.8, pages 61-62, the applicant discusses its attempts to establish working relationships with referral sources. Exhibits 13 and 14 contain documentation of attempts to establish working

relationships with sources of referrals.

-C- **Continuum**. In Sections V.2 and V.3, pages 77-78, and Section VI.8, pages 83-84, the applicant discusses potential referral sources and its attempts to establish working relationships with them. Exhibit I contains documentation of attempts to establish working relationships with sources of referrals.

-C- **UniHealth**. In Sections V.2 and V.3, pages 173-176, and Section VI.8, pages 188-189, the applicant discusses its attempts to establish working relationships with referral sources. Exhibits 10, 11, 15, 16, 36, and 51 contain documentation of attempts to establish working relationships with sources of referrals.

-C- **J & D**. In Section II.8, pages 12-13, Sections V.2 and V.3, pages 18-19, and Section VI.8, pages 23-24, the applicant discusses its attempts to establish working relationships with referral sources.

All assumptions, including the specific methodology by which patient utilization and costs are projected, shall be clearly stated.

-C- **Vizion One**. The applicant provides the assumptions and methodology used to project utilization in Sections III and IV of the application. Assumptions regarding costs are contained in Section X and the pro forma financial statements. All assumptions are clearly stated.

-C- **Maxim**. The applicant provides the assumptions and methodology used to project utilization in Sections III and IV of the application. Assumptions regarding costs are contained in Section X and the pro forma financial statements. All assumptions are clearly stated.

-C- **CMCH**. The applicants provide the assumptions and methodology used to project utilization in Sections III and IV of the application. Assumptions regarding costs are contained in Section X and the pro forma financial statements. All assumptions are clearly stated.

-C- **HKZ Group**. The applicant provides the assumptions and methodology used to project utilization in Sections III and IV of the application. Assumptions regarding costs are contained in Section X and the pro forma financial statements. All assumptions are clearly stated.

-C- **AssistedCare**. The applicant provides the assumptions and methodology used to project utilization in Sections III and IV of the application. Assumptions regarding costs are contained in Section X and the pro forma financial statements. All assumptions are clearly stated.

-C- **Well Care.** The applicant provides the assumptions and methodology used to project utilization in Sections III and IV of the application. Assumptions regarding costs are contained in Section X and the pro forma financial statements. All assumptions are clearly stated.

-C- **Emerald Care**. The applicant provides the assumptions and methodology used to project utilization in Sections III and IV of the application. Assumptions regarding costs are contained in Section X and the pro forma financial statements. All assumptions are clearly stated.

-C- **Continuum**. The applicant provides the assumptions and methodology used to project utilization in Sections III and IV of the application. Assumptions regarding costs are contained in Section X and the pro forma financial statements. All assumptions are clearly stated.

-C- **UniHealth.** The applicant provides the assumptions and methodology used to project utilization in Sections III and IV of the application. Assumptions regarding costs are contained in Section X and the pro forma financial statements. All assumptions are clearly stated.

-NC- **J & D**. The applicant did not provide a clear statement of the assumptions and methodology used to project patient utilization or costs. See Criteria (3) and (5) for the discussion regarding the applicant's assumptions and methodology used to project patient utilization (3) and costs (5) which is incorporated hereby as if set forth fully herein.

.*2002(b)* *An applicant shall specify the proposed site on which the office is proposed to be located. If the proposed site is not owned by or under the control of the applicant, the applicant shall specify an alternate site. The applicant shall provide documentation from the owner of the sites or a realtor that the proposed and alternate site(s) are available for acquisition.*

-C- **Vizion One**. In Section II.8, page 35, the applicant states, "*Office space will be leased from the existing non-Medicare certified (licensed home health) leased office in Charlotte (10925 David Taylor Drive, Suite 130, Charlotte, North Carolina 28262). A copy of the existing lease will be provided upon request."* Vizion One adequately demonstrates that the proposed site is "*under the control of the applicant."*

-C- **Maxim**. In Section XI.1, page 123, the applicant states, "*See Exhibit 2 for Maxim's existing building lease agreement for the Charlotte home care agency. As stated in the lease agreement, the Baxter Street facility has additional expansion space available for any future need Maxim may have, including for this Medicare-certified home health agency project."* Exhibit 2 contains the executed lease for the existing licensed home care agency. Maxim adequately demonstrates that the proposed site is *"under the control of the applicant."*

-C- **CMCH**. In Section XI, pages 131, the applicants identify the primary and alternate sites for the proposed Medicare-certified home health office. Exhibits AF and AI contain documentation that both sites are available.

-C- **HKZ Group**. In Section XI, pages 103-105, the applicant identifies the primary and alternate sites for the proposed Medicare-certified home health agency. Exhibit 16 contains documentation that both sites are available.

-C- **AssistedCare**. In Section XI, pages 149-151, the applicant identifies the primary and alternate sites for the proposed Medicare-certified home health agency. Exhibit 34 contains documentation that both sites are available.

-C- **Well Care**. In Section XI, page 103, the applicant identifies the primary and alternate sites for the proposed Medicare-certified home health agency. Exhibit 10 contains

documentation that both sites are available.

-C- **Emerald Care**. In Section XI, page 92, the applicant identifies the primary and alternate sites for the proposed Medicare-certified home health agency. Exhibit 16 contains documentation that both sites are available.

-NC- **Continuum**. In Section XI, pages 102-104, the applicant identifies only one site for the proposed Medicare-certified home health agency. Exhibit M contains a copy of a letter from the landlord expressing a willingness to lease the space to the applicant. The applicant did not provide documentation that the proposed site is *"owned by or under the control of the applicant"* and did not identify an alternate site. Therefore, the application is nonconforming with this Rule.

-C- **UniHealth**. In Section XI, pages 233-234, the applicant identifies the primary and alternate sites for the proposed Medicare-certified home health agency. Exhibit 61 contains documentation that both sites are available.

-C- **J & D**. In Section II.8, page 14, the applicant states the proposed Medicare-certified home health agency will be located in the same facility as the applicant's existing licensed home care agency, which is owned by the applicant. Mortgage settlement documents for the property identifying the applicant as the *"Borrower"* were included in the application.

.2002(c) An applicant proposing to establish a new home health agency pursuant to a need determination in the Sate [sic] *Medical Facilities Plan to meet the special needs of the non-English speaking, non-Hispanic population shall provide the following additional information:*

(1) for each staff person in the proposed home health agency, identify the foreign language in which the person is fluent to document the home health agency will have employees fluent in multiple foreign languages other than Spanish, including Russian;

(2) description of the manner in which the proposed home health agency will actively market and provide its services to non-English speaking, non-Hispanic persons; and

(3) documentation that the proposed home health agency will accept referrals of non-English speaking, non-Hispanic persons from other home health agencies and entities, within Medicare Conditions of Participation and North Carolina licensure rules.

-NA- **None of the applicants** propose to establish a new Medicare-certified home health agency pursuant to a need determination in the State Medical Facilities Plan to meet the special needs of the non-English speaking, non-Hispanic population.

10A NCAC 14C .2003 PERFORMANCE STANDARDS

An applicant shall project, in the third year of operation, an annual unduplicated patient caseload for the county in which the facility will be located that meets or exceeds the

minimum need used in the applicable State Medical Facilities Plan to justify the establishment of a new home health agency office in that county. An applicant shall not be required to meet this performance standard if the home health agency office need determination in the applicable State Medical Facilities Plan was not based on application of the standard methodology for a Medicare-certified home health agency office.

-C- **Vizion One**. In Section III, page 64, the applicant projects to serve 348 unduplicated patients in the third year of operation, which exceeds the minimum need of 275 patients used in the 2012 State Medical Facilities Plan.

-C- **Maxim**. In Section II.8, page 37, the applicant projects to serve 516 unduplicated patients in the third year of operation, which exceeds the minimum need of 275 patients used in the 2012 State Medical Facilities Plan. .

-C- **CMCH**. In Section IV, page 84, the applicants project to serve 2,993 unduplicated patients in the second year of operation, which far exceeds the minimum need of 275 patients used in the 2012 State Medical Facilities Plan. The applicants do not provide projected utilization in Project Year 3. The application form only requests projected utilization for the first two project years consistent with 10A NCAC 14C .2002(3), (4) and (5). Given that the applicants project to serve 1,872 Mecklenburg residents in Project Year 2 from the new office, it is reasonable to assume they will serve at least 275 Mecklenburg residents in Project Year 3.

-C- **HKZ Group**. In Section IV, page 54, the applicant projects to serve 366 unduplicated patients in the third year of operation, which exceeds the minimum need of 275 patients used in the 2012 State Medical Facilities Plan.

-C- **AssistedCare**. In Section IV.3, page 97, the applicant projects to serve 379 unduplicated patients in the third year of operation, which exceeds the minimum need of 275 patients used in the 2012 State Medical Facilities Plan.

-C- **Well Care**. In Section II.8, page 27, the applicant projects to serve 821 unduplicated patients in the third year of operation, which exceeds the minimum need of 275 patients used in the 2012 State Medical Facilities Plan.

-C- **Emerald Care**. In Section II, page 59, the applicant projects to serve 476 unduplicated patients in the second year of operation, which exceeds the minimum need of 275 patients used in the 2012 State Medical Facilities Plan. The applicant does not provide projected utilization in Project Year 3. Given that the applicant projects to serve 476 Mecklenburg County residents in Project Year 2, it is reasonable to assume the applicant will serve at least 275 in Project Year 3.

-C- **Continuum**. In Section IV, page 75, the applicant projects to serve 492 unduplicated patients in the second year of operation, which exceeds the minimum need of 275 patients used in the 2012 State Medical Facilities Plan. The applicant does not provide projected utilization in Project Year 3. Given that the applicant projects to serve 457 Mecklenburg County residents in Project Year 2, it is reasonable to assume the applicant will serve at least 275 in Project Year 3.

-C- **UniHealth**. In Section II.8, page 98, the applicant projects to serve 493 unduplicated patients in the third year of operation, which exceeds the minimum need of 275 patients used in the 2012 State Medical Facilities Plan.

-NC- **J & D**. In Section II.8, page 14, the applicant states it projects to serve 500 unduplicated patients in the third year of operation, which exceeds the minimum need of 275 patients used in the 2012 State Medical Facilities Plan. However, in Section IV, pages 12-13, the applicant projects to serve only 50 patients in Project Year 1 and 92 patients in Project Year 2. The applicant failed to provide its assumptions and methodology used to project utilization. The applicant provides no explanation why it projects a 443.5% increase in patients served in Project Year 3. Moreover, the applicant provides inconsistent representations regarding projected utilization. In summary, the applicant's representation that it will serve 500 unduplicated patients in Project Year 3 is not reasonable, credible or supported based on a review of the entirety of the application. Therefore, the application is nonconforming to this Rule.

10A NCAC 14C .2005 STAFFING AND STAFF TRAINING

.2005(a) *An applicant shall demonstrate that proposed staffing for the home health agency office will meet the staffing requirements as contained in 10A NCAC 13J which is incorporated by reference including all subsequent amendments. A copy of 10A NCAC 13J may be obtained from the Division of Health Service Regulation, Medical Facilities Licensure Section at a cost of two dollars and sixty cents ($2.60).*

-C- **Vizion One**. In Section II.8, page 37, the applicant states, *"All staff will meet the requirements of 10A NCAC 13J."*

-C- **Maxim**. In Section II.8, page 37, the applicant states, *"The proposed new Medicare-certified Mecklenburg County home health agency office will meet the staffing and staff training requirements as contained in 10A NCAC 13J. Please refer to Section VII for details regarding agency staffing and staff training."*

-C- **CMCH**. In Section II.8, page 45, the applicants state, *"Please see the responses in Section VII, questions 1-9 and including Tables VII.1 through VII.3, that demonstrate the proposed office will meet the staffing requirements contained in 10A NCAC 13J."*

-C- **HKZ Group**. In response to this rule, in Section II.8, page 27, the applicant references Table VII.2, pages 90. Section VII requests proposed staffing for each of the first two years of operation.

-NC- **AssistedCare**. In response to this Rule, in Section II.8, page 58, the applicant references Table VII.2, pages 131-132. Section VII requests proposed staffing for each of the first two years of operation. However, AssistedCare does not adequately demonstrate that it proposes sufficient staff for the number of visits projected to be provided in Project Year 2. See Criterion (7) for discussion which is incorporated hereby as if set forth fully herein. Therefore, the applicant does not adequately demonstrate that its proposed home health agency will comply with 10A NCAC 13J as required by this Rule.

-C- **Well Care.** In Section II.8, page 28, the applicant states, *"Please see responses in Section VII, questions 1-10 on pages 78 to 89 that demonstrate that the proposed office will meet the staffing requirements as contained in 10A NCAC 13J."*

-C- **Emerald Care**. In Section II.8, page 23, the applicant states, *"Proposed staffing meets the staffing requirements in 10A NCAC 13J."*

-C- **Continuum.** In Section II.8, page 37, the applicant states, *"The projections contained in Section VII have taken into consideration all staffing requirements contained in 10A NCAC 13J."*

-C- **UniHealth.** In Section II.8, page 98, the applicant states, *"Please see responses in Section VII, question 1-9 that demonstrate the proposed office will meet the staffing requirements as contained in 10A NCAC 13J."*

-C- **J & D.** In Section II.8, page 15, the applicant states, *"J and D Healthcare services shall staff the home health agency with personnel's* [sic] *that meet the requirements as contained in 10A NCAC 13J."*

.2005(b) An applicant shall provide copies of letters of interest, preliminary agreements, or executed contractual arrangements between the proposed home health agency office and each health care provider with which the home health agency office plans to contract for the provision of home health services in each of the counties proposed to be served by the new office.

-NA- **Vizion One**. In Section VII.5, page 80, the applicant states, *"No contractors will be used."*

-NA- **Maxim**. In Section VII.5, page 106, the applicant states, *"Maxim does not propose to contract for personnel to provide direct patient care services for its Mecklenburg County Medicare-certified home health agency."*

-NA- **CMCH**. In Section VII.5, page 107, the applicants state, *"H@H-CMC will not use any external contracted personnel."*

-C- **HKZ Group**. In Section VII.5, page 87, the applicant states *"HealthKeeperz of Mecklenburg has discussed using contract services with Supplemental Healthcare, Achieving Better Communications, LLC, and CoreMedical Group. As needed, HealthKeeperz of Mecklenburg will utilize these entities for RNs, LPNs, physical therapist assistants, speech therapists, medical social workers and occupational therapists."* In Section VII.5(b), page 88, the applicant states *"Additionally, under the Management Agreement, HealthKeeperz, Inc. agrees to provide medical social worker services and nutritionist services as needed."* Exhibit 12 contains copies of letters of interest from the proposed health care providers with which HKZ Group plans to contract for the provision of home health services. Exhibit 2 contains a copy of the management agreement.

-NA- **AssistedCare**. In Section VII.5, page 126, the applicant states, *"AssistedCare of the Carolinas does not plan to contract services for home health. All care will be provided through agency staff."*

-NA- **Well Care**. In Section VII.5, page 79, the applicant states, *"No contract personnel services are proposed."*

-NA- **Emerald Care**. In Section VII.5, page 67, the applicant states, *"Employed staff are used to deliver services. Contracted staff are not anticipated."*

-NA- **Continuum**. In Section VII.5, page 90, the applicant states, *"Continuum does not*

propose to contract for any services."

-C- **UniHealth**. In Section VII.5, page 204, the applicant states that it will contract for speech therapists, physical therapists and occupational therapists. Exhibit 17 contains a copy of a letter of interest and sample contract from the proposed health care provider with which UniHealth plans to contract for the provision of speech therapists, physical therapists and occupational therapists services.

-NA- **J & D**. In Section VII.5, page 27, the applicant states, *"We will not contract any service."*

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2012 SMFP, no more than two new Medicare-certified home health agencies or offices may be approved for Mecklenburg County in this review. Because each applicant proposes to develop a new Medicare-certified home health agency in Mecklenburg County, all ten applicants cannot be approved. Therefore, after considering all of the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the Project Analyst also conducted a comparative analysis of the proposals. For the reasons set forth below and in the remainder of the findings, the applications submitted by CMCH and Maxim are approved and all other applications are disapproved.

Projected Access by Medicare Recipients

For each applicant in this review, the following table compares: a) the total number of duplicated patients in Project Year 2; b) the number of duplicated Medicare patients in Project Year 2; and c) duplicated Medicare patients as a percentage of total duplicated patients. Generally, the application proposing the higher number of Medicare patients is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness based on the number of Medicare patients projected to be served.

Project Year 2				
Rank	**Applicant**	**Total Number of Duplicated Patients**	**Number of Duplicated Medicare Patients**	**Duplicated Medicare Patients as a Percentage of Total Duplicated Patients**
1	UniHealth	2,909	2,170	74.6%
2	Maxim	2,737	1,858	67.9%
3	CMCH*	2,190	1,410	64.4%
4	Well Care	1,241	745	60.0%
5	Continuum	1,206	700	58.0%
6	Vizion One	1,306	692	53.0%
7	Emerald Care	982	683	69.6%
8	HKZ Group	900	525	58.3%
9	AssistedCare	741	431	58.2%
10	J & D	123	109	89.0%

*Duplicated patients for CMCH were calculated based on the applicant's projected incremental growth in unduplicated patients at the proposed north Mecklenburg office, as shown on page 69 of the application, multiplied by the applicant's projected ratio of duplicated patients to unduplicated patients (4.268 duplicated patients to 1 unduplicated patient).

As shown in the table above, UniHealth projects to serve the highest number of duplicated Medicare patients in Project Year 2. Maxim projects the second highest. CMCH projects the third highest. The application submitted by UniHealth is the most effective alternative with regard to projected access by Medicare recipients.

Projected Access by Medicaid Recipients

For each applicant in this review, the following table compares: a) the total number of duplicated patients in Project Year 2; b) the number of duplicated Medicaid patients in Project Year 2; and c) duplicated Medicaid patients as a percentage of total duplicated patients. Generally, the application proposing the higher number of Medicaid patients is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness based on the number of Medicaid patients projected to be served.

Project Year 2				
Rank	**Applicant**	**Total Number of Duplicated Patients**	**Number of Duplicated Medicaid Patients**	**Duplicated Medicaid Patients as a Percentage of Total Duplicated Patients**
1	CMCH*	2,190	512	23.4%
2	Maxim	2,737	424	15.5%
3	UniHealth	2,909	329	11.3%
4	Well Care	1,241	248	20.0%
5	HKZ Group	900	180	20.0%
6	Vizion One	1,306	169	13.0%
7	Emerald Care	982	153	15.6%
8	Continuum	1,206	129	10.7%
9	AssistedCare	741	80	10.8%
10	J & D	123	0	0.0%

*Duplicated patients for CMCH were calculated based on the applicant's projected incremental growth in unduplicated patients at the proposed north Mecklenburg office, as shown on page 69 of the application, multiplied by the applicant's projected ratio of duplicated patients to unduplicated patients (4.268 duplicated patients to 1 unduplicated patient).

As shown in the table above, CMCH projects to serve the highest number of duplicated Medicaid recipients and the highest percentage duplicated Medicaid patients as a percentage of total duplicated patients in Project Year 2. Maxim projects the second highest number of Medicaid patients. Well Care and HKZ Group project the second highest percentage. The application submitted by CMCH is the most effective alternative in this review with regard to access by Medicaid recipients.

Average Number of Visits per Unduplicated Patient

The majority of home health care services are covered by Medicare, which does not reimburse on a per visit basis. Rather, Medicare reimburses on a per episode basis. Thus, there is a financial disincentive to providing more visits per Medicare episode. The following table shows the average number of visits per unduplicated patient projected by each applicant in Project Year 2. Generally, the application proposing the highest number of visits per unduplicated patient is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Project Year 2

Rank	Applicant	# of Unduplicated Patients	Projected # of Visits	Average # of Visits per Unduplicated Patient
1	Emerald Care	476	12,570	26.4
2	Vizion One	325	8,125	25.0
3	HKZ Group	395	8,578	21.7
4	UniHealth	548	11,527	21.0
5	Well Care	591	11,268	19.1
6	Maxim	503	9,499	18.9
7	AssistedCare	352	6,159	17.5
8	Continuum	492	8,556	17.4
9	J & D	92	1,482	16.1
10	CMCH	2,993	47,780	16.0

As shown in the table above, Emerald Care projects the highest average number of visits per unduplicated patient in Project Year 2. Vizion One projects the second highest and HKZ Group projects the third highest. The application submitted by Emerald Care is the most effective alternative with regard to the projected number of visits to be provided per unduplicated patient.

Average Net Patient Revenue per Visit

Average net revenue per visit in Project Year 2 was calculated by dividing projected net revenue from Form B by the projected number of visits from Section IV, as shown in the table below. Generally, the application proposing the lowest average net revenue per visit is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Project Year 2				
Rank	**Applicant**	**Total # of Visits**	**Net Patient Revenue**	**Average Net Patient Revenue per Visit**
1	Vizion One	8,125	$1,140,200	$140.33
2	HKZ Group	8,578	$1,224,203	$142.71
3	CMCH	47,780	$6,931,041	$145.06
4	AssistedCare	6,159	$931,653	$151.27
5	UniHealth	11,527	$1,752,641	$152.05
6	Emerald Care	12,570	$1,937,522	$154.14
7	Well Care	11,268	$1,740,941	$154.50
8	Maxim	9,499	$1,528,574	$160.92
9	Continuum	8,556	$1,610,678	$188.25
10	J & D	1,482	$1,664,138	$1,122.90

As shown in the table above, Vizion One projects the lowest average net revenue per visit in Project Year 2. HKZ Group projects the second lowest and CMCH projects the third lowest. The application submitted by Vizion One is the most effective alternative with regard to projected average net revenue per visit.

Average Net Revenue per Unduplicated Patient

Average net revenue per unduplicated patient in Project Year 2 was calculated by dividing projected net revenue from Form B by the projected number of unduplicated patients from Section IV, as shown in the table below. Generally, the application proposing the lowest average net revenue per unduplicated patient is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Project Year 2				
Rank	**Applicant**	**# of Unduplicated Patients**	**Net Patient Revenue**	**Average Net Patient Revenue per Unduplicated Patient**
1	CMCH	2,993	$6,931,041	$2,315.75
2	AssistedCare	352	$931,653	$2,646.74
3	Well Care	591	$1,740,941	$2,945.75
4	Maxim	503	$1,528,574	$3,038.91
5	HKZ Group	395	$1,224,203	$3,099.25
6	UniHealth	548	$1,752,641	$3,198.25
7	Continuum	492	$1,610,678	$3,273.74
8	Vizion One	325	$1,140,200	$3,508.31
9	Emerald Care	476	$1,937,522	$4,070.42
10	J & D	92	$1,664,138	$18,088.46

As shown in the table above, CMCH projects the lowest average net revenue per unduplicated patient in Project Year 2. AssistedCare projects the second lowest and Well Care projects the third lowest. The application submitted by CMCH is the most effective alternative with regard to average net revenue per unduplicated patient.

Average Total Operating Cost per Visit

The average total operating cost per visit in Project Year 2 was calculated by dividing projected operating costs from Form B by the total number of visits from Section IV, as shown in the table below. Generally, the application proposing the lowest average total operating cost per visit is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Project Year 2				
Rank	**Applicant**	**Total # of Visits**	**Total Operating**	**Average Total Operating Cost**

			Costs	per Visit
1	Maxim	9,499	$1,175,706	$123.77
2	Vizion One	8,125	$1,068,006	$131.45
3	Emerald Care	12,570	$1,658,683	$131.96
4	Well Care	11,268	$1,494,904	$132.67
5	HKZ Group	8,578	$1,196,680	$139.51
6	AssistedCare	6,159	$859,289	$139.52
7	CMCH	47,780	$6,793,650	$142.19
8	UniHealth	11,527	$1,711,184	$148.45
9	Continuum	8,556	$1,299,562	$151.89
10	J & D	1,482	$3,116,397	$2,102.83

As shown in the table above, Maxim projects the lowest average total operating cost per visit in Project Year 2. Vizion One projects the second lowest and Emerald Care projects the third lowest. The application submitted Maxim is the most effective alternative with regard to average total operating cost per visit.

Average Direct Care Operating Cost per Visit

The average direct care operating cost per visit in Project Year 2 was calculated by dividing projected direct care expenses from Form B by the total number of home health visits from Section IV, as shown in the table below. Generally, the application proposing the lowest average direct care operating cost per visit is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Project Year 2				
Rank	**Applicant**	**Total # of Visits**	**Total Direct Care Costs**	**Average Direct Care Operating Cost per Visit**
1	Vizion One	8,125	$564,616	$69.49
2	Maxim	9,499	$783,753	$82.51
3	Emerald Care	12,570	$1,059,192	$84.26
4	HKZ Group	8,578	$734,997	$85.68
5	AssistedCare	6,159	$529,668	$86.00
6	Well Care	11,268	$971,064	$86.18
7	UniHealth	11,527	$1,043,442	$90.52
8	CMCH	47,780	$4,895,971	$102.47
9	Continuum	8,556	$966,142	$112.92
10	J & D	1,482	$2,887,897	$1,948.65

As shown in the table above, Vizion One projects the lowest average direct care operating cost per visit in the second operating year. Maxim project the second lowest and Emerald Care projects the third lowest. The application submitted by Vizion One is the most effective alternative with regard to the average direct care operating cost per visit.

Average Administrative Operating Cost per Visit

The average administrative operating cost per visit in Project Year 2 was calculated by dividing projected administrative operating costs from Form B by the total number of visits from Section IV.1, as shown in the table below. Generally, the application proposing the lowest average administrative operating cost per visit is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Project Year 2				
Rank	**Applicant**	**Total # of Visits**	**Administrative Costs**	**Average Administrative Operating Cost per visit**
1	Continuum	8,556	$333,420	$38.97
2	CMCH	47,780	$1,897,679	$39.72
3	Maxim	9,499	$391,953	$41.26
4	Well Care	11,268	$523,840	$46.49
5	Emerald Care	12,570	$599,491	$47.69
6	AssistedCare	6,159	$329,621	$53.52
7	HKZ Group	8,578	$461,683	$53.82
8	UniHealth	11,527	$667,742	$57.93
9	Vizion One	8,125	$503,391	$61.96
10	J & D	1,482	$228,500	$154.18

As shown in the table above, Continuum projects the lowest average administrative operating cost per visit in Project Year 2. CMCH projects the second lowest and Maxim projects the third lowest. The application submitted by Continuum is the most effective alternative with regard to average administrative operating cost per visit.

Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit

The ratios in the table below were calculated by dividing the average net revenue per visit in Project Year 2 by the average total operating cost per visit in Project Year 2. Generally, the application proposing the lowest ratio is the more effective alternative with regard to this comparative factor. However, the ratio must equal one or greater in order for the proposal to be financial feasible. The applications are listed in the table below in decreasing order of effectiveness.

Project Year 2				
Rank	**Applicant**	**Average Net Revenue per Visit**	**Average Total Operating Cost per**	**Ratio of Average Net Revenue to Average Total Operating**

		(B)	Visit* (C)	Cost per Visit (B / C)
1	CMCH	$145.06	$142.19	1.02
1	HKZ Group	$142.71	$139.51	1.02
1	UniHealth	$152.05	$148.45	1.02
4	Vizion One	$140.33	$131.45	1.07
5	AssistedCare	$151.27	$139.52	1.08
6	Well Care	$154.50	$132.67	1.16
7	Emerald Care	$154.14	$131.96	1.17
8	Continuum	$188.25	$151.89	1.24
9	Maxim	$160.92	$123.77	1.30
10	J & D	$1,122.90	$2,102.83	0.53

As shown in the table above, J & D projects average net revenue per visit that is well below its projected operating cost per visit, resulting in a ratio of net revenue to operating cost per visit of only 0.53. However, J & D's projections of revenues and costs are not reasonable, credible or supported and the application is not approvable. Therefore, the ratio shown in the table above for J & D is meaningless. CMCH, HKZ Group and UniHealth project identical ratios of net revenue to average total operating cost per visit in Project Year 2 and their ratios are lower than the other applicants. The applications submitted by CMCH, HKZ Group and UniHealth are the most effective alternatives with regard to the ratio of net revenue per visit to average total operating cost per visit.

Average Direct Care Operating Cost per Visit as a Percentage of Average Total Operating Cost per Visit

The percentages in the table below were calculated by dividing the average direct care cost per visit in Project Year 2 by the average total operating cost per visit in Project Year 2. Generally, the application proposing the highest percentage is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Project Year 2				
Rank	**Applicant**	**Average Total**	**Average Direct Care**	**Average Direct Care**

		Operating Cost per Visit (A)	Operating Cost per Visit (B)	Operating Cost as a % of Average Total Cost per Visit (B / A)
1	Continuum	$151.89	$112.92	74.3%
2	CMCH	$142.19	$102.47	72.1%
3	Maxim	$123.77	$82.51	66.7%
4	Well Care	$132.67	$86.18	65.0%
5	Emerald Care	$131.96	$84.26	63.9%
6	AssistedCare	$139.52	$86.00	61.6%
7	HKZ Group	$139.51	$85.68	61.4%
8	UniHealth	$148.45	$90.52	61.0%
9	Vizion One	$131.45	$69.49	52.9%
10	J & D	$2,102.83	$1,948.65	92.7%

As shown in the table above, J & D projects the highest percentage of average direct operating cost per visit to average total operating cost per visit in Project Year 2. However, J & D's projections of revenues and costs are not reasonable, credible or supported and the application is not approvable. Therefore, the percentage shown in the table above for J & D is meaningless. Continuum projects the highest percentage of average direct operating cost per visit to average total operating cost per visit in Project Year 2. CMCH projects the second highest and Maxim projects the third highest. The application submitted by Continuum is the most effective alternative with regard to the average direct operating cost per visit as a percentage of average total operating cost per visit.

Nursing and Home Health Aide Salaries in Project Year 2

All ten applicants propose to provide nursing and home health aide services with staff that are employees of the proposed home health agency. The tables below compare the proposed annual salary for registered nurses, licensed practical nurses and home health aides in Project Year 2. Generally, the application proposing the highest annual salary is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Rank	Applicant	Registered Nurse
1	Emerald Care	$73,987
2	Maxim	$72,774
3	UniHealth	$72,420
4	AssistedCare	$71,070
5	Well Care	$70,967
6	HKZ Group	$70,627
7	Continuum	$65,938
8	CMCH	$64,591
9	Vizion One	$64,067
10	J & D	$43,784

Rank	Applicant	Licensed Practical Nurse
1	HKZ Group	$48,269

2	AssistedCare	$45,425
3	Well Care	$43,775
4	Continuum	$43,627
5	Emerald Care	$40,035
6	J & D	$39,574
7	CMCH	$36,838
	Maxim	NA
	UniHealth	NA
	Vizion One	NA

Rank	Applicant	Home Health Aide
1	Maxim	$33,313
2	UniHealth	$32,895
3	Emerald Care	$32,493
4	Well Care	$32,188
5	HKZ Group	$30,810
6	CMCH	$30,363
7	AssistedCare	$29,870
8	Continuum	$21,532
9	J & D	$20,828
10	Vizion One	$20,659

Salaries are a significant contributing factor in recruitment and retention of staff. As shown in the table above:

- Emerald Care projects the highest annual salary for a registered nurse in Project Year 2.
- HKZ Group projects the highest annual salary for a licensed practical nurse in Project Year 2.
- Maxim projects the highest annual salary for a home health aide in Project Year 2.

Thus, the application submitted by Emerald Care is the most effective alternative with regard to annual salary for registered nurses, the application submitted by HKZ Group is the most effective alternative with regard to annual salary for licensed practical nurses and the application submitted by Maxim is the most effective alternative with regard to annual salary for home health aides.

SUMMARY

The following is a summary of the reasons the proposal submitted by CMCH is determined to be one of two most effective alternatives in this review:

- CMCH projects to serve the third highest number of duplicated Medicare patients in Project Year 2. See Comparative Analysis for discussion.
- CMCH projects to serve the highest number of duplicated Medicaid patients in Project Year 2 and the highest percentage of the total. See Comparative Analysis for discussion.
- CMCH projects the third lowest average net revenue per visit. See Comparative Analysis for discussion.

- CMCH projects the lowest average net revenue per unduplicated patient. See Comparative Analysis for discussion.
- CMCH projects the second lowest average administrative operating cost per visit. See Comparative Analysis for discussion.
- CMCH projects the lowest ratio of average net revenue per visit to total operating cost per visit. See Comparative Analysis for discussion.
- CMCH projects the second highest average direct care operating cost per visit as a percentage of average total operating cost per visit. See Comparative Analysis for discussion.

The following is a summary of the reasons the proposal submitted by Maxim is determined to be one of the two most effective alternatives in this review:

- Maxim projects to serve the second highest number of duplicated Medicare patients in Project Year 2. See Comparative Analysis for discussion.
- Maxim projects the second highest number of duplicated Medicaid patients in Project Year 2. See Comparative Analysis for discussion.
- Maxim projects the lowest average total operating cost per visit. See Comparative Analysis for discussion.
- Maxim projects the second lowest average direct care operating cost per visit. See Comparative Analysis for discussion.
- Maxim projects the third lowest average administrative operating cost per visit. See Comparative Analysis for discussion.
- Maxim projects the third highest average direct care operating cost per visit as a percentage of average total operating cost per visit. See Comparative Analysis for discussion.
- Maxim projects the second highest average annual salary for registered nurses and the highest average annual salary for home health aides. See Comparative Analysis for discussion.

The following table:

1) Compares the proposals submitted by CMCH and Maxim with the proposals submitted by the denied applicants; and

2) Illustrates (bolded metrics) the reasons the approved applications are determined to be more effective alternatives than the proposals submitted by the denied applicants.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	CMCH	Maxim	Vizion One	HKZ Group	Assisted Care	Well Care	Emerald Care	Continuum	UniHealth	J & D
# of Duplicated Medicare Patients	**1,410**	**1,858**	692	525	431	745	683	700	2,170	109
Duplicated Medicare Patients as a % of Total Duplicated Patients	64.4%	67.9%	53.0%	58.3%	58.2%	60.0%	69.6%	58.0%	74.6%	89.0%
# of Duplicated Medicaid Patients	**512**	**424**	169	180	80	248	153	129	329	0
Duplicated Medicaid Patients as a % of Total Duplicated Patients	**23.4%**	15.5%	13.0%	20.0%	10.8%	20.0%	15.6%	10.7%	11.3%	0.0%
Average Number of Visits per Unduplicated Patient	16.0	18.9	25.0	21.7	17.5	19.1	26.4	17.4	21.0	16.1
Average Net Revenue per Visit	**$145**	$161	$140	$143	$151	$155	$154	$188	$152	$1,123
Average Net Revenue per Unduplicated Patient	**$2,316**	$3,039	$3,508	$3,099	$2,647	$2,946	$4,070	$3,274	$3,198	$18,088
Average Total Operating Cost per Visit	$142	**$124**	$131	$140	$140	$133	$132	$152	$148	$2,103
Average Direct Operating Cost per Visit	$102	**$83**	$69	$86	$86	$86	$84	$113	$91	$1,949
Average Administrative Operating cost per Visit	**$40**	**$41**	$62	$54	$54	$46	$48	$39	$58	$154
Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit	**1.02**	1.3	1.07	1.02	1.08	1.16	1.17	1.24	1.02	0.53
Average Direct Care Operating Cost per Visit as a % of Average Total Operating Cost per Visit	**72.1%**	**66.7%**	52.9%	61.4%	61.6%	65.0%	63.9%	74.3%	61.0%	92.7%
Registered Nurse Salary	$64,591	**$72,774**	$64,067	$70,627	$71,070	$70,967	$73,987	$65,938	$72,420	$43,784
Licensed Practical Nurse Salary	$36,838	NA	NA	$48,269	$45,425	$43,775	$40,035	$43,627	NA	$39,574
Home Health Aide Salary	$30,363	**$33,313**	$20,659	$30,810	$29,870	$32,188	$32,493	$21,532	$32,895	$20,828

CONCLUSION

All of the applications are individually conforming to the need determination in the 2012 SMFP for two additional Medicare-certified home health agencies or offices in Mecklenburg County. However, G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of Medicare-certified home health agencies that can be approved by the Certificate of Need Section. The Certificate of Need Section determined that the applications submitted by CMCH and Maxim are the most effective alternatives proposed in this review for the development of two additional Medicare-certified home health agencies or offices in Mecklenburg County and are approved. The approval of any other application would result in the approval of Medicare-certified home health agencies in excess of the need determination in Mecklenburg County, and therefore, all of the competing applications are denied.

The application submitted by CMCH is approved subject to the following conditions:

1. Carolinas Medical Center at Home, LLC and The Charlotte-Mecklenburg Hospital Authority shall materially comply with all representations made in the certificate of need application.

2. Prior to issuance of the certificate of need, Carolinas Medical Center at Home, LLC and The Charlotte-Mecklenburg Hospital Authority shall acknowledge in writing to the Certificate of Need Section acceptance of and agree to comply with all conditions stated herein.

The application submitted by Maxim is approved subject to the following conditions:

1. Maxim Healthcare Services, Inc. shall materially comply with all representations made in its certificate of need application.

2. Prior to issuance of the certificate of need, Maxim Healthcare Services, Inc. shall acknowledge in writing to the Certificate of Need Section acceptance of and agree to comply with all conditions stated herein.