ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

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

Decision Date:	November 27, 2017
Findings Date:	December 1, 2017
Project Analyst:	Jane Rhoe-Jones
Co-Signer:	Lisa Pittman, Assistant Chief

COMPETITIVE REVIEW

Project ID #:	M-11357-17
Facility:	BAYADA Hospice
FID #:	170276
County:	Cumberland
Applicant:	BAYADA Home Health Care, Inc.
Project:	Develop a new hospice home care office

Project ID #:	M-11360-17
Facility:	Home Health and Hospice Care
FID #:	170279
County:	Cumberland
Applicant:	Home Health and Hospice Care, Inc.
Project:	Develop a new hospice home care office

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

N.C. Gen. Stat. §131E-183(a) The Agency 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.

-C- BAYADA Hospice (BAYADA)
-C- Home Health and Hospice Care (3HC)

BAYADA Home Health Care, Inc., d/b/a BAYADA Hospice (BAYADA) proposes to develop a hospice home care office in Cumberland County, per the need determination identified in the 2017 State Medical Facilities Plan (SMFP).

Home Health and Hospice Care, Inc., d/b/a Home Health and Hospice Care (3HC) proposes to develop a hospice home care office in Cumberland County, per the need determination identified in the 2017 State Medical Facilities Plan (SMFP).

Need Determination

The 2017 State Medical Facilities Plan (SMFP) contains a need methodology for determining the need for new hospice home care offices. The 2017 SMFP identifies Cumberland County as a county with a need determination for one additional hospice home care office. Two competing applications for this review were received by the Certificate of Need Section to develop a new hospice home care office in Cumberland County. However, pursuant to the need determination, only one hospice home care office may be approved in this review for Cumberland County. Neither of the applicants propose to develop more than one hospice home care office; therefore, both applications are conforming to the 2017 SMFP need determination for hospice home care offices.

Policies

Additionally, Policy GEN-3 on page 33 in the 2017 SMFP is applicable to this review. Policy GEN-3 states:

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

The applicants respond to Policy GEN-3 as follows:

BAYADA

Promote Safety and Quality

In Section III.2, pages 48-49, the applicant discusses how its proposal will promote quality and safety in delivering hospice services. Exhibit 15 and Exhibit 16 contain BAYADA's patient care policies and quality policies, respectively. The applicant adequately demonstrates how its proposal will promote safety and quality.

Promote Equitable Access

In Section III.2, pages 49-50, the applicant discusses how its proposal will promote equitable access in delivering hospice services to patients of all ages, and culturally sensitive outreach to African-American and Latino communities. Exhibit 14 contains letters between BAYADA and the Cumberland County Department of Public Health agreeing to expand community education and acceptance of hospice. Exhibit 17 and Exhibit 18 contain BAYADA's policy on non-discrimination and charity care, respectively. The applicant adequately demonstrates how its proposal will promote equitable access.

Maximizing Healthcare Value

In Section III.2, page 50, the applicant discusses how its proposal will maximize healthcare value for the resources expended. The applicant states that it will provide hospice and palliative care to patients and families in their homes; and when necessary in nursing facilities, assisted living facilities and hospitals. The applicant also discusses having certain infrastructure in place to recognize cost savings such as information systems, staff and volunteer training programs, policies and procedures, etc. The applicant adequately demonstrates how its proposal will maximize healthcare value for the resources expended.

3HC

Promote Safety and Quality

In Section III.1(a), pages 54-55, the applicant discusses how its proposal will promote quality and safety in delivering hospice services. Exhibit 14 contains the applicant's *Hospice Provider Preview Report* from The Centers for Medicare and Medicaid Services (CMS). Exhibit 15 contains the applicant's quality data from Strategic Healthcare Programs (SHP) quality data analytics and benchmarking report. Exhibit 16 contains a summary of the applicant's fourth quarter 2016 customer satisfaction survey. The applicant adequately demonstrates how its proposal will promote safety and quality.

Promote Equitable Access

In Section III.1(a), pages 55-57, the applicant discusses how its proposal will promote equitable access in delivering hospice services. The applicant also discusses increasing access

to pediatric and veteran hospice services in Section II.3, pages 24-33. Exhibit 17 contains demographic data about veterans. The applicant adequately demonstrates how its proposal will promote equitable access.

Maximizing Healthcare Value

In Section III.1(a), pages 57-58, the applicant discusses how its proposal will maximize healthcare value for the resources expended. The applicant states that it will increase utilization of hospice care to terminally ill patients who otherwise might not seek it. The applicant quoted statistics from a couple of studies regarding Medicare savings realized due to Medicare patients utilizing hospice care. The applicant also discusses having administrative functions, operational efficiencies and certain infrastructure in place to achieve cost-effectiveness. The applicant adequately demonstrates how its proposal will maximize healthcare value for the resources expended.

Conclusion

In summary, both applications are conforming to the county need determination in the 2017 SMFP for one hospice home care office in Cumberland County and Policy GEN-3. Together, the applicants propose a total of two hospice home care offices. Thus, even if both the applications were conforming or conditionally conforming to all statutory and regulatory review criteria, both of the applications cannot be approved. See the Conclusion 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.

-C- BAYADA
-C- 3HC

BAYADA. The applicant proposes to develop a hospice home care office at 3415 Melrose Road in Fayetteville which is located in Cumberland County, per the need determination identified in the 2017 State Medical Facilities Plan (SMFP).

Patient Origin

In Section III.1(b), pages 30 and 47, and III.4(a), page 51, BAYADA identifies the proposed service area as Cumberland, Sampson, Hoke and Harnett counties. The proposed patient origin and utilization for the first two operating years, Project Year 1 (PY1) and Project Year 2 (PY2) are shown are shown in the following table.

BAYADA SERVICE AREA				
County	**Projected Patients PY1 / 2019**		**Projected Patients PY2 / 2020**	
Cumberland	105	91.30%	141	91.56%
Sampson	5	4.35%	7	4.55%
Hoke	3	2.61%	4	2.60%
Harnett	2	1.74%	2	1.30%
Total	**115**	**100.0%**	**154**	**100.0%**

In Section IV.4, page 60, the applicant proposes to serve 115 unduplicated patients in PY1 and 154 unduplicated patients in PY2. The applicant adequately identified the population to be served.

Analysis of Need

In Section III.1, pages 28-40, BAYADA discusses the factors it considered in developing the proposal, which include:

- 2017 SMFP Need Determination Methodology (pages 28-30)
- Cumberland county population growth and aging (pages 31-32)
- Demographic and mortality factors affecting hospice utilization in Cumberland and adjacent counties (pages 32-35)
- Projected impact of community education, outreach, collaboration and building on referral relationships on the low percentages of deaths served by existing hospices in the service area (pages 36-40)
- Improved coordination with nursing and assisted living facilities to serve those populations (pages 39-40)
- Being a local hospice that will mitigate the unmet need for both pediatric and adult patients (page 36)

The information provided by the applicant in the pages referenced above is reasonable and adequately supported.

Projected Utilization

In Section III.1, pages 41-48, the applicant discusses the 2017 SMFP methodology for projection of need for new hospice home care programs. In Section III.1, pages 39-48, the applicant discusses the methodology and assumptions it uses to project utilization for the first two operating years, summarized as follows.

1. SMFP – BAYADA defines its primary service area as Cumberland County and its secondary service area to include Sampson, Hoke and Harnett counties. After reviewing the 2017 SMFP hospice data regarding deficits, the applicant concluded that after Cumberland County (-176), Sampson County has the next largest deficit (-107) in available hospice care. Hoke (-47) and Harnett (-46) counties have deficits, but both are less than the 90 patient deficit as required in the SMFP methodology. The projected 2018 hospice patient deficit (excerpted by the

applicant) for the counties in the applicant's primary and secondary service area are as follows.

BAYADA 2018 Hospice Patient Deficit					
	Column D	Column F	Column I	Column J	Column K
Patient Origin	2018 Projected Deaths	2018 Deaths 2 Yr. Trailing Average	Median Projected Hospice Deaths	Place-holder New Hospices	Projected Patient Surplus or Deficit
Cumberland	2230	767	997	53	-176
Sampson	642	180	287	0	-107
Hoke	300	87	134	0	-47
Harnett	938	373	419	0	-46

Source: Application, page 41; excerpted from the 2017 SMFP, Table 13B.

2. The applicant projects annual deaths (excluding active military persons in Cumberland County) based on deaths per 1,000 population multiplied by the population to derive the projected deaths for each county in its service areas. It is reasonable to expect that as the population increases each year that total deaths are likely to increase as well.

BAYADA Projections – Total Annual Deaths 2018-2020							
Counties	2010-2014 Deaths/1000 Population	2018 Population Estimate	2018 Projected Total Deaths	2019 Population Estimate	2019 Projected Total Deaths	2020 Population Estimate	2020 Projected Total Deaths
Cumberland	7.2	309,750	2,230	310,262	2,278	313,419	2,298
Sampson	9.9	64,871	642	65,002	644	65,108	645
Hoke	5.8	51,727	300	53,314	315	54,789	323
Harnett	7.2	130,297	938	132,728	966	134,805	981

Source: Application, page 42; excerpted from the 2016 SMFP, page 216 and 2017 SMFP, page 212.

3. The applicant projects median deaths in its service area by multiplying projected deaths by the statewide median of 44.7% as stated in the 2017 SMFP and illustrated in the following table.

BAYADA Median Projected Deaths (44.7% Statewide Median) 2018-2020						
Counties	**2018 Projected Total Deaths**	**2018 Median Projected Deaths**	**2019 Projected Total Deaths**	**2019 Median Projected Deaths**	**2020 Projected Total Deaths**	**2020 Median Projected Deaths**
Cumberland	2,230	997	2,278	1,018	2,298	1,027
Sampson	642	287	644	288	645	288
Hoke	300	134	315	141	323	144
Harnett	938	419	966	432	981	439

Source: Application, page 42; excerpted from the 2017 SMFP.

4. The applicant projects the number of deaths to be served by the current hospices in its service area counties. These deaths are calculated based on the statewide 5.3 percent growth that is stated in the 2017 SMFP as shown below in the table.

BAYADA Projected Deaths Served by Existing Hospices 2019-2020					
Counties	**# Existing Hospice Home Offices***	**2015 Reported Hospice Deaths**	**2017 SMFP* Projected #2018 Hospice Deaths Served**	**2018 with 5.3% Annual growth**	
				2019	**2020**
Cumberland	****7**	658	767	808	850
Sampson	4	154	180	190	200
Hoke	1	75	87	92	96
Harnett	5	320	373	393	414

Source: Application, page 43. *2017 SMFP, Table 13B. **Only 5 hospice home offices are operational. Continuum Home Care & Hospice does not report serving any patients in its 2017 LRA. The Carrol S. Roberson Center closed in 2014.

5. The placeholder value of 53, reflects approval of the PruittHealth hospice home care office in Cumberland County (Project ID# M-10233-13). This placeholder concerns Step 10 of the SMFP Hospice methodology and does not apply to other counties nor is it in effect beyond 2018 (see the 2017 SMFP, page 326, Hospice Home Care Methodology, Step 10).

6. In Section III.1, page 44, Tables A, B, C and D, the applicant illustrates how it derived its projected numbers of underserved hospice patient deaths in its service areas for FFY2018-2020, by using the following method:

   - Start with median projected deaths (Table A/Methodology Step 3)
   - Minus projected deaths served by existing hospices (Table B/ Methodology Step 4)
   - Minus placeholder value (Table C/Methodology Step 5)
   - Equals projected underserved patients (Table D/Methodology Step 6)

BAYADA Projected Unserved Patient Hospice Deaths FFY2018-2020			
	2018	**2019**	**2020**
Cumberland	176	211	177
Sampson	107	98	89
Hoke	47	49	48
Harnett	46	39	25

Table D, Projected Underserved Patients, page 44.

7. The applicant derives it projected market share from the projected deficits in Step 6 of its methodology. The applicant assumes its facility will become operational by October 2018, thus projects its market share for FFY2019 and FFY2020.

    - The applicant projects its Cumberland County market share will be 50% of the unserved patient deaths in 2019 (i.e. 211 x .50 = 105) and five percent of the three counties in Sampson, Hoke and Harnett counties.
    - In 2020, the applicants project 80% market share for Cumberland County and eight percent in each of its secondary service area counties.
    - The applicant states that it is basing its assumptions on prior experience in other states where in the FFY1 admissions range from 2.2-2.5 admissions per week and 3.0-3.2 admissions per week in FFY2.

    The following table illustrates the applicant's projected number of patients.

BAYADA's Projected Number of Patients		
Patient Origin	**FFY2019 PY1**	**FFY2020 PY2**
Cumberland	105	141
Sampson	5	7
Hoke	3	4
Harnett	2	2
Totals	115	154

    The applicant's assumptions regarding its projected market share in Cumberland County and its secondary market counties on pages 46-47, are summarized below:

    - The applicant's existing relationships with other health services providers and the community (organizations, representatives and members) as well as a stated continued commitment to continue to collaborate with others to increase public awareness of hospice.
    - The applicant's stated commitment to hire "community liaison" staff to accomplish its goals to serve patients, providers and the community.
    - Proposed implementation of a "full" scope of services to patients of all ages which is currently not available from some existing hospice providers in the market area.
    - The applicant's history of success to increase hospice utilization in other states where it provides hospice services.

8. The applicant projects the patient origin in its services area counties and states that it based projections on historical patient origin data for the existing hospice providers in Cumberland County. As shown the following table, over 90 percent of BAYADA patients are expected to reside in Cumberland County.

BAYADA PROJECTED PATIENT ORIGIN				
Patient Origin	**FFY 2019 PY1 # Patients**	**FFY 2019 PY1 % Patients**	**FFY 2020 PY2 # Patients**	**FFY 2020 PY2 % Patients**
Cumberland	105	91.30%	141	91.56%
Sampson	5	4.35%	7	4.54%
Hoke	3	2.61%	4	2.60%
Harnett	2	1.74%	2	1.30%
Total	**115**	**100.00%**	**154**	**100.00**

9. The applicant states that the majority of admissions will be adults with pediatric patients comprising one to two percent of its total patient population and equaling two to three patients. In Section III.1, page 48, the applicant states that it "*provides data and assumptions to support the need for pediatric patients*" in Exhibits 10, 46 and 47.

BAYADA, as shown above, projects to serve 115 unduplicated patients in PY1 and 154 unduplicated patients in PY2. The applicant projects the average length of stay (ALOS) for routine and inpatient home care hospice patients as 61.01 days (page 64) in Year Two. In Section IV.5(a), pages 63-64, the applicant provides the projected unduplicated patients to be served in each of the first 24 months following completion of the project, as shown below in the following table.

BAYADA Projected Unduplicated Patients – PY1 and PY2			
Month/Year	**#of Patients**	**Month/Year**	**# of Patients**
October 2018	1	October 2019	11
November 2018	3	November 2019	12
December 2018	6	December 2019	13
January 2019	9	January 2020	12
February 2019	10	February 2020	13
March 2019	11	March 2020	12
April 2019	12	April 2020	13
May 2019	12	May 2020	12
June 2019	12	June 2020	13
July 2019	13	July 2020	14
August 2019	13	August 2020	15
September 2019	13	September 2020	14
Total	**115**	**Total**	**154**

In Section IV.4(b), pages 61-62, BAYADA explains the monthly census and states that it is committed to providing routine, respite, inpatient and continuous hospice care. The

admissions by level of care are shown below in the table for PY1 and PY2 which are federal fiscal years (FFY) 2019 and 2020.

BAYADA Admissions by Level of Care FFYs 2019 and 2020				
	# Admissions PY1	**% Admissions PY2**	**# Admissions PY1**	**% Admissions PY2**
Routine	97	84.3%	130	84.4%
Inpatient	9	7.8%	14	9.1%
Continuous	5	4.3%	5	3.2%
Respite	4	3.5%	5	3.2%
Total	**115**	**100.0%**	**154**	**100.0%**

Table may not foot due to rounding.

In Section IV.6, pages 66-70, the applicant provides the visits by level of care and discipline for the first two project years. The table below shows the PY1 and PY2 visits by level of care.

BAYADA Visits by Level of Care FFYs 2019 and 2020				
	# Visits PY1	**% Visits PY2**	**# Visits PY1**	**% Visits PY2**
Routine	3,872	96.1%	6,952	96.2%
Inpatient	119	3.0%	231	3.2%
Continuous	21	0.5%	21	0.3%
Respite	18	0.4%	23	0.3%
Total	**4,030**	**100.0%**	**7,227**	**100.0%**

On pages 61-62, the applicant states that it is committed to providing the four levels of hospice care and anticipates that most admissions (84%) and visits (96%) will be for routine hospice care. The applicant projects hospice respite care to be four patients in Year 1 and five patients in Year 2 (about 3% of total admissions). Inpatient hospice is expected to increase from nine patients in Year 1 to 14 patients in Year 2 (approximately 8-9% of total admissions). Five patients per year are projected to comprise the continuous care patient admissions. The applicant projects achieving the number of admissions and visits as indicated in the above tables because it will work collaboratively with other long term care providers.

On page 64, the applicant provides data and describes the methodology and assumptions used to make projections about the types of hospice care admissions. The applicant states that:

- Assumptions for projected patient days are based on admissions by level of care multiplied by the projected average length of stay (ALOS) for level of care
- Expectations are that the overall ALOS of 45.51 days will be shorter than the state and national averages (consistent with its experience developing new hospices in other states)
- In Year 2, the ALOS is projected to increase to an average of 61.01 days with increased length of stay for both routine and inpatient levels of hospice care

- Projected ALOS for the levels of care and the distribution of days per level of care are based on BAYADA's analysis of utilization data for existing hospices serving Cumberland County and adjustments for providing all four levels of hospice care

BAYADA's projected utilization of the proposed Medicare-certified hospice home care agency is based on reasonable and adequately supported assumptions.

Based on review of: 1) the information provided by the applicant in Section III, pages 28-55, and Section IV, pages 56-76, including referenced exhibits; 2) comments received during the first 30 days of the review cycle; and 3) the applicant's response to the comments received at the public hearing, the applicant adequately documents the need to develop the proposed Medicare-certified home health agency office.

Access

In Section III.2, pages 49-50, the applicant discusses how its proposal will promote equitable access in delivering hospice services. Exhibit 14 contains letters between BAYADA and the Cumberland County Department of Public Health agreeing to expand community education and acceptance of hospice. Exhibit 17 and Exhibit 18 contain BAYADA's policy on admissions and non-discrimination and charity care, respectively.

In Section VI.9, page 88, the applicant projects that 95% of the days of care of its patients will be covered by Medicare (90%) and Medicaid (5%). The applicant also projects charity care to equal 0.89% of gross revenue, which totals $17,200 in PY2 (17,200 / 1,938,981 = 0.00887%). See Form B and assumptions in the financial section. The applicant adequately demonstrates the extent to which all residents of the area, including medically underserved groups, are likely to have access to the proposed services.

Conclusion

In summary, the applicant adequately identifies the population to be served, adequately demonstrates the need that the population has for the proposed services and the extent to which all residents of the area, including underserved groups, are likely to have access to the proposed services. Therefore, the application is conforming to this criterion.

3HC. The applicant proposes to develop a hospice home care office in Cumberland County, per the need determination identified in the 2017 SMFP.

Patient Origin

In Section III.1(b), page 60 and III.4(a), page 68, 3HC identifies the proposed service area as Cumberland, Bladen, Harnett and Hoke counties. The applicant's proposed patient origin and utilization for the first two operating years, Project Year 1 (PY1) and Project Year 2 (PY2) are shown in the following table from page 66.

3HC PROJECTED PATIENT ORIGIN				
Patient Origin	**FFY 2019 PY1 # Patients**	**FFY 2019 PY1 % Patients**	**FFY 2020 PY2 # Patients**	**FFY 2020 PY2 % Patients**
Cumberland	174	92.06%	243	88.68%
Bladen	0	0.00%	7	2.55%
Harnett	8	4.23%	17	6.20%
Hoke	8	4.23%	7	2.55%
Total	**189**	**100.00%**	**274**	**100.00**

Table may not foot due to rounding.

The above table shows that in its four-county service area, the applicant projects to serve 189 patients in PY1 (2019) and 274 patients in PY2 (2020). The applicant adequately identifies the population to be served.

Analysis of Need

In Section III.1, page 41, 3HC discusses the factors it considered in developing the proposal and its methodology and assumptions, which include the increased need for hospice services and hospice use rates and penetration rates in Cumberland County. On page 41, the applicant states several demographic and health statistics that contribute to an increased need for hospice services in Cumberland County including:

- Cancer Incidence (pages 42-43)
- At Risk Population Groups (pages 44-47)
- Aging Population (page 47)

On pages 48-50, the applicant discusses hospice penetration rates (which is a calculation of the number of deaths served by hospice divided by total deaths).

HOSPICE PENETRATION RATES 2010-2015						
	Cumberland County			**North Carolina**		
Year	**Total Deaths***	**Deaths Served by Hospice****	**Penetration Rate**	**Total Deaths***	**Deaths Served by Hospice****	**Penetration Rate**
2010	2,274	654	29%	78,604	30,075	38%
2011	2,279	637	28%	79,680	31,841	40%
2012	2,376	726	31%	81,798	33,051	40%
2013	2,295	606	26%	83,317	33,357	42%
2014	2,417	610	25%	85,212	36,596	43%
2015	2,478	658	27%	89,130	39,164	44%

*Source: NC State Center for Health Statistics. **Source: 2012-2017 SMFPs.

As shown on page 48, the hospice penetration rate for Cumberland County is consistently below the state's hospice penetration rate over the five year period. The applicant states that it is reasonable to assume that an additional hospice home care office in Cumberland County would have the opportunity to serve more patients in need of hospice services.

On pages 51-54, the applicant discusses 2010-2015 hospice use rates in Cumberland County and the state.

As with the Cumberland County hospice penetration rates, the tables on page 51 show that the county's hospice use rates are below the state's hospice use rates. The applicant states that hospice services are chronically underutilized in Cumberland County.

On page 54, the applicant states that it would have a positive impact on increasing hospice use and penetrations rates in Cumberland County and in Section III.6, pages 71-74, discusses its proposed activities and initiatives to increase community awareness and education about hospice services that in turn will increase hospice utilization in Cumberland County.
The information provided by the applicant is reasonable and adequately supported.

Projected Utilization

In Section III.1(b), pages 58-66, 3HC projects utilization of the proposed hospice home care agency. On page 58, the applicant states that its methodology to project the number of additional deaths in need in FFY2019 was based on the methodology in the Proposed 2018 SMF as well as the current 2017 SMFP. 3HCs methodology tables are presented on pages 60-61 of the application and are as follows:

3HC
Projected Hospice Deaths Deficit FFY2018

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9
	2010-2014 Death Rate /1000 population	**2018 Pop (excluding military)**	**Projected 2018 Deaths**	**2015 Reported Hospice Patient Deaths**	**2018 Number of Hospice Deaths Served**	**Median Projected 2018 Deaths**	**Placeholder New Hospice Office**	**Projected # Additional Deaths in Need Surplus (Deficit)**
	2017 SMFP Table 13B	2017 SMFP Table 13B	Col 2 x (Col 3 /1,000)	2017 SMFP Table 13B	Col 5 x (1+5.3%) (2017 SMFP Table 13B) Annually for 3 years	Col 4 x Proj Statewide Median % Deaths Served 44.7% (2017 SMFP Table 13B)		Col 6 + Col 8 – Col 7
Cumberland	7.2	309,750	2,230	658	768	996	53	**-175**
Bladen	11.0	35,275	388	146	170	173		-3
Harnett	7.2	130,297	938	320	374	419		-45
Hoke	5.8	51,727	300	75	88	134		-46

3HC Projected Hospice Deaths Deficit FFY2019								
Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9
	2011-2015 Death Rate /1000 population	**2019 Pop (excluding military)**	**Projected 2019 Deaths**	**2016 Reported Hospice Patient Deaths**	**2019 Number of Hospice Deaths Served**	**Median Projected 2019 Deaths**	**Placeholder New Hospice Office**	**Projected # Additional Deaths in Need Surplus (Deficit)**
	Draft 2018 SMFP Table 13B	Draft 2018 SMFP Table 13B	Col 2 x (Col 3 /1,000)	Draft 2018 SMFP Table 13B	Col 5 x (1+5.2%) (2018 SMFP Table 13B) Annually for 3 years	Col 4 x Proj Statewide Median % Deaths Served 44.7% (Draft 2018 Table 13B)		Col 6 + Col 8 – Col 7
Cumberland	7.3	300,182	2,191	730	850	1,093	90	**-244**
Bladen	11.4	35,011	399	136	158	199		-41
Harnett	7.3	128,173	936	312	363	467		-104
Hoke	5.9	54,162	320	100	116	159		-43

The tables as shown above indicate that an expected 175 additional deaths in need of hospice care in FFY2018 and 244 additional deaths in need of hospice care in FFY2019 in Cumberland County. The tables also show that Bladen, Harnett and Hoke counties will have additional deaths in need of hospice care.

On pages 62-63, the applicant states that it is not reasonable to assume that it will service 100 percent of the additional deaths, therefore, "*in an effort to remain reasonable and conservative*," it projects to service only 60 percent of the total additional deaths in need in Cumberland County. 3HC also projects to serve 10% of the additional deaths in Bladen County in Project Year Two and 10% of the additional deaths in Harnett and Hoke counties in Project Years One and Two. See table below. It further states that this would allow it as a new agency, "*to ramp up services and strengthen its connections with the community*." The applicant also cited its historical experience in serving as a hospice home care agency in other counties.

On page 66, 3HC illustrates the number of admissions to be served (the applicant uses admissions and patients interchangeably). 3HC states that its historical ratio of admissions per death in Cumberland County is 1.66. It applies the ratio to the projected number of additional deaths served projected in FFY2019 and FFY2020 and state the following as the number of patients to be served by county.

3HC									
	Projected Additional Deaths in Need		Projected Percent of Additional Deaths Served by 3HC		Projected Deaths Served by 3HC		Ratio of Admissions to Deaths	Projected Number of Patients Served	
County	**FFY18**	**FFY19**	**FFY19**	**FFY20**	**FFY19**	**FFY20**		**FFY19**	**FFY20**
Cumberland	175	244	60%	60%	105	146		174	243
Bladen	3	41	0%	10%	0	4		0	7
Harnett	45	104	10%	10%	5	10	**1.66**	8	17
Hoke	46	43	10%	10%	5	4		8	7
Totals	**269**	**432**			**115**	**164**		**189**	**274**

The applicant projects the ALOS for routine home care hospice patients as 60 days (page 80). In Section IV.5(a), pages 76-77, the applicant provides the projected unduplicated patients to be served in each of the first 24 months following completion of the project, as shown below in the following table.

3HC Projected Unduplicated Patients – PY1 and PY2			
Month/Year	**#of Patients**	**Month/Year**	**# of Patients**
October 2018	10	October 2019	22
November 2018	11	November 2019	22
December 2018	12	December 2019	23
January 2019	13	January 2020	23
February 2019	14	February 2020	23
March 2019	15	March 2020	23
April 2019	16	April 2020	23
May 2019	17	May 2020	23
June 2019	18	June 2020	23
July 2019	20	July 2020	23
August 2019	21	August 2020	23
September 2019	22	September 2020	23
Total	**189**	**Total**	**274**

In Section IV.4(b), pages 77-80, the applicant provides its assumptions and describes its methodology to project unduplicated patients and monthly caseload.

On pages 78-80, the applicant discusses converting admissions per month to caseload per month. The applicant states, "*3HC converted admissions per month to caseload by month (average patient census for the month) based on an assumption that total admissions in each month are distributed evenly throughout the month such that half of the admissions occur in the first half of the month and half of the admissions occur in the second half of the month. Based on this assumption, 3HC projected caseload in its first month using the following formula:*

- *Month 1 Caseload = ½ of Month Total Admissions*
- *Month 2 Caseload = Month 1 Total Admissions + ½ of Month 2 Admissions*
- *Month 3 (and remaining months) Caseload = ½ of Month 1 Admissions + Month 2 Admissions + ½ of Month 3 Admissions*"

In Section IV.6, pages 80-90, 3HC discusses its projected admissions by level of care including its methodology and assumptions. On pages 87-90, the applicant projects total hospice visits by level of care and discipline for the first two project years. The table below shows the PY1 and PY2 visits by level of care.

3HC Visits by Level of Care FFYs 2019 and 2020				
	Visits PY1	**% Visits PY2**	**Visits PY1**	**% Visits PY2**
Routine	8,840	99.1%	14,387	99.2%
Inpatient	62	0.7%	89	0.6%
Continuous	15	0.2%	21	0.1%
Respite	3	0.03%	7	0.04%
Total	**8,920**	**100.0%**	**14,504**	**100.0%**

Table may not foot due to rounding.

As shown in the table above, the applicant projects that for both project years, 99% of visits will be for routine hospice care.

Projected utilization of the proposed Medicare-certified hospice home care agency is based on reasonable and adequately supported assumptions.

Based on review of: 1) the information provided by the applicant in Section III, pages 58-66, and Section IV, pages 76-95, including referenced exhibits; 2) comments received during the first 30 days of the review cycle; and 3) the applicant's response to the comments received at the public hearing, the applicant adequately documents the need to develop the proposed Medicare-certified home health agency office.

Access

In Section III, pages 55-57, the applicant discusses how its proposal will promote equitable access in delivering hospice services. Exhibit 10 contains 3HC's *Indigent and Charity Care Policy*. Exhibit 19 contains 3HC's admissions policy which includes a statement on non-discrimination.

In Section VI.9, page 106, the applicant projects 94.6% of its patients will be covered by Medicare (90%) and Medicaid (4.6%). The applicant also projects charity care to equal 0.96% of gross revenue, which totals $32,153 in PY2 (32,153 / 3,351,665 = 0.00959). See Form B and assumptions in the financial section. The applicant adequately demonstrates the extent to which all residents of the area, including medically underserved groups, are likely to have access to the proposed services.

Conclusion

In summary, the applicant adequately identifies the population to be served, adequately demonstrates the need that population has for the proposed services and the extent to which all residents of the area, including underserved groups, are likely to have access to the proposed services. Therefore, the application is 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- BAYADA
-NA- 3HC

Neither BAYADA or 3HC proposed to reduce or eliminate a service or relocate a facility or service. Therefore Criterion (3a) is not applicable to this review.

(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.

-C- BAYADA
-NC- 3HC

BAYADA. In Section III.7, pages 54-55, the applicant discusses the alternatives it considered prior to submitting this application, which include:

- Maintain the Status Quo –The applicant states that maintaining the status quo is not the most effective alternative due to the need determination in the 2017 SMFP for a hospice home care office in Cumberland County.
- Develop the Proposed Hospice Home Care Office in a Location Other Than Fayetteville – The applicant states that this alternative is not the most cost effective because the majority of the county's population lives in Fayetteville, Fayetteville is almost centrally located in the county and is surrounded by major roadways for greater access to patients. Their home care office is located in Fayetteville and another location would not capitalize on staff access to the existing office in Fayetteville.
- Develop the Hospice Office in a new BAYADA Office in Fayetteville - After considering the above alternatives, the applicant determined the proposed project as represented in the application is the most effective alternative to meet the identified need.

Furthermore, the application is conforming to all other statutory and regulatory review criteria, and thus, is approvable. A project that cannot be approved cannot be an effective alternative.

In summary, the applicant adequately demonstrates that the proposal is the least costly or most effective alternative to meet the identified need. Therefore, the application is conforming to this criterion.

3HC. In Section III.7, pages 73-74, the applicant discusses the alternatives it considered prior to submitting this application, which include:

- Maintain the Status Quo –The applicant states that maintaining the status quo is not the most effective alternative because doing such would not meet the need determination in the 2017 SMFP for a hospice home care office in Cumberland County.
- Develop the Proposed Agency Office in New Space - After considering the above alternative, the applicant determined the proposed project as represented in the application is the more effective alternative to meet the identified need.

However, the application is not conforming to all other statutory and regulatory review criteria, and thus, is not approvable. See Criteria (5), (7) and (18a). An application that cannot be approved cannot be an effective alternative.

In summary, the applicant does not adequately demonstrate that this proposal is the least costly or most effective alternative to meet the identified need. Therefore, the application is not conforming to this criterion and cannot be approved.

(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.

-C- BAYADA
-NC- 3HC

BAYADA proposes to develop a hospice home care office in leased office space at 3415 Melrose Road, Fayetteville, Cumberland County, per the need determination identified in the 2017 State Medical Facilities Plan (SMFP).

Capital and Working Capital Costs

In Section VIII.1, page 98, the applicant states the total capital cost is projected to be as follows:

BAYADA Project Capital Cost	
Office Equipment	$17,225
Furniture	$17,200
Contingency	$65,575
TOTAL CAPITAL COST	**$100,000**

In Section IX.1, page 102, the applicant states there will be $80,000 in start-up expenses and $714,633 in initial operating expenses, for total working capital required of $794,633.

Availability of Funds

In Section VIII.2, page 99, and Section IX.4, page 103, the applicant states that the project capital costs and working capital will be funded with cash and current assets of BAYADA Home Health Care, Inc. In Exhibit 25, the applicant provides a letter documenting BAYADA Home Health Care, Inc.'s intention to fund the capital costs and working capital costs for the proposed project. Exhibit 25 also contains a copy of BAYADA Home Health Care, Inc.'s Consolidated Balance Sheet showing a balance of $193,165,000 in total current assets, and $87,210,000 in net assets (total assets minus total liabilities) as of January 3, 2016. The applicant adequately demonstrates that sufficient funds will be available for the capital and working capital needs of the project.

Financial Feasibility - The applicant provides pro forma financial statements for the first two full fiscal years of operation following completion of the project. In the pro forma financial statement (Form B), in the financial section, the applicant projects that revenues will exceed operating expenses by the second operating year of the project, as shown below in the table.

BAYADA		
	1st Full Fiscal Year FFY 2018-2019	**2nd Full Fiscal Year FFY 2019-2020**
Total Patient Days	5,234	9,395
Total Gross Revenues (Charges)	$1,036,633	$1,938,981
Total Net Revenue	$993,834	$1,855,465
Average Net Revenue per Patient Day	$189.88	$197.49
Total Operating Expenses (Costs)	$1,108,719	$1,704,806
Average Operating Expense Patient Day	$211.83	$181.46
Net Income	**-$114,884**	**$150,660**

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section X and the pro forma financial statement in the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

Conclusion

In summary, the applicant adequately demonstrates the financial feasibility of the project is based upon reasonable and adequately supported assumptions regarding projected utilization, revenues (charges) and operating costs. Therefore, the application is conforming to this criterion

3HC proposes to develop a hospice home care office in leased office space at 1367 Walter Reed Road, Fayetteville, Cumberland County, per the need determination identified in the 2017 State Medical Facilities Plan (SMFP).

Capital and Working Capital Costs

In Section VIII.1, page 115, the applicant states the total capital cost is projected to be as follows:

3HC Project Capital Cost	
Office Equipment	$8,502
Furniture	$23,965
Contingency	$4,897
TOTAL CAPITAL COST	**$37,364**

In Section IX.1, page 102, the applicant states there will be $132,649 in start-up expenses and $337,632 in initial operating expenses, for total working capital required of $470,282.

Availability of Funds

In Section VIII.2, page 116, and Section IX.4, pages 119-120, the applicant states that the project capital costs and working capital will be funded with accumulated reserves/unrestricted cash of Home Health and Hospice Care, Inc. In Exhibit 23, the applicant provides a letter from the 3HC President documenting Home Health and Hospice Care, Inc.'s intention to fund the capital costs and working capital costs for the proposed project. Exhibit 24 contains a copy of Home Health and Hospice Care, Inc.'s Consolidated Balance Sheet showing a balance of $9,080,414 in total current assets, and $12,049,101 in net assets (total assets minus total liabilities) as of September 30, 2016. The applicant adequately demonstrates that sufficient funds will be available for the capital and working capital needs of the project.

Financial Feasibility - The applicant provides pro forma financial statements for the first two full fiscal years of operation following completion of the project. In the pro forma financial statement (Form B), in the financial section, the applicant projects that revenues will exceed operating expenses by operating year two of the project, as shown below in the table.

3HC		
	1st Full Fiscal Year FFY 2018-2019	**2nd Full Fiscal Year FFY 2019-2020**
Total Patient Days	10,214	16,656
Total Gross Revenues (Charges)	$2,016,102	$3,351,665
Total Net Revenue	$1,667,826	$2,772,674
Average Net Revenue per Patient Day	$163.29	$166.47
Total Operating Expenses (Costs)	$1,785,006	$2,074,572
Average Operating Expense Patient Day	$174.76	$124.55
Net Income	**-$117,180**	**$698,102**

The applicant projects that revenues will exceed operating expenses in the second and third operating years following project completion. However, the applicant does not adequately demonstrate that the assumptions used in preparation of the pro forma financial statements are reasonable, specifically with regard to projected staffing and projections of costs and charges. The applicant projects salary, payroll taxes and benefits of $1,040,461. However, to cover the

FTEs and salaries listed in Table VII.1 on pages 112-113, the applicant would need to project salaries and payroll taxes/benefits of $1,287,135 – a difference of $246,674. Therefore, the applicant fails to demonstrate that the financial feasibility of the project is based on reasonable and supported projections and costs.

The discussion regarding projected staffing found in Criterion (7) is incorporated herein by reference.

Conclusion

In summary, the applicant adequately demonstrates that sufficient funds will be available for the capital and operating needs of the project. However, the applicant does not adequately demonstrate that the financial feasibility of the project is based upon reasonable projections of costs and charges. Therefore, the application is nonconforming 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.

-C- BAYADA
-C- 3HC

The 2017 SMFP identifies a need determination for one hospice home care office in Cumberland County. There are seven hospice home care agencies listed in Table 13B, page 357 of the 2017 SMFP as being located in Cumberland County. The five agencies listed in Table 13A, page 335 of the SMFP are actually providing services in Cumberland County as listed. A sixth provider, Continuum Home Care and Hospice of Cumberland County did not serve patients in FFY2016. The seventh, the Carrol S. Roberson Center closed in 2014. Neither of the two applicants in this review operate any of the home hospice agencies in Cumberland County.

BAYADA adequately demonstrates that its proposal would not result in the unnecessary duplication of existing or approved hospice home care agencies in Cumberland County based on the following analysis:

1) The State Health Coordinating Council and Governor determined that one new hospice home care agency or office will be needed in Cumberland County in 2018 in addition to the existing agencies serving Cumberland County residents. See Table 13G on page 370 of the 2017 SMFP. BAYADA submitted its application in response to the need determination in the 2017 SMFP.
2) BAYADA adequately demonstrates in its application that the hospice home care agency it proposes to develop in Cumberland County is needed in addition to the existing agencies. See Sections III, IV and VI of BAYADA's application.
3) Because hospice home care services are primarily 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.

3HC adequately demonstrates that its proposal would not result in the unnecessary duplication of existing or approved hospice home care agencies in Cumberland County based on the following analysis:

1) The State Health Coordinating Council and Governor determined that one new hospice home care agency or office will be needed in Cumberland County in 2018 in addition to the existing agencies serving Cumberland County residents. See Table 13G on page 370 of the 2017 SMFP. 3HC submitted its application in response to the need determination in the 2017 SMFP.
2) 3HC adequately demonstrates in its application that the hospice home care agency it proposes to develop in Cumberland County is needed in addition to the existing agencies. See Sections III, IV and VI of 3HC's application.
3) Because hospice home care services are primarily 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.

(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.

-C- BAYADA
-NC- 3HC

BAYADA. In Section VII.1(a - b), pages 89-90, and Table VII.1, page 96, the applicant lists projected staff for the proposed hospice home care office during PY2, which conforms to the pro forma listing of staff, page 133. The applicant also provides the following performance standards regarding the number of projected visits per day that could be made by each discipline. Total full-time equivalents (FTEs) are projected to be 13.67, as shown below in the table.

BAYADA STAFFING – PY2		
Position	**FTEs**	**Visits per Day**
RN	3.50	4.2
CNA/Homemaker	3.50	4.5
Social Worker	1.00	3.5
Bereavement/Spiritual	.80	4.0
Nurse Practitioner	.13	4.2
Dietary Counselor	.01	PRN
Physical Therapist	.01	PRN
Occupational Therapist	.01	PRN
Speech Therapist	.01	PRN
Psycho-Social Manager/Volunteer Coordinator	.70	PRN
*Director	1.00	0
*Clinical Manager	1.00	0
*Client Services Manager	1.00	0
*Hospital Clinical Liaison	1.00	0
Volunteers	NA	2
**Medical Director	NA	**
TOTAL	**13.67**	

*Applicant indicates as indirect staff in the pro forma, page 133. **On contract/80 visits per year.

On page 91, the applicant states its assumptions regarding staffing the proposed hospice home care office as follows:

> "*The Nursing (RN) positions and the CNA/Homemaker FTEs are projected to exceed the minimum FTE-required staffing by more than 40 percent so that there is sufficient staff coverage for on-call as well as sick time and vacation days. The nursing and social worker positions also have available time allocated for annual inservice training. The social worker position also has available time budgeted to provide coverage for spiritual counselor position for spiritual and bereavement visits*."

Also on page 90, the applicant provides the staffing performance metrics (assumptions for calculating visits per day) for projected direct care staff as shown in the following table.

BAYADA STAFFING – PY2 Visits Per Day (in minutes)							
Position	**# Visits /Day**	**#Min Direct Patient Contact/Visit**	**Travel Time**	**Documentation**	**Supervisory Duties**	**Other**	**Total Minutes/ Visit**
RN	4.2	50	20	15	10	10	105
Nurse Practitioner	4.2	50	20	15	10	10	105
Hospice Aide	4.5	50	20	15	NA	10	95
Social Worker	3.5	60	20	20	NA	20	120
Spiritual/Bereave-ment Counselor	4.0	55	20	15	10	10	110
Volunteers	2	60	20	5	NA	20	105
Dietary Counselor	PRN	PRN	PRN	PRN	PRN	PRN	PRN
Physical, Occupational & Speech Therapies	PRN	PRN	PRN	PRN	PRN	PRN	PRN
Volunteer Coordinator	PRN	PRN	PRN	PRN	PRN	PRN	PRN
Medical Director	PRN	PRN	PRN	PRN	PRN	PRN	PRN

The applicant's proposed staffing for Project Year 2 is sufficient based on information provided in Section VII.2, pages 90-91. The applicant divided the projected visits by its assumed visits per day, 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.

BAYADA				
Discipline	**Projected Visits Project Year 2 (Section IV.6, p66) (A)**	**Visits per Day Performance Standard (Section VII.2, p.91) (B)**	**Minimum FTE Positions* [(A)/(B)] / 260**	**Projected FTE Positions Project Year 2 (Section VII.2, p.91)**
Registered Nurse	2,604	4.2	2.38	3.5
CNA/Homemaker	2,894	4.5	2.47	3.50
Social Worker	676	3.5	.74	1.00
Bereavement/ Spiritual	579	4.0	.56	.80
Nurse Practitioner	130	4.2	.12	0.13

As shown in the table above, BAYADA projects adequate direct patient care staff during the second operating year. In Section VII.5, page 92, the applicant describes its recruitment and retention procedures, and indicates that it does not anticipate any difficulties identifying, hiring, and retaining qualified staff for the proposed project. In Section VII.4, page 91, the applicant identifies Wilfredo Rodriguez-Falcon, M.D. as the Medical Director for the proposed hospice home care agency. Exhibit 6 contains a letter from Dr. Rodriguez-Falcon indicating his willingness to serve as the Medical Director. The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services. Therefore, the application is conforming to this criterion.

3HC. In Section VII.1(a - b), pages 107-108, and Table VII.1, pages 112-113, the applicant lists projected staff for the proposed hospice home care office during PY2. The applicant also provides the following performance standards regarding the number of projected visits per day that could be made by each discipline. Total FTEs are projected to be 19.54. However, the Project Analyst calculated 19.18 FTEs, as shown below in the table.

3HC STAFFING – PY2		
Position	**FTEs**	**Visits per Day**
Patient / Family Care Coordinator (RNs)	4.50	5.4
LPN	.68	6.0
CNA	4.50	6.0
Social Worker	1.50	4.0
Clergy	1.00	4.0
Bereavement Counselor	1.00	4.0
Dietary Counselor	.25	5.3
Physical Therapist	.05	PRN
Occupational Therapist	.05	PRN
Speech Therapist	.05	PRN
Volunteer Coordinator	1.00	0
Administrator	1.00	0
Marketer	1.00	0
Medical Records	1.00	0
Medical Director	.10	PRN
Secretary	1.00	0
Accounting	.50	0
Volunteers	NA	0
***TOTAL**	**19.54/19.18**	

*Project Analyst's calculation for total FTEs is 19.18

The applicant provides its staffing table as represented above in Section VII, pages 112-113. The applicant does not provide the projected FTEs for its RN staff, however it does project 4.5 FTEs for Patient/Family Care Coordinator. On page 18 the applicant states,

> "*3HC's Cumberland County agency staff will include registered nurses who will serve in the role of patient/family care coordinator. The patient/family care coordinators will provide overall clinical management for hospice services and also function as staff nurses …*"

In Section VII.2, page 108, the applicant states the following regarding its projected staffing,

> "*Projected staff is based on 3HC's historical hospice agency experience and staffing patterns, the staffing performance metrics provided above, the projected utilization and visits per patient for the proposed Cumberland County agency, and hospice licensure requirements. Projected FTEs include staffing for evenings, weekends, and after hours as well as coverage for holiday, vacation, and sick days*."

Also on page 108, the applicant provides the staffing performance metrics (assumptions for calculating visits per day) for projected direct care staff as shown in the following table.

3HC STAFFING – PY2 Visits Per Day				
Position	**# Direct Patient Contact Hours**	**Travel Time**	**Documentation**	**Total Hours/Visit**
Patient/Family Care Coordinator (RN)	.93	0.19	0.37	1.49
LPN	.83	0.17	0.33	1.33
CNA	1.00	0.17	0.17	1.34
Home Health Aide	1.00	0.17	0.17	1.34
Social Worker	1.00	0.50	0.50	2.0
Clergy	1.50	0.25	0.25	2.0
Bereavement Counselor	1.00	0.50	0.50	2.0
Dietary Counselor	.83	0.33	0.33	1.49

The applicant's proposed staffing for Project Year 2 is sufficient based on information provided in Section VII.1, page 107 and Table VII.1 pages 112-113. The applicant divided the projected visits by its assumed visits per day, 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.

3HC				
Discipline	**Projected Visits Project Year 2 (Section IV.6, p87-90) (A)**	**Visits per Day Performance Standard (Section VII.1, p.107) (B)**	**Minimum FTE Positions* [(A)/(B)] / 260**	**Projected FTE Positions Project Year 2 (Section VII.2, pp 112-113)**
Registered Nurse	6,089	5.4	4.3	4.5
CNA/Homemaker	5,996	6.0	3.8	4.5
Social Worker	124	4.0	.12	1.5
Bereavement/ Spiritual	23	4.0	.02	1.0
Dietician	274	5.3	.20	.25

As shown in the table above, 3HC projects adequate direct patient care staff during the second operating year. In Section VII.5(c), page 109, the applicant describes its recruitment and retention procedures, and indicates that it does not anticipate any difficulties identifying, hiring, and retaining qualified staff for the proposed project. In Section VII.4, page 109, the applicant identifies Wendy Cipriani, M.D. and Robin King-Thiele, M.D. as the Medical Directors for the proposed hospice home care agency. Exhibit 6 contains the existing contract and letters from Drs. Cipriani and King-Thiele, indicating their willingness to continue serve as the Medical Directors for 3HC.

However, the applicant did not budget sufficient funds for the projected staffing levels. Therefore, based on the projected amount budgeted, the application will not have enough projected FTEs. This raises a question regarding financial feasibility and staffing.

3HC STAFFING BUDGET			
	In Application	**Agency Calculation**	**Difference**
Salaries	$795,178	$984,048	$188,870
Taxes & Benefits	$245,283	$303,087	$57,804
Total	**$1,040,461**	**$1,287,135**	**$246,674**

As shown in the above table, the applicant has budgeted $1,040,461 for salaries, taxes and benefits; however, the actual amount needed is $1,287,135, a deficit of $246,674. Therefore, the applicant does not adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services. Therefore, the application is not 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- BAYADA
-C- 3HC

BAYADA. In Section II.3, pages 16-20, and associated exhibits the applicant identifies the ancillary and support services required for its proposal. Exhibit 7 also contains correspondence from the applicant to various long-term care facilities documenting efforts to develop relationships with the entities to provide inpatient and/or respite services. In Section VII.4, page 91, the applicant identifies the proposed Medical Director for the agency and Exhibit 6 contains his letter of support. Exhibit 20 contains four letters of support from area physicians and Cape Fear Valley Medical Center. Exhibit 39 contains a letter of support from and states an existing agreement with a pharmaceutical company. Exhibit 9 contains a letter of support from a DME company and also includes the company's willingness to provide durable medical equipment (DME) to the applicant. Exhibit 40 contains a letter of support from and an existing agreement with another DME company. Exhibit 14 contains a letter of support from the Cumberland County Department of Public Health. The applicant adequately demonstrates 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.

3HC. In Section II.3, pages 14-33, and associated exhibits the applicant identifies the ancillary and support services required and otherwise projected for its proposal. Exhibit 7 contains copies of existing service agreement contracts with Bethesda Health Care Facility and Rehabilitation and Health Care Center (skilled nursing facility services – inpatient and respite care), Cape Fear Valley Health System (non-emergency and emergency transportation services), Cumberland County Hospital System (d/b/a Palliative Care Unit services), Carolina Physical Therapy Associates, Family Medical Supply and Respracare, Inc. (durable medical equipment and related services), and ProCare Rx (pharmacy services). In Section VII.5, page 109, the applicant identifies the proposed Medical Directors for the agency and Exhibit 6 contains copies of their contracts and letters of support. Exhibit 8 contains a log of 50 contacts

3HC made in the community and 54 letters of support from physicians, healthcare agencies, educational, business and community organizations and individuals. The applicant adequately demonstrates 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- BAYADA
-NA- 3HC

The applicants do not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicants do not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered.

(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 (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- BAYADA
-NA- 3HC

Neither BAYADA or 3HC are HMOs. The applicants provide their projected payor mix in Section VI.9. Neither applicant projects a payor mix to include HMOs. Therefore, Criterion 10 is not applicable to this review.

(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- BAYADA
-NA- 3HC

Both applicants propose to lease existing space, not construct space. Therefore, Criterion (12) is not applicable to this review.

(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;

-NA- BAYADA
-NA- 3HC

Neither of the two applicants currently has a hospice home care office in Cumberland County. BAYADA has a licensed home care office (which is not Medicare certified), and a nursing pool in Cumberland County. 3HC serves Cumberland County residents via its home health and hospice agencies in Sampson and Wayne counties. Therefore, Criterion (13)(a) is not applicable to either applicant in this review.

(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- BAYADA
-C- 3HC

Neither of the two applicants currently has a hospice home care office in Cumberland County.

BAYADA. In Section VI.6-7, pages 86-87, the applicant states that it doesn't operate any hospice home care offices in North Carolina. However, in Exhibit 3, the applicant lists 45 home health offices that it operates in the state. The applicant states that in the past five years it has not had any civil rights equal access complaints filed against it in

North Carolina. The applicant also states that it is not obligated under federal regulations to provide uncompensated care, community service or minority or handicapped access to its facilities. On pages 82 and 84, the applicant states that it will continue to provide care regardless of patients' ability to pay. The applicant states that it does not discriminate based on income, race, ethnicity, gender, age, or other characteristics that cause patients to be underserved. The application is conforming to this criterion.

3HC. In Section II.3, page 16, the applicant lists seven home health and hospices agencies that it operates in the state. In Section VI.6-7, pages 105-106, the applicant states that in the past five years it has not had any civil rights equal access complaints filed against it or any of its existing agencies. The applicant also states that it is not obligated under federal regulations to provide uncompensated care, community service or minority or handicapped access to its facilities. On pages 100-102, the applicant states that it will continue to provide care regardless of patients' ability to pay. The applicant states that it does not discriminate based on income, race, ethnicity, gender, age, or other characteristics that cause patients to be underserved. 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

-C- BAYADA
-C- 3HC

BAYADA. In Section VI.9, page 88, the applicant projects the following payor mix for the second operating year of the proposed hospice home care office.

BAYADA	
Payor	**Days of Care % of Total Utilization**
Medicare	90.0%
Medicaid	5.0%
Commercial Insurance	4.0%
Self-Pay	1.0%
Total	**100.0%**

The applicant projects that 95% of its hospice days will be provided to recipients of Medicare (90%) and Medicaid (5%), and 1% of its hospice days will be provided to self-pay patients. The applicant adequately demonstrated the extent to which the elderly and medically underserved groups will have access to the proposed hospice home services. Therefore, the application is conforming to this criterion.

3HC. In Section VI.9, page 106, the applicant projects the following payor mix for the second operating year of the proposed hospice home care office.

3HC	
Payor	**Days of Care % of Total Utilization**
Medicare	90.0%
Medicaid	4.6%
Commercial Insurance	4.4%
Self-Pay/Charity	1.0%
Total	**100.0%**

The applicant projects that 94.6% of its hospice days will be provided to recipients of Medicare (90%) and Medicaid (4.6%), and 1% of its hospice days will be provided to self-pay/charity care patients. The applicant adequately demonstrated the extent to which the elderly and medically underserved groups will have access to the proposed hospice home services. Therefore, the application is 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- BAYADA
-C- 3HC

BAYADA. In Section VI.5(a), page 85, the applicant states it will receive referrals from area physicians, hospitals, home health agencies, nursing homes and other health care agencies. The applicant adequately demonstrates that it will offer a range of means of access to the services of the proposed hospice home care office. Therefore, the application is conforming to this criterion.

3HC. In Section VI.5(a), page 104, the applicant states it will receive referrals from area physicians, hospital discharge planners, social workers, case management programs, nursing homes, home health agencies, other hospices, families and self-referrals. The applicant adequately demonstrates that it will offer a range of means of access to the proposed hospice home care office. 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- BAYADA
-C- 3HC

BAYADA. In Section V.1, page 77, the applicant states that it contacted several area clinical training programs to offer the proposed agency as a clinical training site. Exhibit 31 contains copies of letters the applicant sent to Fayetteville Technical Community College, Miller-Motte College and Campbell University, and the two letters that the applicant received from Fayetteville Technical Community College expressing interest in a clinical affiliation agreement. The applicant adequately demonstrates that the proposed hospice office will

accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

3HC. In Section V.1, page 96, the applicant states that it has existing clinical training agreements with 14 educational institutions and does not expect those relationships to change. Therefore, the proposed Cumberland County home hospice program will also be available as a clinical training site for the students of the programs listed on page 96. The applicant adequately demonstrates that the proposed hospice office 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.

-C- BAYADA
-NC- 3HC

The two applicants each propose to develop one additional hospice home care office or agency in Cumberland County. The 2017 SMFP identifies the need for one additional hospice home care office or agency in Cumberland County.

On page 327, the 2017 SMFP states, "*A hospice office's service area is the hospice planning area in which the hospice office is located. Each of the 100 counties in the state is a separate hospice planning area*." Thus, the service area is Cumberland County. Providers may serve residents of counties not included in their service area.

There are currently five existing hospice home care offices or agencies in Cumberland County, as shown in the following table.

Existing Hospice Home Care Offices Located in Cumberland County	Location
Cape Fear Valley Hospice and Palliative Care	1830 Owen Drive, Suite 203, Fayetteville
Community Home Care and Hospice	2800 Breezewood Ave, Suite 100, Fayetteville
HealthKeeperz	4155 Ferncreek Drive, Fayetteville
Liberty Home Care and Hospice	1830 Owen Drive, Suite 103, Fayetteville
PruittHealth Hospice - Fayetteville	2944 Breezewood Ave, Suite 102, Fayetteville
*Continuum Home Care and Hospice of Cumberland County	110 W. Barnes Street, Nags Head formerly Fayetteville

Source: 2017 SMFP, Table 13A: Hospice Data by County of Patient Origin – 2015 Data, page 335. *Indicates in its 2017 LRA a relocation to Nags Head in Dare County. *Is licensed, but did not report serving any patients. The Carrol S. Roberson Center closed in 2014.

BAYADA. The applicant does not currently own or operate a hospice home care office in Cumberland County or anywhere in North Carolina. However, it does operate a home care office in Cumberland County. In Section II.12, pages 25-27, the applicant discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services. The applicant states,

> "… *As documented in the 2017 … (SMFP), the combined utilization of the existing hospice offices that serve residents of Cumberland County is projected to fall short of serving the statewide median of 44.7 percentage of deaths served by hospice.*[3]
>
> *Even with the existing hospice home care offices' projected annual growth of 5.3 percent in utilization (as projected in the 2017 SMFP), there is a projected deficit of 176 patients in Cumberland County in need of hospice services.* …
>
> *BAYADA will enhance competition in terms of:*
>
> - *Providing excellent quality of hospice care*… .
> - *Providing more extensive education resources* … .
> - *Implementing new agreements with nursing facilities, assisted living facilities, and hospitals … and provide patients with greater choice.*
> - *Expanding access to hospice home care to medically underserved groups through culturally appropriate outreach services and liaison.* …"

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access to the proposed hospice home care services.

The information in the application is reasonable and credible and adequately demonstrates that any enhanced competition in the service area includes 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 for a hospice home care office in Cumberland County and that it is a cost-effective alternative. The discussions regarding analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.

- The applicant adequately demonstrates that it will provide quality services. The discussion regarding quality found in Criteria (1) and (20) is incorporated herein by reference.
- The applicant demonstrates that it will provide access to medically underserved populations. The discussion regarding access found in Criteria (1) and (13) is incorporated herein by reference.

The application is conforming to this criterion.

3HC. The applicant does not currently own or operate a hospice home care office in Cumberland County, but does operate seven home health and hospice agencies in the state. 3HC currently serves Cumberland County residents via its combination home health and hospice agencies in Sampson and Wayne counties.

In Section II.12, pages 39-40 and Section III.1(a), pages 54-58, the applicant discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services. The applicant states,

> "*3HC's proposed project will have a positive impact on competition in Cumberland County by promoting cost-effective, quality, and access to hospice services and thus will be in compliance with the spirit and legislative intent of the Certificate of Need Law*."

See also Sections II, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access to the proposed hospice home care services.

However, the information provided by the applicant is not reasonable and credible and does not adequately demonstrate that any enhanced competition includes a positive impact on the cost-effectiveness of hospice home care services in Cumberland County. The following conclusions are based on a review of the information in Sections V, VII and the pro forma:

- The applicant does not adequately demonstrate that its proposal is a cost-effective alternative. See Criterion (4), (5) and (7) for discussion which is incorporated by reference.
- The applicant does not adequately demonstrate that projected operating costs and revenues are reliable. See Criterion (5) and (7) for discussion which is incorporated by reference Therefore, the applicant does not adequately demonstrate that its proposal is a cost-effective alternative.

Therefore, 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- BAYADA
-C- 3HC

BAYADA. In Section I.14, page 7, the applicant states that it has no hospice offices in North Carolina, but has provided home care and home health services in the state since 1975. In Exhibit 3, the applicant lists seven home health agencies and 38 home care agencies in North Carolina (7 + 38 = 45 agencies). Based on a review of the certificate of need application, the files in the Acute Care and Home Licensure and Certification Section, DHSR, and publicly available data, the applicant adequately demonstrates that it has provided quality care during the 18 months immediately preceding the submittal of the application through the date of the decision. The application is conforming to this criterion.

3HC. In Section 1.8, pages 8-9, the applicant states that it has seven dually certified home health agencies and hospice offices in North Carolina and lists them. The applicant also has two inpatient hospice facilities in North Carolina and lists those on page 9. According to the files in the Acute Care and Home Licensure and Certification Section, DHSR, during the 18 months immediately preceding the submittal of the application through the date of the decision all nine agencies are in compliance with all Medicare conditions of participation. After reviewing and considering information provided by the applicant and by the Acute Care and Home Licensure and Certification Section and considering the quality of care provided at all nine agencies, the applicant provided sufficient evidence that quality care has been provided in the past. 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.

-C- BAYADA
-C- 3HC

The applications are conforming to the applicable Criterion and Standard for Hospices. The specific criterion and standards are discussed below.

Section .1500 - CRITERIA AND STANDARDS FOR HOSPICES

10A NCAC 14C .1503 PERFORMANCE STANDARD

An applicant proposing to develop a hospice shall demonstrate that no less than 80 percent of the total combined number of days of hospice care furnished to Medicaid and Medicare

patients will be provided in the patients' residences in accordance with 42 CFR 418.302(f)(2).

-C- BAYADA. In Section II.2, page 15 and Section IV.10(a-b), pages 75-76, the applicant projects 93.3% of the days of care will be provided to Medicare and Medicaid recipients in their homes for both PY1 and PY2, as shown in the following table.

BAYADA **% Days in Patient's Residence /% Routine Home Care Days** **Year 1 - FY 2018-2019**			
	Medicare Days	**Medicaid Days**	**Total**
Days in Residence	4,627	257	4,884
Total Patient Days	-	-	5,234
% of Days Provided in Residence	-	-	93.31%
% Days in Patient's Residence /% Routine Home Care Days **Year 2 - FY 2019-2020**			
Days in Residence	8,307	462	8,769
Total Patient Days	-	-	9,395
% of Days Provided in Residence	-	-	93.33%

The application is conforming to this rule.

-C- 3HC. In Section IV.10(b), page 95, the applicant projects 99.6.3% of the days of care will be provided to Medicare and Medicaid recipients in their homes in both PY1 and PY2 as shown in the following table.

3HC **% Days in Patient's Residence /% Routine Home Care Days** **Year 1 - FY 2018-2019**			
	Medicare Days	**Medicaid Days**	**Total**
Days in Residence	9,153	473	9,626
Total Patient Days	-	-	9,667
% of Days Provided in Residence	-	-	99.6%
% Days in Patient's Residence /% Routine Home Care Days **Year 2 - FY 2019-2020**			
Days in Residence	14,931	771	15,702
Total Patient Days	-	-	15,765
% of Days Provided in Residence	-	-	99.6%

The application is conforming to this rule.

COMPARATIVE ANALYSIS OF THE COMPETING APPLICATIONS

Pursuant to N.C. Gen. Stat. §131E-183(a)(1) and the 2017 State Medical Facilities Plan, no more than one new hospice home care agency may be approved in this review for Cumberland County. Because the two applicants each propose to establish a new hospice home care agency, both of the applications cannot be approved. Therefore, after considering all of the information in each application and reviewing each application individually against all applicable review criteria, the Project Analyst also conducted a comparative analysis of the proposals to decide which proposal should be approved. For the reasons set forth below and in the remainder of the findings, the application submitted by **BAYADA Home Health Care, Inc., d/b/a BAYADA Hospice (BAYADA) (Project ID# M-11357-17) is approved and the application submitted by Home Health and Hospice Care, Inc. d/b/a Home Health and Hospice Care (3HC) (Project ID# M-11360-17) is disapproved.**

Conformity with Review Criteria

BAYADA adequately demonstrates that its proposal is conforming to all applicable statutory and regulatory review criteria. However, **3HC** did not project sufficient funds for the proposed staffing levels and did not adequately demonstrate that its proposal is conforming to Criteria (4), (5), (7) and (18a). Therefore, the application submitted by **BAYADA** is the more effective alternative with regard to conformity with review criteria.

Services to the Medically Underserved

Projected Access by Medicare Recipients

For each applicant in this review, the following table compares: a) the total number of days of care in Project Year 2 and b) the percentage of Medicare patient days as a percentage of total patient days in Project Year 2. Generally, the application proposing the higher number of Medicare patient days of care is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in order of effectiveness based on the number of Medicare patient days projected to be served.

Project Year 2 Access by Medicare Recipients			
Applicant	**Total Days of Care**	**Total Medicare Days of Care**	**Medicare Patients as a Percentage of Total Days of Care**
BAYADA	9,395	8,456	90.0%
3HC	16,656	14,991	90.0%

Source: Total days of care, total Medicare days of care and total duplicated patients are from Section IV.10 of the applications.

As shown in the table above, both applicants project to serve the same percentage of Medicare patient days of care in Project Year 2. **3HC** proposes to serve a larger number of Medicare patient days of care in Project Year 2. However, **3HC** does not project enough salary and payroll taxes and benefits to cover projected FTEs. Therefore, **3HC's** application is not approvable.

Projected Access by Medicaid Recipients

For each applicant in this review, the following table compares: a) the total number of days of care in Project Year 2 and b) the percentage of Medicaid patient days as a percentage of total patient days in Project Year 2. Generally, the application proposing the higher number of Medicaid patient days is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in order of effectiveness based on the number of Medicaid patient days projected to be served.

Project Year 2 Access by Medicaid Recipients			
Applicant	**Total Days of Care**	**Total Medicaid Days of Care**	**Medicaid Patients as a Percentage of Total Days of Care**
BAYADA	9,395	470	5.0%
3HC	16,656	774	4.6%

Source: Total days of care, total Medicaid days of care and total duplicated patients are from Section IV.10 of the applications.

As shown in the table above, **BAYADA** projects to serve a slightly higher percentage of Medicaid patient days of care than **3HC** in Project Year 2. **3HC** proposes a larger number of Medicaid patient days. However, **3HC** does not project enough salary and payroll taxes and benefits to cover projected FTEs. Therefore, **3HC's** application is not approvable.

Projected Access by Charity Care Patients

For each applicant in this review, the following table compares charity care as a percentage of gross revenue projected by the applicants in the first two operating years of the project. Generally, the application proposing the higher percentage of charity care is the more effective alternative with regard to this comparative factor. Note: the applicants may not define charity care the same way. The applicants' charity care as a percentage of gross revenue is shown below.

Project Year 2 Access by Charity Care Patients			
Applicant	**Charity Care**	**Gross Revenue**	**Charity Care as a Percentage of Gross Revenues**
BAYADA	$17,200	$1,938,981	.89%
3HC	$32,153	$3,351,665	.96%

Source: Section VI.2(e), Section VI.9 and the pro formas in the applications.

As shown in the table above, **3HC** projects a slightly higher percentage of charity care in Project Year 2. **BAYADA** projects a slightly lower percentage of charity care in Project Year 2. Therefore, **3HC** is the more effective alternative with regard to charity care. However, **3HC** does not project enough salary and payroll taxes/benefits to cover projected FTEs. Therefore, **3HC's** application is not approvable.

Geographic Access/Location of Office

In Section III.4, both applicants propose to serve residents of Cumberland County. **BAYADA** proposes to also serve Harnett, Hoke and Sampson counties. **3HC** proposes to also serve Bladen, Harnett, and Hoke counties. Neither of the applicants proposes to expand geographic access to hospice services by locating the agency or proposing to serve patients in a county without hospice services. Therefore, **BAYADA** and **3HC** are equally effective alternatives with regard to geographic access to hospice services.

Charges and Costs per Level of Care

The following table illustrates the Year 2 projected costs and Medicare charges per patient day provided by each applicant in Section X.1-3, **BAYADA** pages 106 and 115; **3HC** pages 122 and 129.

	PY2	Routine	Inpatient	Respite	Continuous Care (hourly)
BAYADA	Charges	$176.00	$682.00	$161.00	$37.00
	Costs	$149.97	$581.14	$137.19	$31.53
3HC	Charges	$199.14	$869.23	$204.63	$47.27
	Costs	$119.96	$1,656.08	$91.20	$108.40

Per Diem charges. Costs and charges exclude room and board.

The applicants' projected charges for Medicare are used as Medicare is the predominant payor source for both applicants. Generally, the applicant proposing the lowest charges and costs is the most effective alternative with regard to charges and costs. **BAYADA** projects the lower charges for all four levels of care in PY2. **BAYADA** projects the lower costs for inpatient care and continuous care. Moreover, **3HC** did not project sufficient funds for its proposed staffing FTEs. Thus, **3HC**'s projected costs are understated. Therefore, **BAYADA** is the more effective alternative with regard to charges and costs per level of care.

Net Revenue per Visit

Net revenue per visit is calculated by dividing the PY2 projected net revenue by the PY2 number of projected visits. Generally, the applicant proposing the lowest net revenue per visit is the most effective alternative with regard to net revenue per visit. The following table illustrates the projected net revenue per patient in PY2 for both applicants.

	Net Revenue (PY2)	Projected Visits (PY2)	Net Revenue per Visit
BAYADA*	$1,542,444	7,228	$213.40
3HC	$2,772,674	14,504	$191.17

*Minus pass-through ($1,855,465-$313,021 = $1,542,444)

BAYADA projects the higher net revenue per patient visit. **3HC** projects the lower net revenue per visit. Therefore, the application submitted by **3HC** is the more effective alternative with regard to net revenue per visit.

Net Revenue per Patient

Net revenue per patient is calculated by dividing the PY2 projected net revenue by the projected number of PY2 unduplicated patients provided in Section IV of the applications. Generally, the applicant proposing the lowest net revenue per patient is the most effective alternative with regard to net revenue per patient. The following table illustrates the projected net revenue per patient.

NET REVENUE PER PATIENT PY2			
	Net Revenue	**Projected Unduplicated Patients**	**Net Revenue per Patient**
BAYADA*	$1,542,444	154	$10,015.87
3HC	$2,772,674	274	$10,119.25

*Minus pass-through ($1,855,465-$313,021 = $1,542,444)

3HC projects the higher net revenue per patient. **BAYADA** projects the lower net revenue per patient. Therefore, **BAYADA** is the more effective alternative with regard to net revenue per patient.

Direct Expenses

The average direct cost per visit is calculated by dividing the total direct expenses, projected in Form B Pro Formas, by the total number of visits projected in Section IV, as shown below in the table.

DIRECT EXPENSES as PERCENTAGE OF TOTAL EXPENSES			
	Direct Expenses	**Total Expenses**	**Direct Expenses as % of Total Expenses**
BAYADA	$1,120,223	1,704,806	65.7%
3HC	$1,550,682	2,074,572	74.7%

Source: BAYADA: pro forma, page123; 3HC pro forma, second page.

Generally, the applicant proposing the lowest direct expenses to total expenses is the most effective alternative with regard to direct expenses. **BAYADA** projects the lower direct expenses to total expenses. **3HC** projects the higher direct expenses to total expenses. Furthermore, **3HC's** projections do not include sufficient funds for its proposed staffing FTEs. Thus, **3HCs** projected expenses are understated. Therefore, **BAYADA** is the more effective applicant regarding direct expenses to total expenses.

Salaries for Key Direct Care Staff (RN, CNA, SW)

In recruitment and retention of personnel, salaries are a significant factor. The applicants provide the following information in Section VII for PY2. The Project Analyst compared the proposed salaries for these key direct-care staff as shown below in the table. Generally, the application proposing the highest annual salary is the more effective alternative with regard to this comparative factor.

SALARIES – KEY DIRECT CARE STAFF PY2			
	RN*	**CNA**	**Social Worker**
BAYADA	$63,942	$26,476	$56,650
3HC	**$68,667	$24,033	$52,530

Source: *Direct Care Provider. **Patient/Family Care Coordinator

3HC projects a higher salary for RNs than **BAYADA**. However, **3HC** does not project sufficient funds for it proposed FTEs. Therefore, **3HC's** application is not approvable.

BAYADA projects the higher salary for CNAs and **3HC** projects the lower salary for CNAs. Moreover, **3HC's** application is not approvable. Therefore, **BAYADA** is the more effective alternative with regard to salaries for certified nursing assistants.

BAYADA projects the higher salary for social workers and **3HC** projects the lower salary for social workers. Moreover, **3HC's** application is not approvable. Therefore, **BAYADA** is the more effective alternative with regard to salaries for social workers.

Benefits and Taxes

In recruitment and retention of personnel, taxes and benefits are a significant factor in addition to salaries. Generally, the application proposing the higher taxes and benefits for salaries is the more effective alternative with regard to this comparative factor. **BAYADA** projects 30.8% of salaries for benefits and taxes. **3HC** proposes 18.0% of salaries for benefits and taxes. Moreover, **3HC's** application is not approvable. Therefore, **BAYADA** is the more effective alternative with regard to benefits and taxes.

Demonstration of Adequate Staffing for the Proposed Service

The Project Analyst calculates the required staffing for each applicant based on their stated assumptions provided in Section VII. **BAYADA** and **3HC** propose sufficient staffing for the projected visits. However, **3HC** does not project sufficient funds for its proposed FTEs. Therefore, **BAYADA** is the more effective alternative with regard to adequate staffing.

Volunteer Services

	Volunteer Hours
BAYADA	**363.00**
3HC	**208.49**

Each applicant proposes to recruit hospice volunteers for their respective agency. **BAYADA** projects 363 hours for volunteers (with .70 FTE allotted for volunteer staff coordination) in its application (See Section IV, pages 66-70). **3HC** projects 208.49 hours for volunteers (with 1.00 FTE allotted for volunteer staff coordination) in its application (See Section IV.6.a, page 87-90). Moreover, **3HC's** application is not approvable. **BAYADA** is the more effective alternative with regard to staffing for the coordination of volunteer services.

Visits per Patient

Nursing Visits						
	# Patients PY2	Projected Visits	Average Visits/ Patient	ALOS	# Weeks/ LOS	Average Visits/ Patient/Week
BAYADA*	154	2,736	17.7	61.0	8.7	2.0
3HC**	274	6,089	22.2	60.0	8.6	2.6

*BAYADA nursing includes RNs and Nurse Practitioners. ** 3HC nursing includes RNs and LPNs. ALOS: BAYADA Section IV.5, page 63; 3HC Section IV.5, page 80.

CNA/Aide Visits						
	# Patients PY2	Projected Visits	Average Visits/ Patient	ALOS	# Weeks/ LOS	Average Visits/ Patient/Week
BAYADA	154	2,887	18.7	61.0	8.7	2.1
3HC	274	5,996	21.9	60.0	8.6	2.5

Social Work Visits						
	# Patients PY2	Projected Visits	Average Visits/ Patient	ALOS	# Weeks/ LOS	Average Visits/ Patient/Week
BAYADA	154	678	4.4	61.0	8.7	0.5
3HC	274	1,124	4.1	60.0	8.6	0.5

Spiritual & Bereavement Visits						
	# Patients PY2	Projected Visits	Average Visits/ Patient	ALOS	# Weeks/ LOS	Average Visits/ Patient/Week
BAYADA	154	468	3.0	61.0	8.7	0.3
3HC	274	782	2.9	60.0	8.6	0.3

Generally, the applicant proposing the higher number of visits per patient per week is the more effective alternative with regard to this comparative factor. **3HC** projects to provide more nursing visits per patient per week. However, **3HC** proposes to use LPNs for some nursing visits instead of all RNs. Moreover, **3HC** does not project sufficient funds for its proposed FTEs. Therefore, **3HC's** application is not approvable.

3HC projects to provide more CNA/Aide visits per patient. However, **3HC** does not project sufficient funds for its proposed FTEs. Therefore, **3HC's** application is not approvable.

Both **BAYADA** and **3HC** project to provide 0.5 social work visits and 0.3 spiritual/bereavement visits per patient per week. However, **3HC** does not project sufficient funds for its proposed FTEs. Therefore, **3HC's** application is not approvable. Consequently, **BAYADA** is the more effective alternative with regard to projected social work and spiritual/bereavement visits per patient.

Provision of Ancillary and Support Services

As shown in the table below, **BAYADA** and **3HC** propose to directly provide home health aides, dietary counseling, and physical, occupational, and speech therapies. **BAYADA** and **3HC** will provide inpatient, respite and residential services through contractual agreements. **3HC** has current agreements with skilled nursing and hospital facilities for inpatient, respite and residential care while **BAYADA** has proposed to negotiate agreements with facilities for this care.

Both **BAYADA** and **3HC** will provide pharmacy, DME and medical supplies through contractual agreements and both currently have service agreements with pharmacy, DME and medical supply vendors.

Ancillary & Support Services	BAYADA	Service Agreements	3HC	Service Agreements
Home Health Aide	X*		X*	
Physical Therapy	X*		X*	
Occupational Therapy	X*		X*	
Speech Therapy	X*		X*	
Inpatient		X***	X*	X**
Respite		X***	X*	X**
Residential		X***	X*	X**
Dietary Counseling	X*		X*	
Pharmacy		X**		X**
DME		X**		X**
Medical Supplies		X**		X**

Source: Applications, Section II.3.*Directly provide. **Existing service agreement.***Proposed service agreement.

Illustrating the analysis of the applicants' proposed provision of ancillary and support services, the above table shows that both **BAYADA and 3HC** are comparable. However, **3HC** does not project enough salary and payroll taxes/benefits to cover FTEs. Therefore, **3HC's** application is not approvable.

SUMMARY

BAYADA's application was determined to be conforming or could be conditioned to be conforming to all applicable statutory and regulatory review criteria.

For each of the comparative factors listed below, **BAYADA** and **3HC** applications are determined to be equally effective:

- Geographic Accessibility
- Social Work and Spiritual Counseling Visits per Patient*
- Provision of Ancillary and Support Services

For each of the comparative factors listed below, the application submitted by **BAYADA** is determined to be the more effective alternative.

- Conformity with Review Criteria
- Costs and Charges per Level of Care
- Projected Average Net Revenue per Patient
- Direct Expenses as Percentage of Total Expenses
- Salaries for CNAs
- Salaries for SWs
- Benefits and Taxes
- Demonstration of Adequate Staffing
- Volunteer Services

For the comparative factor listed below, the application submitted by **3HC** is determined to be the more effective alternative.

- Provision of Ancillary and Support Services
- Projected Average Net Revenue per Visit
- Projected Access by Medicare Patients*
- Projected Access by Medicaid Patients*
- Projected Access by Charity Care Patients*
- Salaries for RNs*
- RN Visits per Patient*
- CNA/Aide Visits per Patient*

However, **3HC's** application is not approvable. Moreover, the failure to adequately budget sufficient funds for projected FTEs calls into question the validity of **3HC's** projections used in the comparative analysis. (See factors above with *.)

CONCLUSION

The applications submitted by **BAYADA** and **3HC** are individually conforming to the need determination in the 2017 SMFP for one hospice home care agency in Cumberland County. N.C. Gen. Stat. §131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of hospice home care agencies that can be approved by the Healthcare Planning and Certificate of Need Section. The Healthcare Planning and Certificate of Need Section determined that the application submitted by **BAYADA** as conditioned below is the more effective alternative proposed in this review for the development of one additional hospice home care agency in Cumberland County, and thus the **BAYADA** application is approved. **3HC** is non-conforming to Criteria (4), (5), (7) and (18a) and therefore is not approvable. Furthermore, the approval of another application would result in a hospice home care office in excess of the need determination. Therefore, the application submitted by **3HC** is denied.

The application submitted by **BAYADA** is approved subject to the following conditions:

1. **BAYADA Home Health Care, Inc., d/b/a BAYADA Hospice shall materially comply with all representations made in the certificate of need application.**

2. **BAYADA Home Health Care, Inc., d/b/a BAYADA Hospice shall develop no more than one hospice home care office in Cumberland County, per the need determination identified in the 2017 State Medical Facilities Plan**.

3. **Upon completion of the project, BAYADA Hospice shall be licensed for no more than one hospice home care office in Cumberland County**
4. **No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, BAYADA Home Health Care, Inc., d/b/a BAYADA Hospice shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**

    a. **Payor mix for the services authorized in this certificate of need.**
    b. **Utilization of the services authorized in this certificate of need.**
    c. **Revenues and operating costs for the services authorized in this certificate of need.**
    d. **Average gross revenue per unit of service.**
    e. **Average net revenue per unit of service.**
    f. **Average operating cost per unit of service.**

5. **BAYADA Home Health Care, Inc., d/b/a BAYADA Hospice shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**