

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: September 20, 2023

Findings Date: September 20, 2023

Project Analyst: Ena Lightbourne

Co-Signer: Gloria C. Hale

COMPETITIVE REVIEW

Project ID #: G-12356-23
Facility: PHC Home Health-Forsyth
FID #: 230318
County: Forsyth
Applicant(s): Personal Home Care of North Carolina, LLC
Project: Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Project ID #: G-12362-23
Facility: Well Care Home Health of Forsyth County
FID #: 230321
County: Forsyth
Applicant(s): Well Care Home Health of Forsyth, Inc.
Project: Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Project ID #: G-12364-23
Facility: Novant Health Home Care-Forsyth
FID #: 230322
County: Forsyth
Applicant(s): Forsyth Memorial Hospital, Inc.
Novant Health, Inc.
Project: Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Project ID #: G-12369-23
Facility: Aveanna Home Health-Forsyth
FID #: 230327
County: Forsyth
Applicant(s): Five Points Healthcare of NC LLC
Project: Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Each application was reviewed independently against the applicable statutory review criteria found in G.S. 131E-183(a) and the regulatory review criteria found in 10A NCAC 14C. After completing an independent analysis of each application, the Healthcare Planning and Certificate of Need Section (CON Section) also conducted a comparative analysis of all the applications. The Decision, which can be found at the end of the Required State Agency Findings (Findings), is based on the independent analysis and the comparative analysis.

REVIEW CRITERIA

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

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

C-All Applications

Need Determination

The 2023 State Medical Facilities Plan (SMFP) includes a need methodology for determining the need for additional Medicare-certified home health agencies or offices in North Carolina by service area. Application of the need methodology in the 2023 SMFP identified a need for one Medicare-certified home health agency in the Forsyth County service area. Four applications were received by the Healthcare Planning and Certificate of Need Section (CON Section) with each proposing to develop one Medicare-certified home health agency. However, pursuant to the need determination, only one Medicare-certified home agency may be approved in this review.

Policies

Policy GEN-3: Basic Principles of the 2023 SMFP is applicable to all applications.

Policy GEN-3: Basic Principles

Policy *GEN-3* on page 30 of the 2023 SMFP 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.”

Project ID# G-12356-23/PHC Home Health-Forsyth/Develop a Medicare-certified home health agency Personal Home Care of North Carolina, LLC, hereinafter referred to as “PHC” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

Need Determination. The applicant does not propose to develop more Medicare-certified home health agencies or offices than are determined to be needed in Forsyth County.

Policy GEN-3. In Section B, pages 24-27, the applicant explains why it believes its proposal is consistent with *Policy GEN-3*.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following:

- The applicant does not propose to acquire more than the one Medicare-certified home health agency that is determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-3* based on the following:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of home health services in Forsyth County service area;
 - The applicant adequately documents how the project will promote equitable access to home health services in Forsyth County;
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID# G-12362-23/Well Care Home Health of Forsyth County/Develop a Medicare-certified home health agency Well Care Home Health of Forsyth, Inc., hereinafter referred

to as “Well Care” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Kernersville, Forsyth County.

Need Determination. The applicant does not propose to develop more Medicare-certified home health agencies or offices than are determined to be needed in Forsyth County.

Policy GEN-3. In Section B, pages 26-34, the applicant explains why it believes its proposal is consistent with *Policy GEN-3*.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following:

- The applicant does not propose to acquire more than the one Medicare-certified home health agency that is determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-3* based on the following:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of home health services in Forsyth County service area;
 - The applicant adequately documents how the project will promote equitable access to home health services in Forsyth County;
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID# G-12364-23/Novant Health Home Care-Forsyth/Develop a Medicare-certified home health agency Forsyth Memorial Hospital, Inc. and Novant Health, Inc., hereinafter referred to collectively as “Novant Health” or “the applicant,” propose to develop a new Medicare-certified home health agency to be located in Clemmons, Forsyth County.

Need Determination. The applicant does not propose to develop more Medicare-certified home health agencies or offices than are determined to be needed in Forsyth County.

Policy GEN-3. In Section B, pages 29-30, the applicant explains why it believes its proposal is consistent with *Policy GEN-3*.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following:

- The applicant does not propose to acquire more than the one Medicare-certified home health agency that is determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-3* based on the following:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of home health services in Forsyth County service area;
 - The applicant adequately documents how the project will promote equitable access to home health services in Forsyth County;
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID# G-12369-23/Aveanna Home Health-Forsyth/Develop a Medicare-certified home health agency Five Points Healthcare of NC LLC, hereinafter referred to as “Aveanna” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

Need Determination. The applicant does not propose to develop more Medicare-certified home health agencies or offices than are determined to be needed in Forsyth County.

Policy GEN-3. In Section B, pages 26-29, the applicant explains why it believes its proposal is consistent with *Policy GEN-3*.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following:

- The applicant does not propose to acquire more than the one Medicare-certified home health agency that is determined to be needed in the service area.
 - The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-3* based on the following:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of home health services in Forsyth County service area;
 - The applicant adequately documents how the project will promote equitable access to home health services in Forsyth County;
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
- (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, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C-All Applications

Project ID# G-12356-23/PHC Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...*the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.*” Thus, the service area for this facility consists of Forsyth County. Facilities may also serve residents of counties not included in their service area.

Patient Origin

The following table illustrates projected patient origin.

PHC Home Health-Forsyth Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	1/1/25 to 12/31/25		1/1/26-12/31/26		1/1/27-12/31/27	
	CY2025		CY2026		CY2027	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Forsyth	832	100%	1,170	100%	1,578	100%
Total	832	100%	1,170	100%	1,578	100%

Source: Section C, page 47

In Section Q and Exhibit C.3, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s projected patient origin is based on its projections of the unmet need for home health services in Forsyth County and its projections of market share for the proposed home health agency in that county through the first three full fiscal years of operation, as described in Section Q of the application. The applicant’s assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 49-58, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- There is a 2023 SMFP need determination for one additional Medicare-certified home health agency or office in Forsyth County (page 49).
- Population trends in Forsyth County such as projected population growth and increasing cultural diversity (pages 50-51).
- Home health use trends in North Carolina, particularly among the 65+ age group, the group most likely to use home health services (pages 51-52).
- Population health and the social and economic status of Forsyth County residents serving as health risks and barriers to obtaining medical services (pages 52-57).
- PHC’s success in maintaining staffing levels despite statewide nursing shortages (page 57).
- A home health agency serves as a low cost alternative to hospital care (pages 57-58).
- PHC’s initiative to address the growing need for behavioral health care (page 58).
- Community and physician interest and referrals (page 58).

The information is reasonable and adequately supported based on the following:

- The applicant’s statements regarding need are supported by the projected home health patient deficits identified in the 2023 SMFP for Forsyth County.
- The applicant’s statements regarding need are supported by population growth and aging data from the North Carolina Office of State Budget and Management (NCOSBM) for the proposed service area.

- The applicant provides data and documentation regarding health status, home health use rates, and referral sources to support its statements regarding need for the proposed home health agency.

Projected Utilization

In Section Q, Form C.5, page 1, the applicant provides projected utilization, as illustrated in the following table.

PHC Home Health-Forsyth	1 st Full FY		2 nd Full FY		3 rd Full FY	
	CY 2025		CY 2026		CY 2027	
	# of Clients	Visits	# of Clients	Visits	# of Clients	Visits
Unduplicated Clients by Admitting Discipline						
Nursing	463		652		879	
Physical Therapy	368		519		699	
Speech Therapy						
Occupational Therapy						
Total Unduplicated Clients	832		1,170		1,578	
Duplicated Clients and Visits by Discipline						
Nursing	1,001	7,907	1,408	11,126	1,899	15,000
Physical Therapy	911	6,289	1,283	8,849	1,729	11,930
Speech Therapy	151	515	213	725	287	977
Occupational Therapy	665	3,126	936	4,399	1,262	5,930
Medical Social Worker	77	92	108	129	145	174
Home Health Aide	81	460	113	647	153	872
Total Duplicated Clients and Visits	2,886	18,388	4,061	25,875	5,475	34,884
Full Episodes without Outlier	651	11,713	916	16,483	1,235	22,222
Full Episodes with Outlier	22	476	31	669	42	902
Partial Episode Payment (PEP)	7	39	10	55	14	74
Low-Utilization Payment Adjustment (LUPA)	34	44	47	61	64	83
Total Medicare Clients and Visits	714	12,272	1,004	17,269	1,354	23,281

In Section Q, pages 123-136, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1: Determine Use Rate Per 1,000 Patients by Age Group for Forsyth County

Table 1-Forsyth County Average Use Rate 2019-2022 by Age Group		
Notes	Age Group	Use Rate
a	<18	0.63
b	18-64	9.16
c	65-74	71.99
d	75+	205.44

Source: Section Q, page 123; 2023 SMFP Table 12B, Column J, Forsyth County 2019-2021 & 2023 LRAs

Step 2: Project Total Home Health Patient Need for Forsyth County Years 2021-2027

Table 2-Forsyth County Population by Age Group for Years 2023-2027					
Age Group	2023	2024	2025	2026	2027
<18	83,584	83,386	83,127	83,022	83,046
18-64	237,039	238,039	239,203	240,491	241,831
65-74	38,785	39,460	40,309	41,077	41,623
75+	28,957	30,058	31,078	32,057	33,193

Source: Section Q, page 124; NCOSBM Population Projections by Single Group and Sex, 2000-2050; accessed Jan 2023

Table 3 - Forsyth Home Health Patient Need by Age Group							
Age Group	2021 Actual	2022	2023	2024	2025	2026	2027
	a	b	c	d	e	f	g
<18	87	66	53	53	52	52	52
18-64	2,167	1,871	2,171	2,180	2,191	2,203	2,215
65-74	2,645	2,854	2,792	2,841	2,902	2,957	2,996
75+	5,061	5,630	5,949	6,175	6,385	6,586	6,819
Total	9,960	10,421	10,965	11,249	11,530	11,798	12,082

Source: Section Q, page 124

a) 2023 SMFP Table 12B

b) Calculated from 2023 LRAs

c) 2023 population for each age group (Table 2) / 1,000 * Use rate for corresponding age group (Table 1)

d) 2024 population for each age group (Table 2) / 1,000 * Use rate for corresponding age group (Table 1)

e) 2025 population for each age group (Table 2) / 1,000 * Use rate for corresponding age group (Table 1)

f) 2026 population for each age group (Table 2) / 1,000 * Use rate for corresponding age group (Table 1)

g) 2027 population for each age group (Table 2) / 1,000 * Use rate for corresponding age group (Table 1)

h) Sum of all age groups each year

Step 3: Project Total Number of Forsyth County Home Health Patients Served by Existing Agencies

Table 4 - Forsyth County Patient Served by Home Health Agencies 2019-2022						
Age Group	2019	2020	2021	2022	2019-2022 CAGR*	2019-2022 Average
a	b	c	d	e	f	g
<18	31	30	87	66	29%	54
18-64	2,370	2,158	2,167	1,871	-8%	2,142
65-74	2,623	2,602	2,645	2,854	3%	2,681
75+	5,434	5,290	5,061	5,630	1%	5,354
Total	10,458	10,080	9,960	10,421	-0.1%	10,230

Source: Section Q, page 125

*Compound Annual Growth Rate

a) Age group

b) From 2023 SMFP Table 12B, Columns B, E, and H

c) From 2023 SMFP Table 12B, Columns B, E, and H

d) From 2023 SMFP Table 12B, Columns B, E, and H

e) From 2023 LRAs

f) $(\text{Ending value}/\text{beginning value})^{(1/\text{No. of periods})} - 1$

g) Average of years 2019-2022 by age group

Assumptions:

1) Patients served by existing agencies remain constant from 2022 to 2027.

Table 5 – Total Patients Served by Existing Agencies for Years 2021-2027								
Notes	County	2021	2022	2023	2024	2025	2026	2027
a	Forsyth	9,960	10,421	10,421	10,421	10,421	10,421	10,421

Source: Section Q, page 126

a) The year 2021 is a sum of Table 12C, 2023 SMFP, Column B for all age groups in Forsyth County. The year 2022 is the total number of patients served by existing agencies from the 2023 LRAs. This is held constant for all remaining years.

Step 4: Calculate the Total Unmet Need, Potential Unique Patients to be Served in Forsyth County for the years 2024-2027

Table 6-Total Unmet Need, Unduplicated Patients for Forsyth County Years 2024-2027					
Notes	County	2024	2025	2026	2027
a	Forsyth	828	1,109	1,377	1,661

Source: Section Q, page 127

a) Total Forsyth County home health patient need for each year (Table 3, Row e) minus Forsyth County patients served by existing Agencies (Table 5)

Step 5: Project PHC Market Share of Forsyth County Unmet Need and Market Share by Project Year

Table 7-Projected PHC Market Share of Unduplicated Patients by Project Year					
Notes	County	2024	2025	2026	2027
a	Forsyth	55%	75%	85%	95%

Source: Section Q, page 128

a) Estimated Forsyth County market share by project year

Step 6: Project Unduplicated Patients Served by PHC by Project Year, 2024-2027

Table 8-Total Unduplicated Patients Served by PHC by Project Year, 2024-2027					
Notes	County	2024	2025	2026	2027
a	Forsyth	455	832	1,170	1,578

Source: Section Q, page 129

a) PHC projected unduplicated patients by year (Table 6) * PHC expected market share by project year (Table 7)

Step 7: Project Unduplicated Patients to be Served by PHC

Table 9-Projected PHC Forsyth County Office Payor Mix	
Payor	Projected PHC Payer %
Medicare	72.7%
Medicaid	20.0%
Private/Commercial Insurance	2.5%
Indigent	1.7%
Other	3.1%
Total	100.0%

Source: Section Q, page 130; PHC internal data

Assumptions:

- 1) Payor mix is conservative based on PHC's experience.
- 2) Payor mix will remain constant from 2024-2027
- 3) Charlotte office is mature and reflects PHC's market approach.

Table 10-Projected PHC Unduplicated Patients by Payor Class					
Notes	Payor	2024	2025	2026	2026
a	Medicare	331	605	851	1,147
b	Medicaid	91	166	234	316
c	Private/Commercial Insurance	11	21	29	39
d	Indigent	8	14	20	27
e	Other	14	26	36	49
f	Total	455	832	1,170	1,578

Source: Section Q, page 131

- a) Projected PHC Patients (Table 8) * Est. Medicare Payor Mix (Table 9)
- b) Projected PHC Patients (Table 8) * Est. Medicaid Payor Mix (Table 9)
- c) Projected PHC Patients (Table 8) * Est. Private/Commercial Insurance Payor Mix (Table 9)
- d) Projected PHC Patients (Table 8) * Est. Indigent Payor Mix (Table 9)
- e) Projected PHC Patients (Table 8) * Est. Other Payor Mix (Table 9)
- f) a + b + c + d + e

Step 8: Project Number of Unduplicated and Readmitted Patients by Payor Class

Table 11-Projected Number of PHC Home Health Agency Patient Admissions by Payor Class						
Notes	Payor	Episode Factor	2024	2025	2026	2026 [2027]
a	Medicare	1.18	391	714	1,004	1,354
b	Medicaid	1.58	144	263	370	499
c	Private/Commercial Insurance	1.33	15	28	39	52
d	Indigent	1.3	10	18	26	35
e	Other	1.0	14	26	36	49
f	Total		574	1,048	1,475	1,989

Source: Section Q, page 132

Note: Project Analyst's correction is in brackets.

- a) Projected PHC Medicare Patients (Table 10) * Est. Medicare Episode Factor
- b) Projected PHC Medicaid Patients (Table 10) * Est. Medicaid Episode Factor
- c) Projected PHC Private/Commercial Insurance Patients (Table 10) * Est. Private/Commercial Insurance Episode Factor
- d) Projected PHC Indigent Patients (Table 10) * Est. Indigent Episode Factor
- e) Projected PHC Other Patients (Table 10) * Est. Other Episode Factor
- f) a + b + c + d + e

Assumption:

- 1) Episode factors are reasonable based on PHC's FY2022 experience.

Step 9: Project the Number of PHC Medicare Episodes by Start of Care

Table 12-PHC Projected Distribution of Medicare Episode Starts of Care				
Full Episode w/out Outliers	Full Episode w/ Outliers	LUPA	PEP	Total
91.2%	3.1%	4.7%	1.0%	100%

Source: Section Q, page 133; PHC internal data

Table 13-Projected Number of PHC Medicare Episodes by Reimbursement Type, 2024-2027					
Notes	Payor	2024	2025	2026	2027
a	Full Episode w/out Outliers	356	651	915	1,235
b	Full Episode w/ Outliers	12	22	31	42
c	LUPA	18	34	47	64
d	PEP	4	7	10	14
e	Total	391	714	1,004	1,354

Source: Section Q, page 133

- a) Projected PHC Medicare Patients (Table 11) *Est. Medicare Episode w/out Outliers Distribution (Table 12)
- b) Projected PHC Medicare Patients (Table 11) *Est. Medicare Episode w/ Outliers Distribution (Table 12)
- c) Projected PHC Medicare Patients (Table 11) *Est. Medicare Episode LUPA Distribution (Table 12)
- d) Projected PHC Medicare Patients (Table 11) *Est. Medicare Episode PEP Distribution (Table 12)
- e) a + b + c + d

Step 10: Summarize Projected Number of Patient Admissions by Reimbursement Type, 2024-2027

Notes	Payor	2024	2025	2026	2027
a	Full Episode w/out Outliers	356	651	916	1,235
b	Full Episode w/ Outliers	12	22	31	42
c	Medicare LUPAs	18	34	47	64
d	Medicare PEPs	4	7	10	14
e	Medicaid	144	263	370	499
f	Private/Commercial Insurance	15	28	39	52
g	Indigent	10	18	26	35
h	Other	14	26	36	49
i	Total	574	1,048	1,475	1,989

Source: Section Q, page 134

- a) Medicare Full Episode w/out Outliers Duplicated Patients (Table 13)
- b) Medicare Full Episode w/ Outliers Duplicated Patients (Table 13)
- c) Medicare LUPA Duplicated Patients (Table 13)
- d) Medicare PEP Duplicated Patients (Table 13)
- e) Medicaid Admitted Patients (Table 11)
- f) Private/Commercial Insurance Admitted Patients (Table 11)
- g) Indigent Admitted Patients (Table 11)
- h) Other Admitted Patients (Table 11)
- i) a + b + c + d + e + f + g + h

Step 11: Project Number of PHC Visits by Start of Care by Reimbursement Type, 2024-2027

Start of Care	Average Visits per Start
Full Episode w/out Outliers	18.0
Full Episode w/ Outliers	21.5
Medicare LUPAs	1.3
Medicare PEPs	5.5
Medicaid	19.0
Private/Commercial Insurance	14.0
Indigent	16.0
Other	17.1

Source: Section Q, page 135; PHC internal data

Assumptions:

- 1) PHC internal data are reasonable and conservative.
- 2) This information is not available in LRAs for existing Forsyth County agencies; therefore, the applicant relied on its own experience.

Table 16-Projected Number of PHC Visits by Start of Care by Reimbursement Type, 2024-2027					
Notes	Payor	2024	2025	2026	2027
a	Medicare Full Episode w/out Outliers	6,413	11,713	16,483	22,222
b	Medicare Full Episode w/ Outliers	260	476	669	902
c	Medicare LUPAs	24	44	61	83
d	Medicare PEPs	21	39	55	74
e	Medicaid	2,734	4,994	7,027	9,474
f	Private/Commercial Insurance	212	387	545	735
g	Indigent	161	294	414	558
h	Other	241	441	620	836
i	Total	10,068	18,388	25,575	34,884

Source: Section Q, page 136

- a) Medicare Full Episode w/out Outliers Duplicated Patients (Table 14) * Medicare Full Episode w/out Outliers Average Visits (Table 15)
- b) Medicare Full Episode w/ Outliers Duplicated Patients (Table 14) * Medicare Full Episode w/ Outliers Average Visits (Table 15)
- c) Medicare LUPA Duplicated Patients (Table 14) * Medicare LUPA Average Visits (Table 15)
- d) Medicare PEP Duplicated Patients (Table 14) * Medicare PEP Average Visits (Table 15)
- e) Medicaid Duplicated Patients (Table 14) * Medicaid Average Visits (Table 15)
- f) Private/Commercial Insurance Duplicated Patients (Table 14) * Private/Commercial Insurance Average Visits (Table 15)
- g) Indigent Duplicated Patients (Table 14) * Indigent Average Visits (Table 15)
- h) Other Duplicated Patients (Table 14) * Other Average Visits (Table 15)
- i) a + b + c + d + e + f + g + h

Step 12: Forecast Number of Unduplicated Patients Served by Discipline and Unduplicated and Readmitted Patients by Discipline

Table 17-PHC Projected Distribution of Visits by Care Discipline	
Discipline	% of Total Visit
Skilled Nursing	43.0%
Physical Therapy	34.2%
Occupational Therapy	17.0%
Speech Therapy	2.8%
Medical Social Worker	0.5%
Home Health Aide	2.5%
Total	100.0%

Source: Section Q, page 137; PHC internal data

Assumption:

Distribution is based on PHC's experience and is comparable to its existing home health agencies.

Table 18-Projected Number of Unduplicated Patients Served by Discipline					
Notes	Payor	2024	2025	2026	2027
a	Skilled Nursing	196	358	503	679
b	Physical Therapy	156	284	400	540
c	Occupational Therapy	77	141	199	268
d	Speech Therapy	13	23	33	44
e	Medical Social Worker	2	4	6	8
f	Home Health Aide	11	21	29	39
g	Total	455	832	1,170	1,578

Source: Section Q, page 137

- a) Total estimated unduplicated patients (Table 10) * skilled nursing percent distribution of visits (Table 17)
- b) Total estimated unduplicated patients (Table 10) * physical therapy percent distribution of visits (Table 17)
- c) Total estimated unduplicated patients (Table 10) * occupational therapy percent distribution of visits (Table 17)
- d) Total estimated unduplicated patients (Table 10) * speech therapy percent distribution of visits (Table 17)
- e) Total estimated unduplicated patients (Table 10) * medical social worker percent distribution of visits (Table 17)
- f) Total estimated unduplicated patients (Table 10) * home health aide percent distribution of visits (Table 17)
- g) a + b + c + d + e + f

Table 19-Projected Number of Unduplicated Patients Served by Discipline					
Notes	Payor	2024	2025	2026	2027
a	Skilled Nursing	254	463	652	879
b	Physical Therapy	202	368	519	699
c	Total	455	832	1,170	1,578

Source: Section Q, page 138

- a) Total estimated unduplicated patients by payor class (Table 10) * 56%
- b) Total estimated unduplicated patients by payor class (Table 10) * 44%

Assumptions:

- 1) Fifty-six percent of patients are admitted to Skilled Nursing.
- 2) Forty-four percent of patients are admitted to Physical Therapy.

Table 20-Projected Number of Patients Admissions Served by Discipline					
Notes	Payor	2024	2025	2026	2027
a	Skilled Nursing	247	451	634	855
b	Physical Therapy	196	358	504	680
c	Occupational Therapy	98	178	251	338
d	Speech Therapy	16	29	41	56
e	Medical Social Worker	3	5	7	10
f	Home Health Aide	14	26	37	50
g	Total	574	1,048	1,475	1,989

Source: Section Q, page 138

- a) Total estimated admitted patients (Table 11) * skilled nursing percent distribution of visits (Table 17)
- b) Total estimated admitted (Table 11) * physical therapy percent distribution of visits (Table 17)
- c) Total estimated admitted patients (Table 11) * occupational therapy percent distribution of visits (Table 17)
- d) Total estimated admitted patients (Table 11) * speech therapy percent distribution of visits (Table 17)
- e) Total estimated admitted patients (Table 11) * medical social worker percent distribution of visits (Table 17)
- f) Total estimated admitted patients (Table 11) * home health aide percent distribution of visits (Table 17)
- g) a + b + c + d + e + f

Step 13: Forecast Visits by Discipline for Years 2024-2027

Table 21-Total Visits by Discipline					
Notes	Payor	2024	2025	2026	2027
a	Skilled Nursing	4,329	7,907	11,126	15,000
b	Physical Therapy	3,443	6,289	8,849	11,930
c	Occupational Therapy	1,711	3,126	4,399	5,930
d	Speech Therapy	282	515	725	977
e	Medical Social Worker	50	92	129	174
f	Home Health Aide	252	460	647	872

Source: Section Q, page 139

Step 14: Forecast Number of Duplicated Patients, 2024-2027

The applicant forecasts the projected number of duplicated patients by dividing visits by discipline from *Table 21* by the number of visits per duplicated patient by discipline. See *Table 22* in Section Q, page 140 of the application.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant’s projections of home health patients that it projects to serve are consistent with and supported by the projected home health deficit for Forsyth County identified in the 2023 SMFP.

- The applicant’s projections are supported by the projected growth and aging of the population and the historical use rate of home health services in the proposed service area.
- The applicant’s projections of market share, admission by discipline, duplicated to unduplicated patients, and visits by patient and payor type are based on the historical home health agency’s operating experience.

Access to Medically Underserved Groups

In Section C, page 63, the applicant states:

“PHC will accept all patients, regardless of gender, gender preference, race, ethnicity, age, income or disability status....PHC will seek Medicare and Medicaid certifications and provide services to beneficiaries of both programs. PHC has a generous charity policy as well...

...

PHC incorporates a cultural diversity training model into staff orientation.

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

PHC Home Health-Forsyth, 3rd Full FY	
Medically Underserved Groups	Percentage of Total Patients
Low-income persons	21.7% (Medicaid beneficiaries + charity)
Racial and ethnic minorities	46% (proportionate to population, includes Hispanic)
Women	53.0% (proportionate to population)
Persons with Disabilities	11.4% (proportionate to population)
Persons 65 and Older	72.7% (Medicare beneficiaries)
Medicare beneficiaries	72.7% (Medicare beneficiaries)
Medicaid recipients	20.0% (Medicaid beneficiaries)

Source: Section C, page 64

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on information provided in Section C, pages 63-64, and Section L, pages 99-104.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12362-23/Well Care Home Health of Forsyth County/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Kernersville, Forsyth County.

On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists of Forsyth County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates projected patient origin.

Well Care Home Health of Forsyth County Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	7/1/24 to 6/30/25		7/1/25 to 6/30/26		7/1/26 to 6/30/27	
	FY2025		FY2026		FY2027	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Forsyth	713	58.0%	1,144	54.5%	1,293	50.9%
Guilford	487	39.7%	904	43.0%	1,174	46.2%
Stokes	28	2.3%	53	2.5%	73	2.9%
Total	1,229	100.0%	2,100	100.0%	2,539	100.0%

Source: Section C, page 47
 Totals may not foot due to rounding.

In Section Q, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s projected patient origin is based on its projections of the unmet need for home health services in Forsyth, Guilford, and Stokes counties and its projections of market share for the proposed home health agency in those counties through the first three full fiscal years operation, as described in Section Q of the application. The applicant’s assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 48-65, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- The 2023 SMFP identified a need for an additional Medicare-certified home health agency in Forsyth County and a home health deficit of 449.83 home health patients by 2024. (pages 48-51)
- Well Care's historical home health utilization and market share. (pages 51-52)
- The proposed location of the agency will enhance access to home health services in surrounding cities/communities and allow Well Care to recruit and retain quality staff. (pages 53-55)
- Well Care's reputation as a high-quality home health provider serving Forsyth County residents and residents in other surrounding counties. (pages 55-57)
- Growth and aging of the population in Forsyth County. (pages 57-60)
- The prevalence of chronic diseases in Forsyth and surrounding counties (pages 60-63)
- The historical use rate and cost savings for home health services. (pages 63-65)

The information is reasonable and adequately supported based on the following:

- There is a need for one Medicare-certified home health agency or office in Forsyth County, as stated in the 2023 SMFP.
- The applicant's demonstration of need is supported by Well Care's historical utilization and market share of home health services.
- The applicant's statements regarding need are supported by population growth and aging data from NCOSBM for the proposed service area.

Projected Utilization

In Section Q, pages 129, the applicant provides projected utilization, as illustrated in the following table.

Well Care Home Health of Forsyth County	1 st Full FY		2 nd Full FY		3 rd Full FY	
	FY 2025 7/01/24- 6/30/25		FY 2026 7/01/25- 6/30/26		FY2027 7/01/26- 6/30/27	
	# of Clients	# of Visits	# of Clients	# of Visits	# of Clients	# of Visits
Unduplicated Clients by Admitting Discipline						
Nursing	787		1,344		1,625	
Physical Therapy	442		756		914	
Speech Therapy						
Occupational Therapy						
Total Unduplicated Clients	1,229		2,100		2,539	
Duplicated Clients and Visits by Discipline						
Nursing	810	7,939	1,727	16,927	2,088	20,464
Physical Therapy	1,098	8,453	2,338	18,001	2,826	21,759
Speech Therapy	154	756	326	1,597	394	1,931
Occupational Therapy	669	2,875	1,424	6,123	1,721	7,401
Medical Social Worker	206	247	435	522	525	630
Home Health Aide	186	948	399	2,033	482	2,457
Total Duplicated Clients and Visits	3,122	21,217	6,648	45,203	8,036	54,642
Full Episodes without Period Outliers	1,252	17,033	2,707	36,832	3,273	44,528
Full Episodes with Period Outliers	30	680	65	1,467	78	1,768
Partial Episodes with Partial Period Payments	2	21	3	35	4	42
Patient Episodes with Low-Utilization Payment Adjustments (LUPAs)	237	488	513	1,055	620	1,276
Total Medicare Clients and Visits	1,521	18,222	3,288	39,389	3,975	47,614

In Section Q, pages 130-145, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1: The applicant summarized the projected 2024 home health patient deficit for Forsyth, Guilford, and Stokes Counties, as stated in the 2023 SMFP.

2024 Need Projections for Medicare-Certified Home Health Agencies or Offices			
County	Potential Total People Served	Projected Utilization in 2024	Surplus or (Deficit)
Forsyth	9,743	10,193	(450)
Guilford	11,966	12,354	(388)
Stokes	1,527	1,567	(39)

Source: Section Q, page 131; 2023 SMFP

Step 2: The applicant calculated the 2-year CAGR for the home health patients served in Forsyth, Guilford, and Stokes Counties for 2019-2021. Each county experienced a negative CAGR. The applicant states that the negative CAGRs indicate that the existing home health

agencies in the service area are not providing levels of care that are consistent with the needs of the growing and aging population.

Home Health Patients Served				
County	2019	2020	2021	2-Year CAGR
Forsyth	10,458	10,080	9,960	-2.4%
Guilford	13,087	12,812	12,280	-3.1%
Stokes	1,626	1,518	1,595	-1.0%

Source: Section Q, page 132; 2021-2023 SMFP

Step 3: The applicant projects that the 2024 need projections, as stated in the 2023 SMFP, will remain constant through 2027.

Projected Home Health Patients					
County	2024	2025	2026	2027	CAGR
Forsyth	10,193	10,193	10,193	10,193	0%
Guilford	12,354	12,354	12,354	12,354	0%
Stokes	1,567	1,567	1,567	1,567	0%

Source: Section Q, page 132

Step 4: The applicant projects that Well Care will serve 75% of the 2023 SMFP projected deficit for Forsyth County in 2024. The applicant projects that Well Care will have 3.3% of the Forsyth County market share during the first project year. The applicant projects that in its first year of operation it will serve approximately two-thirds of the patient deficit in Forsyth, Guilford and Stokes counties, or 551 patients. The applicant's projections are supported by Well Care's in-depth home services and the agency's established corporate resources and infrastructure in North Carolina.

Well Care Proposed New Medicare-Certified Home Health Agency 2023 SMFP Projected Deficit of Home Health Patients			
County	SMFP Projected HH Patient Deficit in 2024	Well Care Project Year 1	
		% of Deficit Served by WCFC	Share of HH Patient Deficit
Forsyth	450	75%	338
Guilford	388	50%	194
Stokes	39	50%	20
Total			551

Source: Section Q, page 133

Well Care Proposed New Medicare-Certified Home Health Agency Incremental Home Health Patient Market Share Year One (July 1, 2024-June 30, 2025)			
County	WCFC HH Patient Served*	Projected Total HH Patients (Step 1)	Estimated WCFC Market Share
Forsyth	338	10,193	3.3%
Guilford	194	12,354	1.6%
Stokes	20	1,567	1.2%

Source: Section Q, page 134

*Based on share of projected home health patient deficit served during Project Year 1.

Step 5: The applicant projects that Well Care’s market share will increase by 1.0% for years 2 and 3 and projects the number of home health patients based on the incremental market share projections.

Well Care Proposed New Medicare-Certified Home Health Agency Incremental Home Health Patient Market Share					
	SFY2025	SFY2026		SFY2027	
	Year 1 Market Share	Year 2 Gain	Year 2 Market Share	Year 3 Gain	Year 3 Market Share
Forsyth	3.3%	1.0%	4.3%	1.0%	5.3%
Guilford	1.6%	1.0%	2.6%	1.0%	3.6%
Stokes	1.2%	1.0%	2.2%	1.0%	3.2%

Source: Section Q, page 134

Well Care Proposed New Medicare-Certified Home Health Agency Home Health Patients Based on Incremental Market Share			
County	SFY2025	SFY2026	SFY2027
Forsyth	338	439	541
Guilford	194	318	441
Stokes	20	35	51
Total	551	792	1,033

Source: Section Q, page 135

Step 6: The applicant identified the number of home health patients from Forsyth, Guilford, and Stokes counties served by Well Care by its Davie County Agency during 2020-2022. The applicant projects that a percentage of Well Care’s market share will shift to the proposed home health agency and increase incrementally for the first three years of the project. The applicant’s projections are based on the historical market share of Well Care’s Davie County home health agency. The applicant projects a ramp up in the shift of existing patient volume from Well Care’s Davie County home health agency.

Home Health Patients Served by Well Care Home Health of the Triad, Inc.			
County	2020	2021	2022
Forsyth	775	883	939
Guilford	1,249	1,480	1,466
Stokes	68	49	44

Source: Section Q, page 135

Shift of 2022 Patient Volume from Well Care Home Health of the Triad, Inc. to Proposed New Home Health Agency					
Well Care HC0496			Proposed WCFC Home Health Agency		
2022			SFY2025	SFY2026	SFY2027
Forsyth County HH Patients	939	<i>% Shift to WCFC</i>	<i>40.0%</i>	<i>75.0%</i>	<i>80.0%</i>
		Forsyth County HH Patients	376	704	751
Guilford County HH Patients	1,466	<i>% Shift to WCFC</i>	<i>20.0%</i>	<i>40.0%</i>	<i>50.0%</i>
		Guilford County HH Patients	293	586	733
Stokes County HH Patients	44	<i>% Shift to WCFC</i>	<i>20.0%</i>	<i>40.0%</i>	<i>50.0%</i>
		Stokes County HH Patients	9	18	22

Source: Section Q, page 136

Step 7: The applicant projects the total number of unduplicated home health patients to be served based on the projected market share and incremental market share shift.

Well Care Proposed New Medicare-Certified Home health Agency Home Health Patients Served			
County	Year 1	Year 2	Year 2
	SFY2025	SFY2026	SFY2027
Forsyth (new market share)	338	439	541
Forsyth (shift of existing patient volume)	376	704	751
Forsyth County Subtotal	713	1,144	1,293
Guilford (new market share)	194	318	441
Guilford (shift of existing patient volume)	293	586	733
Guilford County Subtotal	487	904	1,174
Stokes (new market share)	20	35	51
Stoked (shift of existing patient volume)	9	18	22
Stokes County Subtotal	28	53	73
Total Unduplicated HH Patients	1,229	2,100	2,539

Source: Section Q, page 136

Step 8: The applicant projects the total unduplicated home health patients by admitting service discipline. The applicant’s projections are based on Well Care’s experience as a home health provider and documented support for the project.

Well Care Home Health of Forsyth, Inc. Unduplicated Home Health Patients by Admitting Service Discipline				
Admitting Service Discipline	% of Total	SFY2025	SFY2026	SFY2027
Nursing	64.0%	787	1,344	1,625
Physical Therapy	36.0%	442	756	914
Total Unduplicated Clients	100.0%	1,229	2,100	2,539

Source: Section Q, page 138

Step 9: The applicant projects the total unduplicated home health patients by payor source based on the assumptions and methodology stated in Section L of the application.

Well Care Home Health of Forsyth, Inc. Unduplicated Home Health Patients by Payor Source				
Payor Source	SFY2025	SFY2026	SFY2027	% of Total
Medicare	1,026	1,754	2,120	83.5%
Medicaid	111	189	229	9.0%
Commercial	49	84	102	4.0%
Indigent/Self-Pay	12	21	25	1.0%
TriCare	31	53	63	2.5%
Total	1,229	2,100	2,539	100.0%

Source: Section Q, page 138

Step 10: The applicant projects the total duplicated home health patients by payor source based on Well Care’s historical experience. The applicant projects that 25% of Medicare and Medicaid patients will be admitted more than once. To be conservative, the applicant does not project readmissions for commercial or private patients.

Well Care Home Health of Forsyth, Inc. Projected Home Health Patients (Including Readmissions)			
County	Project Year 1 SFY2025	Project Year 2 SFY2026	Project Year 3 SFY2027
Medicare	1,026	2,192	2,650
Medicaid	111	236	286
Commercial	49	84	102
Indigent/Self-Pay	12	21	25
TriCare	31	53	63
Total	1,229	2,586	3,126

Source: Section Q, page 139

Formula: Medicare and Medicaid patients from *Step 6* x 1.25 (applied beginning project year 2)

Step 11: The applicant projects the number of episodes per Medicare admission and subsequently by reimbursement type. The applicant projects 1.5 episodes per Medicare admission based on Well Care’s experience since the implementation of Patient Driven Groupings Model (PDGM). See *Tables Q.14* and *Q.15* on pages 140-141 of the application.

Step 12: The applicant summarized the duplicated home health patients by payor source and reimbursement type for Medicare and non-Medicare payors through the first three full fiscal years. See *Table Q.16* on page 141 of the application.

Step 13: The applicant projects visits per start of care by reimbursement type and payor source based on Well Care’s experience since the implementation of PDGM. See *Table Q.17* on page 142 of the application.

Step 14: The applicant projects the distribution of visits by service discipline and the number of visits by service discipline and payor for the first three project years based on Well Care’s experience since the implementation of PDGM. See *Tables Q.18* through *Q.21* on pages 143-144 of the application.

Step 15: The applicant projects the number of duplicated clients by service discipline for the first three project years based on Well Care’s experience since the implementation of PDGM.

Well Care Home Health of Forsyth, Inc. Duplicated Clients by Service Discipline							
Service Discipline	Visit per Duplicated Client*	1 st Full FY		2 nd Full FY		3 rd Full FY	
		From 7/1/24		From 7/1/25		From 7/1/26	
		To 6/30/25		To 6/30/26		To 6/30/27	
		# of Duplicated Clients	# of Visits	# of Duplicated Clients	# of Visits	# of Duplicated Clients	# of Visits
Nursing	9.8	810	7,939	1,727	16,927	2,088	20,464
Physical Therapy	7.7	1,098	8,453	2,338	18,001	2,826	21,759
Speech Therapy	4.9	154	756	326	1,597	394	1,931
Occupational Therapy	4.3	669	2,875	1,424	6,123	1,721	7,401
Medical Social Worker	1.2	206	247	435	522	525	630
Home Health Aide	5.1	186	948	399	2,033	482	2,457
Duplicated Clients and Visits Total		3,122	21,217	6,648	45,203	8,036	54,642

Source: Section Q, page 145

Totals may not foot due to rounding.

*Based on Well Care experience of existing Medicare-certified home health agencies post PDGM.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant’s projections are supported by the projected growth and aging of the population in the proposed service area.
- The applicant’s projected market share is supported by Well Care’s historical market share of patients residing in Forsyth, Guilford, and Stokes counties served by Well Care’s Davie County home health agency.
- The applicant’s projections of admission by duplicated and unduplicated patients, and visits by reimbursement and payor type are based on the applicant’s historical home health agency operating experience.

Access to Medically Underserved Groups

In Section C, pages 69-70, the applicant states:

“WCFC is committed to assisting patients to obtain coverage from various programs as well as providing financial assistance to every person in need of medically necessary home health services.

...

WCFC will not exclude, deny benefits to, or otherwise discriminate against any person on the ground of race, color, or national origin, sex, age or on the basis of disability...

...

WCFC will not discriminate on the basis of age. The vast majority of home health patients are typically 65 and older.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Well Care Home Health of Forsyth County 3rd Full FY	
Medically Underserved Groups	Percentage of Total Patients
Low-income persons	8.0%
Racial and ethnic minorities	34.1%
Women	61.0%
Persons with Disabilities*	
Persons 65 and Older	88.2%
Medicare beneficiaries	87.5%
Medicaid recipients	8.0%

Source: Section C, page 71

*Well Care does not have a method to estimate percentage of patients with disabilities.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on information provided in Section B, page 29 and Section L, pages 113-117.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12364-23/Novant Health Home Care-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Clemmons, Forsyth County.

On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists

of Forsyth County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates projected patient origin.

Novant Health Home Care-Forsyth Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	1/1/25 to 12/31/25		1/1/26-12/31/26		1/1/27-12/31/27	
	CY2025		CY2026		CY2027	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Forsyth	780	80.7%	864	79.7%	947	78.8%
Davidson	186	19.3%	219	20.2%	255	21.2%
Total	966	100.0%	1,084	100.0%	1,202	100.0%

Source: Section C, page 44

In Section Q, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s projected patient origin is based on its projections of the unmet need for home health services in Forsyth and Davidson counties and its projections of use rates and hospital inpatients discharged to home health. The applicant’s assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 45-61, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- According to NCOSBM, the 65+ age group in Forsyth County, the group most likely to utilize home health services, is projected to grow 20.8% over the next ten years (2023-2033) (page 46).
- The applicant demonstrates that the increase in Forsyth County life expectancy indicates that home health patients will utilize services for a longer period (pages 46-47).
- The proposed home health agency will improve continuity of care for Novant Health patients by decreasing excess inpatient stays and maintain a network to coordinate a patient’s care (pages 47-50).
- Forsyth County residents can benefit from Novant Health’s history of providing high quality home health care (pages 50-51).
- Novant Health will offer specialized clinical programs as an initiative to improve outcomes and quality of home health services (pages 51-59).
- The healthcare industry has shifted more towards ambulatory and home and community-based settings for care which demonstrates the need for high quality home health services (pages 59-61).

- The law to expand Medicaid coverage for North Carolina residents will increase the demand for home health services among the adult population aged under 65 years (page 61).

The information is reasonable and adequately supported based on the following:

- There is a need for one Medicare-certified home health agency or office in Forsyth County, as stated in the 2023 SMFP.
- The applicant’s demonstration of need is supported by the historical utilization of home health services and the need to improve quality and the continuity of care.
- The applicant’s statements regarding need are supported by population growth and aging data from NCOSBM for the proposed service area.

Projected Utilization

In Section Q, page 128, the applicant provides historical and projected utilization, as illustrated in the following table.

Novant Health Home Care-Forsyth	1 st Full FY		2 nd Full FY		3 rd Full FY	
	CY 2025		CY 2026		CY 2027	
	# of Clients	# of Visits	# of Clients	# of Visits	# of Clients	# of Visits
Unduplicated Clients by Admitting Discipline						
Nursing	732		822		911	
Physical Therapy	234		262		291	
Speech Therapy						
Occupational Therapy						
Total Unduplicated Clients	966		1,084		1,202	
Duplicated Clients and Visits by Discipline						
Nursing	1,189	7,192	1,334	8,070	1,480	8,949
Physical Therapy	1,097	10,892	1,232	12,223	1,366	13,554
Speech Therapy	116	809	130	908	144	1,007
Occupational Therapy	480	2,569	539	2,883	597	3,197
Medical Social Worker	104	132	116	148	129	164
Home Health Aide	83	483	93	542	103	601
Total Duplicated Clients and Visits	3,069	22,077	3,444	24,774	3,819	27,471
Full Episodes without Period Outliers	1,003	7,422	1,125	8,329	1,248	9,235
Full Episodes with Period Outliers	12	237	13	265	15	294
Partial Episodes with Partial Period Payments	5	27	6	30	7	33
Patient Episodes with Low-Utilization Payment Adjustments (LUPAs)	122	221	136	248	151	274
Total Medicare Clients and Visits	1,141	7,906	1,281	8,872	1,420	9,837

In Section Q, pages 130-138, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1: Determine Service Area Unduplicated Home Health Patients in 2024

The applicant identified the 2023 SMFP projections of the number of unduplicated home health patients by age group and the home health use rates for 2024 in the service area which consists of Forsyth and Davidson counties.

Forsyth County Home Health Use Rate and Projected Home Health Patients, 2024			
Age Group	Use Rate per 1,000	Population	Home Health Patients
18-64	8.1245	239,787	1,948
65-74	69.8798	39,596	2,767
75+	169.9019	30,165	5,125
Total 18+		309,548	9,840

Source: Section Q, page 131; 2023 SMFP 12C

Davidson County Home Health Use Rate and Projected Home Health Patients, 2024			
Age Group	Use Rate per 1,000	Population	Home Health Patients
18-64	9.2743	104,449	969
65-74	65.2126	19,678	1,283
75+	186.5208	14,725	2,747
Total 18+		138,852	4,998

Source: Section Q, page 131; 2023 SMFP 12C

Step 2: Project Service Area Home Health Use Rate for 2025-2027

The applicant applied the 2019-2024 CAGR for each county's home health use rate by age group to project the number of service area unduplicated home health patients.

Step 2a: Calculate 2019-2024 Home Health Use Rate CAGR

The applicant calculated the 5-year home health use rate CAGR for the service area residents using the use rates by age group published in the 2023 SMFP. The use rate is projected to decline in 2024 according to the 2023 SMFP. The applicant projects that the use rate will not decrease indefinitely because of the increasing preference for outpatient and home-based services. In addition, the applicant states on page 132 and demonstrates in a table, that in 2017-2019, prior to the COVID-19 pandemic, use rates for Forsyth County residents in the 65-74 and 75+ age groups were increasing.

Home Health Use Rate per 1,000 Forsyth County Residents					
Age Group	2019	2020	2021	2024	5-Year CAGR
18-64	10.21	9.31	9.21	8.1245	-4.5%
65-74	73.14	70.34	69.9	69.8798	-0.9%
75+	218.13	208.94	191.74	169.9019	-4.9%

Source: Section Q, page 131; 2023 SMFP Chapter 12

Home Health Use Rate per 1,000 Davidson County Residents					
Age Group	2019	2020	2021	2024	5-Year CAGR
18-64	9.89	9.53	10.66	9.2743	-1.3%
65-74	61.33	59.36	64.25	65.2126	1.2%
75+	150.75	148.96	207.98	186.5208	4.4%

Source: Section Q, page 131; 2023 SMFP Chapter 12

Step 2b-Apply CAGR to Determine 2025-2027 Home Health Use Rate

To project the use rate for 2025, the applicant applied the CAGR from *Step 2a*. To project the use rate for 2026 and 2027, the applicant multiplied the CAGR by the previous year's use rate. For the 18-64 age group in Forsyth County, however, the 2026 use rate was determined by multiplying the 2025 use rate by 95.5%.

			Future Home Health Use Rate-Forsyth		
Age Group	2024 Use Rate (Step 1)	5-Year CAGR (Step 2a)	2025	2026	2027
18-64	8.1245	-4.5%	7.6	7.41	7.08
65-74	69.8798	-0.9%	69.25	68.62	67.99
75+	169.9019	-4.9%	161.62	153.74	146.25

Source: Section Q, page 132; 2023 SMFP; Step 1, Step 2a

			Future Home Health Use Rate-Davidson		
Age Group	2024 Use Rate (Step 1)	5-Year CAGR (Step 2a)	2025	2026	2027
18-64	9.2743	-1.3%	9.16	9.04	8.92
65-74	65.2126	1.2%	66.02	66.83	67.66
75+	186.5208	4.4%	194.64	203.10	211.94

Source: Section Q, page 132; 2023 SMFP; Step 1, Step 2a

Step 3: Project Service Area Home Health Patients for 2025-2027

The applicant projects the number of service area residents that will receive home health from all providers by multiplying the use rate in *Step 2b* by the NCOSBM population projections.

Forsyth County Unduplicated Home Health Patients, 2025-2027			
Age Group	2025	2026	2027
Use Rate (Step 2b)			
18-64	7.76	7.41	7.08
65-74	69.25	68.62	67.99
75+	161.62	153.74	146.25
Population (NCOSBM)			
18-64	239,203	240,491	241,831
65-74	40,309	41,077	41,623
75+	31,078	32,057	33,193
Forsyth County Residents Receiving Home Health (Unduplicated Patients)			
18-64	1,857	1,783	1,713
65-74	2,791	2,819	2,830
75+	5,023	4,928	4,854
Total	9,671	9,530	9,398

Source: Section Q, page 133; Step 2b, NCOSBM

Davidson County Unduplicated Home Health Patients, 2025-2027			
Age Group	2025	2026	2027
Use Rate (Step 2b)			
18-64	9.16	9.04	8.92
65-74	66.02	66.83	67.66
75+	194.64	203.10	211.94
Population (NCOSBM)			
18-64	106,125	106,654	107,074
65-74	20,302	20,848	21,405
75+	15,194	15,511	15,884
Davidson County Residents Receiving Home Health (Unduplicated Patients)			
18-64	972	964	955
65-74	1,340	1,393	1,448
75+	2,957	3,150	3,366
Total	5,269	5,508	5,770

Source: Section Q, page 133; Step 2b, NCOSBM

Step 4: Determine How Many Service Area Home Health Patients Have Come from Novant Health Inpatient Discharges, Historically

The applicant examined the number of inpatients in the service area discharged from a Novant Health Forsyth hospital to home health from 2019 to 2021. The number was divided by the number of unduplicated Forsyth County home health patients from the 2023 SMFP to determine the percentage of patients from Novant Health's inpatient discharges.

Forsyth Residents Discharged to Home Health from a Novant Health Forsyth County Facility, as Percent of Total Forsyth County Unduplicated Home Health Patients			
	2019	2020	2021
NH Forsyth County Inpatients Discharged to HH	2,567	2,935	1,990
Total Forsyth County Home Health Patients	10,427	10,050	9,873
NH Inpatient Discharges to HH as % Total HH Patients	24.6%	29.2%	20.2%

Source: Section Q, page 134; HIDI Data; CY 2019-2021; 2023 SMFP, Table 12B

Davidson Residents Discharged to Home Health from a Novant Health Forsyth County Facility, as Percent of Total Davidson County Unduplicated Home Health Patients			
	2019	2020	2021
NH Davidson County Inpatients Discharged to HH	432	636	444
Total Davidson County Home Health Patients	3,991	3,973	5,019
NH Inpatient Discharges to HH as % Total HH Patients	10.8%	16.0%	8.8%

Source: Section Q, page 134; HIDI Data; CY 2019-2021; 2023 SMFP, Table 12B

Step 5: Determine How Many Service Area Home Health Patients Will Come from Novant Health Forsyth County Hospital Inpatient Discharges

The applicant states that the decline in the percentage of Novant Health discharges to home health are due to the pandemic and subsequent nursing staff shortages. The applicant expects its discharges to increase in future years since these factors no longer exist. To project the number of service area residents discharged from Novant Health Forsyth County hospitals and to be conservative, the applicant applies the lowest of percentages calculated in *Step 4* to the unduplicated patients 18 and over in the service area in 2024 and 2025-2027, calculated in *Step 1* and *Step 3*.

Projected Forsyth County Residents Discharged from Novant Health Forsyth County Hospitals to Home Health, 2024-2027					
		2024	2025	2026	2027
A	Total Forsyth Home Health patients (<i>Step 1, Step 3</i>)	9,840	9,671	9,530	9,398
C	% Expected to be from NH Forsyth Hospital Discharges	20.2%	20.2%	20.2%	20.2%
C = A * B	NH Forsyth County IP Discharge to HH (<i>Step 4</i>)	1,983	1,949	1,921	1,894

Source: Section Q, page 135; *Step 1, Step 3, Step 4*

Projected Davidson County Residents Discharged from Novant Health Forsyth County Hospitals to Home Health, 2024-2027					
		2024	2025	2026	2027
A	Total Davidson Home Health patients (<i>Step 1, Step 3</i>)	4,998	4,948 [5,269]	4,856 [5,508]	4,774 [5,770]
C	% Expected to be from NH Forsyth Hospital Discharges	8.8%	8.8%	8.8%	8.8%
C = A * B	NH Forsyth County IP Discharge to HH (<i>Step 4</i>)	442	438 [464]	430 [485]	422 [508]

Source: Section Q, page 135; *Step 1, Step 3, Step 4*
 Project Analyst's calculations in brackets.

Step 6: Determine What Percent of Future Novant Health Discharges to Home Health Will Utilize NHHC-F

Wake Forest Baptist Health Care at Home is an existing home health agency in Forsyth County that is part of Atrium Health Wake Forest Baptist health system. The applicant states that the proposed home health agency will be similar to Wake Forest Baptist Health Care at Home in referral sources and integration of home health into the continuum of care. The applicant examined the adult inpatient discharges to home health from Atrium Health Wake Forest Baptist Health during CY 2019- CY 2021 and the number of adult home health patients served by Wake Forest Baptist Care at Home.

Percent of Forsyth County Adult Inpatients Discharged to Home Health that Became Wake Forest Baptist Care at Home Patients, 2019-2021				
	2019	2020	2021	2019-2021 Total
Adult Residents Discharged by Atrium WFB to Home Health	1,466	1,423	1,335	4,224
Adult Residents Served by Wake Forest Baptist Care at Home	726	862	757	2,345
Capture %	50%	61%	57%	56%

Source: Section Q, page 136; HIDI Data; CY 2019-2021; Chapter 12 Home Health Patient Origin Data from 2023, 2022, and 2021 SMFPs

Percent of Davison County Adult Inpatients Discharged to Home Health that Became Wake Forest Baptist Care at Home Patients, 2019-2021				
	2019	2020	2021	2019-2021 Total
Adult Residents Discharged by Atrium WFB to Home Health	414	491	425	1,330
Adult Residents Served by Wake Forest Baptist Care at Home	231	287	220	738
Capture %	56%	58%	52%	55%

Source: Section Q, page 136; HIDI Data; CY 2019-2021; Chapter 12 Home Health Patient Origin Data from 2023, 2022, and 2021 SMFPs

The applicant conservatively projects that the proposed home health agency will capture 50 percent of adult residents discharged from Novant Health by the third project year. The

applicant’s projections are based on Novant Health and Atrium Health Wake Forest Baptist Health similarities in size and range of offerings.

	Partial Year-2024	Year 1-2025	Year 2-2026	Year 3-2027
Capture Percentage	35%	40%	45%	50%

Source: Section Q, page 136

Step 7: Calculate Projected Unduplicated Admissions, for Partial Year and First Three Full Project Years

The applicant projects unduplicated admissions, by multiplying the number of service area residents discharged from a Novant Health Forsyth County hospitals to home health (*Step 5*) by the projected capture percentages stated in *Step 6*.

Projected Forsyth Residents Served by NHHF, 2024-2027				
	Partial Year-2024	Year 1-2025	Year 2-2026	Year 3-2027
Forsyth Residents Discharged from NH Forsyth Hospital to HH (<i>Step 5</i>)	1,983	1,949	1,921	1,894
Capture Percentage (<i>Step 6</i>)	35%	40%	45%	50%
NHHF Expected Forsyth Patients	694	780	864	947

Source: Section Q, page 137

Projected Davidson Residents Served by NHHF, 2024-2027				
	Partial Year-2024	Year 1-2025	Year 2-2026	Year 3-2027
Forsyth Residents Discharged from NH Forsyth Hospital to HH (<i>Step 5</i>)	[444]	[464]	[485]	[508]
Capture Percentage (<i>Step 6</i>)	35%	40%	45%	50%
NHHF Expected Davidson Patients	155	186	218	254

Source: Section Q, page 137

Project Analyst’s corrections in brackets. Project Analyst moved numbers and percentages into appropriate row.

The applicant projects the total number of unduplicated home health patients for Forsyth and Davidson County.

	Partial Year-2024	Year 1-2025	Year 2-2026	Year 3-2027
NHHF Unduplicated Home Health Patients	424 [849]	966	1,084 [1,082]	1,202 [1,201]

Source: Section Q, page 137

Project Analyst’s corrections in brackets.

Step 8: Determine the Admitting Discipline

The applicant identifies the January-December 2022 inpatient and outpatient discharges from Novant Health Forsyth County facilities for patients discharged to home health and reside in Forsyth and Davidson counties. The applicant designated a service line for each patient then assigned a projected admitting discipline based on NHHC-P historical experience. See Table on page 139 of the application.

Step 9: Determine the Duplicated to Unduplicated Client, and Visits per Specialty Ratios

The applicant estimates the duplicated to unduplicated clients, visits per duplicated client, and visits per ratio based on the most recent CMS Cost Report filings for home health agencies with an office in Forsyth County. Each agency is totaled and averaged to project the visits per specialty and unduplicated to duplicated ratios. See Tables on page 140 and Form C.5 Assumptions Appendix, pages 146-155 of the application.

To identify duplicated and unduplicated clients, client per discipline, and visits per discipline, the applicant assumes that Medicare represents fee-for-service and Humana Managed Medicare and Medicaid represents Medicaid and Managed Medicaid, and “other” represents commercial, self-pay, Managed Medicare (excluding Humana), and all other payors. To calculate the total duplicated patients by discipline, the provider types are combined into disciplines. To calculate the visits per duplicated patient by discipline, the visit provider types are combined into disciplines. The visit totals are then divided by the duplicated patient totals. See Tables on page 141 and Form C.5 Assumptions Appendix, pages 146-155 of the application.

Step 10: Apply Duplicated to Unduplicated Clients, Duplicated Clients per Discipline, and Visits per Duplicate Patient Ratios to Projected

See Tables on pages 142-143 and Form C.5 Assumptions Appendix, pages 146-155 of the application.

Step 11: Determine Medicare Episodes with and without Outliers, Partial Episode Payments (PEP), and Low-Utilization Payment Adjustments

See Tables on page 144 and Form C.5 Assumptions Appendix, pages 146-155 of the application.

Step 12: Apply Medicare Episodes with and without Outliers, Partial Episode Payments (PEP), and Low-Utilization Payment Adjustments Ratios

See Tables on page 145 and Form C.5 Assumptions Appendix, pages 146-155 of the application.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant’s projections of home health patients that it projects to serve are consistent with and supported by the projected 2024 home health use rates in the service area, as stated in the 2023 SMFP.
- The applicant’s projections are supported by historical percentages of Forsyth and Davidson county residents discharged from Novant Health Forsyth hospitals to home health.
- The applicant’s projections of admitting disciplines, duplicated and unduplicated patient ratios, and visits per duplicated clients are supported by the historical utilization of home health providers serving Forsyth County.
- The applicant’s projections are supported by the projected growth and aging of the population in the service area.

Access to Medically Underserved Groups

In Section C, pages 66-67, the applicant states:

“Novant Health is a not-for-profit organization that does not discriminate against any class of patient based on age, sex, religion, race, handicap, ethnicity, or ability to pay.

...

Novant Health is committed to assisting patients to obtain coverage from various programs as well as providing financial assistance to every person in need of medically necessary acute care services. Patients will receive the appropriate medical services, regardless of ability to pay.

...

Novant will not exclude, deny benefits to, or otherwise discriminate against any person on the grounds of race, color, or national origin.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Novant Health Home Care-Forsyth 3 rd Full FY	
Medically Underserved Groups	Percentage of Total Patients
Low income persons*	
Racial and ethnic minorities	28.0%
Women	58.0%
Persons with Disabilities*	
Persons 65 and older	76.4%
Medicare beneficiaries	85.3%
Medicaid recipients	3.4%

Source: Section C, page 68

*Novant Health does not track this information.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the information provided in Section B, pages 29-30 and Section C, pages 66-68.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12369-23/Aveanna Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...*the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.*” Thus, the service area for this facility consists of Forsyth County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates projected patient origin.

Aveana Home Health-Forsyth Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	1/2/24-1/1/25		1/2/25-1/1/26		1/2/26-1/1/27	
	CY2024		CY2025		CY2026	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Forsyth	225	90.3%	340	85.4%	457	80.5%
Guilford	16	6.5%	39	9.7%	74	13.0%
Davidson	4	1.6%	10	2.4%	19	3.3%
Davie	2	0.8%	6	1.5%	11	1.9%
Stokes	2	0.8%	4	1.0%	7	1.3%
Total	250	100.0%	399	100.0%	568	100.0%

Source: Section C, page 36

In Section Q, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s projected patient origin is based on its projections of the unmet need for home health services in Forsyth, Guilford, Davidson, Davie, and Stokes counties and its projections of market share for the proposed home health agency in those counties through the first three full fiscal years of operation, as described in the applicant’s assumptions and methodology in Section Q of the application. The applicant’s assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 38-46, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- The 2023 SMFP identifies a need for one additional Medicare-certified home health agency or office. The 2023 SMFP projects a home health need deficit of 449.83 home health patients by FFY 2024 (pages 38-39).
- The Forsyth County home health historical market share, the 2023 SMFP projected growth, and the historical utilization of home health in Forsyth County, demonstrates the need to expand home health services in Forsyth County (pages 39-41).
- The applicant’s statements regarding need are supported by population growth and aging data from NCOSBM for the proposed service area (pages 41-43).
- A Medicare-certified home health agency or office serves as a lower cost alternative. Patients who transition from the emergency department to home health services as opposed to transitioning from inpatient hospitalization can result in lower costs and reduction in inpatient readmissions rates (page 44).
- Aveanna has significant experience as a home health provider and has established relationships with hospitals and physicians that can be leveraged to build a referral network in Forsyth County. (pages 44-46).

The information is reasonable and adequately supported based on the following:

- There is a need for one Medicare-certified home health agency or office in Forsyth County, as stated in the 2023 SMFP.
- The applicant’s demonstration of need is supported by the historical utilization of home health services in Forsyth County.
- The applicant’s statements regarding need are supported by population growth and aging data from NCOSBM for the proposed service area.

Projected Utilization

In Section Q, Form C.5, page 1, the applicant provides historical and projected utilization, as illustrated in the following table.

Aveana Home Health-Forsyth	1 st Full FY		2 nd Full FY		3 rd Full FY	
	CY 2025		CY 2026		CY 2027	
	# of Clients	# of Visits	# of Clients	# of Visits	# of Clients	# of Visits
Unduplicated Clients by Admitting Discipline						
Nursing	110		176		251	
Physical Therapy	107		171		244	
Speech Therapy						
Occupational Therapy	32		51		73	
Total Unduplicated Clients	250		399		568	
Duplicated Clients and Visits by Discipline						
Nursing	116	1,838	185	2,936	264	4,182
Physical Therapy	140	1,783	223	2,848	318	4,057
Speech Therapy	20	233	32	373	46	531
Occupational Therapy	66	535	105	854	149	1,216
Medical Social Worker	19	38	30	61	43	87
Home Health Aide	19	150	31	240	44	341
Total Duplicated Clients and Visits	379	4,578	606	7,312	863	10,414
Full Episodes without Period Outliers	255	3,960	408	6,325	581	9,009
Full Episodes with Period Outliers	2	68	3	109	4	156
Partial Episodes with Partial Period Payments	2	20	3	32	5	45
Patient Episodes with Low-Utilization Payment Adjustments (LUPAs)	34	100	55	160	78	228
Total Medicare Clients and Visits	294	4,149	469	6,627	668	9,439

In Section Q, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

The applicant begins with the Forsyth County projected population growth, as published by the NCOSBM. The total population is projected to grow annually 2.4 percent by 2028. The 65 and older population is projected to grow 0.7 percent.

Table 1: 2023-2028 Projected Forsyth County Population Growth			
Forsyth County	2023	2028	2023-2028 CAGR
65 and Older Population	67,742	76,433	2.4%
Total Population	388,365	402,829	0.7%

Source: Section Q, page 1

The 2023 SMFP projects that the number of patients in need of home health services in Forsyth County will continue to grow at an approximate rate of 2.3 percent by FFY 2024. To project the number of patients in need of home health services from 2024 to 2027, the applicant applied the Forsyth County projected population annual growth rate of 0.7 percent.

Table 2: FFY 2024- FFY 2027 Projected Forsyth County Home Health Utilization				
Forsyth County	FFY 2024*	FFY 2025	FFY 2026	FFY 2027
Projected Patients in Need of Home Health Services^	10,193	10,268	10,343	10,419

Source: Section Q, page 2

*As reported in Chapter 12 of the 2023 SMFP.

^The FFY 2025, FFY 2026, and FFY 2027 data are based on the FFY 2024 projections provided in the 2023 SMFP increased at an annual growth rate of 0.7 percent, which is equal to Forsyth County's projected total population growth rate from 2023 to 2028.

The applicant calculated the patient need deficit as a percentage of the total projected patients in need in 2024, as reported in the 2023 SMFP.

Table 3: FFY 2024 Projected Forsyth County Home Health Utilization	
Forsyth County	FFY 2024
Adjusted Projected Total Patients to be Served by Existing HHAs^	9,743
Projected Total Patients in Need of Home Health Services ^	10,193
Projected Home Health Need Deficit^	(450)
Deficit as a Percentage of Projected Patients in Need of Home Health Services*	4.4%

Source: Section Q, page 2

^As reported in Chapter 12 Table 12D of the 2023 SMFP.

*Deficit as a Percentage of Projected Patients in Need of Home Health Services = $| -450 | / 10,193 = 4.4$ percent.

The applicant assumed that the need deficit as percentage of the total projected patients in need will remain constant each year from CY 2024 to CY 2026. The applicant adjusted the projected Forsyth County patients in need of home health services in federal fiscal years 2024 to 2027 to reflect the project's calendar years by taking 75 percent of one fiscal year and 25 percent of the next.

Table 4: CY 2024-CY 2026 Projected Forsyth County Home Health Need Deficit			
Forsyth County	CY 2024 (PY1)	CY 2025 (PY2)	CY 2026 (PY3)
Projected Patients in Need of Home health Services [^]	10,212	10,287	10,362
Projected Home Health Need Deficit	451	454	457

Source: Section Q, page 2

[^]CY 2024 through CY 2026 Projected Forsyth County Patients in Need of Home Health Services are based on FFY 2024 to FFY 2027 projected utilization from Table 2, adjusted to calendar years by taking 75 percent of one fiscal year and 25 percent of the next.

The applicant examined the home health market share in Cumberland County. Aveanna owns an existing home health agency in Cumberland County. The applicant estimated the number of unduplicated Forsyth County patients based on the most recent operating experience at Aveanna’s Cumberland County home health agency.

Table 5: FFY 2021 Aveanna Cumberland County Market Share			
County	Total Patients Served	Patients Served by Aveanna*	Aveanna Market Share
Cumberland	6,842	509	7.4%

Source: Section Q, page 3; 2023 SMFP; Chapter 12 Home Health Data by County of Patient Origin– 2021 Data.

*Excludes patients served by Aveanna’s Cumberland County HHA that reside outside of Cumberland County. For informational purposes, Aveanna’s Cumberland County HHA served a total of 690 home health patients in FFY 2021, 181 of which resided in other counties.

The applicant examined the home health market share in Forsyth County. Forsyth County home health agencies captured an average Forsyth County market share of 8.5 percent during FFY 2021. The applicant projects to have a 4.4 percent market share by CY 2026. This share is 60 percent of Aveanna’s Cumberland County market share and one-half of the average market share across Forsyth County home health agencies. The applicant assumed that there will be a ramp up period and projects that Aveanna will have a market share of 2.2 percent of Forsyth County home health patients in CY 2024 and 3.3 percent in CY 2025.

Table 7: Projected Forsyth County Patients to be Served by Aveanna-Forsyth			
	CY 2024 (PY1)	CY 2025 (PY2)	CY 2026 (PY3)
Projected Patients in Need of Home health Services	10,212	10,287	10,362
Projected Aveanna Market Capture Percentage [^]	2.2%	3.3%	4.4%
Projected Patients Served by Aveanna Home Health	225	340	457

Source: Section Q, page 4

[^]“Ramp-up” is expected to occur at a rate of 50 percent in CY 2025 (PY1), 75 percent in CY 2026 (PY2), and 100 percent of Aveanna’s projected market share percentage in CY 2027 (PY3).

Based on Aveanna’s historical experience in Cumberland County, the applicant expects to serve patients residing outside of Forsyth County. The applicant projects to serve 19.5 percent of the total number of patients in project year 3. This is half of the average percentage of patients residing outside Forsyth County served by the existing home health agencies during

FFY 2021 and 75 percent of the patients residing outside Forsyth County served by Aveanna’s Cumberland County home health agency.

Table 8: Projected Home Health Patients to be Served by Aveanna-Forsyth			
	CY 2024 (PY1)	CY 2025 (PY2)	CY 2026 (PY3)
Projected Forsyth County Patients Served by Aveanna	225	340	457
Projected Patients from Other Counties Served by Aveanna*	24	58	111
Total Projected Number of Patients Served by Aveanna^	250	399	568
Percentage of Out-of-County Patients^	9.8%	14.6%	19.5%

Source: Section Q, page 5

*Assumes that the number of projected patients from other counties to be served by the proposed Aveanna Home Health agency equals 19.5 percent of total home health patients in Project Year 3, with a 50 percent ramp up adjustment in PY1 and 75 percent adjustment in PY2.

^Numbers may not foot due to rounding.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant’s projections of home health patients that it projects to serve are consistent with and supported by the projected 2024 home health deficits for Forsyth County identified in the 2023 SMFP.
- The applicant’s projections are supported by the historical market share percentage across Forsyth County’s existing home health agencies and Aveanna’s Cumberland County home health agency historical utilization.
- The applicant’s projections are supported by the projected growth of the population in the proposed service area.

Access to Medically Underserved Groups

In Section C, pages 53, the applicant states:

“Aveanna does not exclude or discriminate against any person based upon race, color, age, religion, gender, sexual orientation, marital status, sexual preference, age, national origin, veteran status, disability (mental or physical), communicable disease, or place of national origin for purposes of admission and eligibility to receive services and care.

...

The proposed Aveanna-Forsyth agency will assist patients in obtaining coverage from various programs.

...

The age 65 and older population typically accounts for the highest proportion of home health patients...Aveanna anticipates a similar distribution...”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Aveanna Home Health-Forsyth 3rd Full FY	
Medically Underserved Groups	Percentage of Total Patients
Low income persons*	
Racial and ethnic minorities	34.1%
Women	52.4%
Persons with Disabilities*	
Persons 65 and older	77.4%
Medicare beneficiaries	77.4%
Medicaid recipients	2.0%

Source: Section C, page 55

*Aveanna does not maintain data on low-income persons or persons with disabilities.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the information provided in Section B, pages 28 and Section C, pages 53-55.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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, ... persons [persons with disabilities], and other underserved groups and the elderly to obtain needed health care.

None of the applicants propose to reduce a service, 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-All Applications

Project ID# G-12356-23/PHC Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

In Section E, pages 72-73, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Maintain Status Quo-The applicant states that maintaining the status quo is not an effective alternative because it would not allow PHC to provide continuity of care to patients discharged from the hospital, particularly among dual eligible Medicaid beneficiaries. Additionally, the 2023 SMFP has identified a need for one new Medicare-certified home health agency or office in Forsyth County.

Offer Basic Home Health Agency Services-The applicant states that basic services are not sufficient to meet the needs of home health patients with complex conditions that require special skills.

Meet Home Health Needs in Other Settings-The applicant states that offering home health services in a hospital or nursing home setting will incur significantly higher costs than home health agency care.

On page 74, the applicant states that its proposal is the most effective alternative because PHC has a history of providing quality home health care and has maintained an excellent track record. PHC will use its experience to develop, manage, and operate the proposed home health agency effectively and efficiently. Furthermore, PHC has demonstrated its willingness to provide services that other agencies avoided, such as wound care, infants with crack-addicted mothers, and total joint bundle care.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Project ID# G-12362-23/Well Care Home Health of Forsyth County/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Kernersville, Forsyth County.

In Section E, pages 79-81, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Maintain the Status Quo-The applicant states that this is not an effective alternative because the 2023 SMFP demonstrates that the demand for home health services will exceed the projected growth in utilization in Forsyth County. A new home health agency is needed as the population grows and ages.

Develop New Agency Office in Another Location-The applicant considered developing the home health agency near an existing agency west of Winston-Salem. However, Kernersville is a growing area that also hosts numerous medical facilities and referring providers. Kernersville's proximity to Interstate 40 will reduce drive times and provide efficient access to Winston-Salem and other points east to west in Forsyth County.

Develop a Drop-Off Site in Forsyth County-The applicant states that a drop off site limits the provider's use of the location. Some of these limitations include the following:

- Prospective patients cannot be contacted from the drop-off site.
- Billing cannot be performed from the drop-off location.
- No other business can be conducted at drop-off locations, including housing of records.
- Staff using the site may not be based at that site nor have regular office hours there.
- Referrals may not be received at the workstation.

On pages 81-82, the applicant states that its proposal is the most effective alternative to meet the need based on the applicant's established relationships in the community which include relationships with referral partners and patients in the service area. As an existing provider in an adjacent county, Well Care can draw on its established internal resources to provide home health services to service area residents.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Project ID# G-12364-23/Novant Health Home Care-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Clemmons, Forsyth County.

In Section E, page 76, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Do Not Apply for a New HHA-In addition to the need determination for one Medicare-certified home health agency in Forsyth County identified in the 2023 SMFP, the applicant states that not applying for a new HHA would not meet the unmet need for home health services in the county. Novant Health patients would not have access to continuity of care from the inpatient setting to home health and physicians cannot closely follow their patients. The applicant states that some patients are experiencing longer hospital stays because of the lack of home health resources.

Develop a New HHA in Another Location in Forsyth County/Build HHA Office-The applicant states that the purpose of developing a new home health agency in the county is to provide better access and that the proposed location's proximity to Interstate 40 will provide fast access to all areas in Forsyth County, including areas where Novant Health Forsyth County hospital patients that have historically been discharged to home health, reside. Additionally, the location will provide access for Davidson County residents.

On page 77, the applicant states that its proposal is the most effective alternative to meet the need because the proposal will allow Novant Health to naturally extend their continuum of care already provided in the service area.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.

- The application is conforming to all other statutory and regulatory review criteria.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Project ID# G-12369-23/Aveanna Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

In Section E, pages 64-65, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Maintain Status Quo-The applicant states that this is not an effective alternative because the 2023 SMFP has identified a need for additional licensed home health services in Forsyth County.

Construct a New Building for the Proposed Home Health Agency-The applicant states that this is a less effective and more costly alternative because constructing a new building would cost more than sub-leasing an existing space and the construction process can be unpredictable and subject to delays. The applicant states that Aveanna believes resources are more effectively directed at enhancing patient care.

Lease an Alternative Site for the Proposed Home Health Agency-The applicant states that this would be a less effective alternative since it is proposing to locate the home health office in a space adjacent to Aveanna's existing private duty care services which will allow for optimization of space and resources.

On page 64, the applicant states that expanding its current offerings in Forsyth County to include the full complement of home health service disciplines that will service Medicare, Medicaid, and third-party insurance is the most effective alternative to meet the need identified in the 2023 SMFP.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

Conclusion

The Agency reviewed the:

- Application
 - Exhibits to the application
 - Written comments
 - Remarks made at the public hearing
 - Responses to comments
- (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-All Applications

Project ID# G-12356-23/PHC Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

Capital and Working Capital Costs

In Section Q, page 141, the applicant projects the total capital cost of the project, as shown in the table below.

PHC Home Health-Forsyth Capital Costs	
Consultant Fees (CON)	\$50,000
Other (Contingency) 10%	\$15,000
Total Capital Costs	\$65,000

In Section Q, page 142, the applicant provides the assumptions used to project the capital cost. The applicant projects capital costs for consultant fees and contingency based on PHC's experience operating a home care agency. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section E, page 77, the applicant projects that start-up costs will be \$37,753 and initial operating expenses will be \$188,386 for a total working capital of \$226,138. In Section Q, page 167, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

Availability of Funds

In Section F, page 75, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	Personal Home Care of North Carolina, LLC	Total
Loans	\$0	\$0
Accumulated reserves or OE *	\$65,000	\$65,000
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total Financing	\$65,000	\$65,000

* OE = Owner's Equity

In Section F, page 78, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

Sources of Financing for Working Capital Personal Home Care of North Carolina, LLC	Amount
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$226,138
Lines of credit	\$0
Bonds	\$0
Total	\$226,138

In Exhibit F.2, the applicant provides a letter from the Director and managing member of Personal Home Care of North Carolina, LLC, documenting PHC's commitment to fund the capital and working capital costs of the project through accumulated reserves. Exhibit F.2 also contains a letter from the Vice-President of First Horizon Bank, stating that PHC has sufficient deposits available to fund the project.

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

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

PHC Home Health-Forsyth	1 st Full Fiscal Year	2 nd Full Fiscal Year	3 rd Full Fiscal Year
	CY2025	CY2026	CY2027
Total Visits	18,388	25,875	34,884
Total Gross Revenues (Charges)	\$2,602,887	\$3,680,859	\$4,987,060
Total Net Revenue	\$2,256,983	\$3,175,606	\$4,280,598
Average Net Revenue per Visit	\$123	\$123	\$123
Total Operating Expenses (Costs)	\$1,992,578	\$2,716,869	\$3,674,049
Average Operating Expense per Visit	\$108	\$105	\$105
Net Income	\$264,405	\$458,737	\$606,549

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 144-145. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant’s methodology and assumptions for projecting Medicare revenue are reasonable and supported.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

Project ID# G-12362-23/Well Care Home Health of Forsyth County/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Kernersville, Forsyth County.

Capital and Working Capital Costs

In Section Q, page 146, the applicant projects the total capital cost of the project, as shown in the table below.

Well Care Home Health of Forsyth County Capital Costs	
Non-Medical Equipment	\$20,000
Furniture	\$15,000
Consultant Fees (CON prep & filing)	\$50,000
Other (Contingency)	\$15,000
Total Capital Costs	\$100,000

In Section Q, page 152, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the applicant’s experience developing home health agencies and other similar projects.

In Section E, page 85, the applicant projects that the start-up costs will be \$78,679 and initial operating expenses will be \$719,204 for a total working capital of \$797,883. On pages 85-86 and Form F.2b and assumptions, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant projects start-up costs based on the initial cost of clinical staff hiring and other costs such as training, furniture, equipment and supply inventory.
- Initial operating costs represent the first 12 months of operations when operating costs exceed revenue.

Availability of Funds

In Section F, page 83, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing		
Type	Well Care Home Health of Forsyth, Inc.	Total
Loans	\$0	\$0
Accumulated reserves or OE *	\$100,000	\$100,000
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total Financing	\$100,000	\$100,000

* OE = Owner’s Equity

In Section F, page 87, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

Sources of Financing for Working Capital Well Care Home Health of Forsyth, Inc.	Amount
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner’s Equity	\$797,883
Lines of credit	\$0
Bonds	\$0
Total	\$797,883

In Exhibit F.2, the applicant provides a letter from the Chief Executive Officer for Well Care Home Health, Inc. and Well Care Home Health of Forsyth, Inc., documenting Well Care’s commitment to fund the capital and working capital costs of the project through accumulated reserves. Exhibit F.2 also contains a letter from the Senior Vice-President of Truist Bank, stating that Well Care Home Health, Inc. has sufficient deposits available to fund the project.

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

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the second and third full fiscal years following completion of the project, as shown in the table below.

Well Care Home Health of Forsyth	1st Full Fiscal Year	2nd Full Fiscal Year	3rd Full Fiscal Year
	FY2025	FY2026	FY2027
Total Visits	21,217	45,203	54,642
Total Gross Revenues (Charges)	\$2,619,449	\$8,476,193	\$10,245,525
Total Net Revenue	\$1,730,816	\$5,609,205	\$6,779,521
Average Net Revenue per Visit	\$82	\$124	\$124
Total Operating Expenses (Costs)	\$2,450,020	\$4,341,394	\$5,488,448
Average Operating Expense per Visit	\$115	\$96	\$100
Net Income	(\$719,204)	\$1,267,811	\$1,291,073

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, page 152. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant’s methodology and assumptions for projecting Medicare revenue are reasonable and supported.

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

Project ID# G-12364-23/Novant Health Home Care-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Clemmons, Forsyth County.

Capital and Working Capital Costs

In Section Q, page 157, the applicant projects the total capital cost of the project, as shown in the table below.

Novant Health Home Care-Forsyth Capital Costs	
Construction/Renovation Contract(s)	\$25,000
Architect/Engineering Fees	\$9,900
Non-Medical Equipment	\$111,635
Furniture	\$26,500
Consultant Fees	\$48,000
Contingency	\$10,940
Total Capital Costs	\$231,975

In Section Q, page 158, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section E, page 80, the applicant projects that start-up costs will be \$179,584 and initial operating expenses will be \$878,216 for a total working capital of \$1,057,800. On pages 80-81, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant projects start-up costs based on the initial cost of salaries, rent, the purchase of medical supplies, and depreciation incurred during the first month.
- The applicant projects initial operating costs based on a 6-month ramp-up period and an estimation of cash inflow and outflow until NHHC-F's net cash flow is positive. The applicant assumes no Medicare or Medicaid reimbursement for the first three months.

Availability of Funds

In Section F, page 78, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	Forsyth Memorial Hospital	Novant Health, Inc.	Total
Loans	\$0	\$0	\$0
Accumulated reserves or OE *	\$0	\$231,975	\$231,975
Bonds	\$0	\$0	\$0
Other (Specify)	\$0	\$0	\$0
Total Financing	\$0	\$231,975	\$231,975

* OE = Owner's Equity

In Section F, page 82, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

Sources of Financing for Working Capital Novant Health, Inc.	Amount
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$1,057,800
Lines of credit	\$0
Bonds	\$0
Total	\$1,057,800

In Exhibit F.2.1, the applicant provides a letter from the Senior Vice President, Operational Finance and Revenue Cycle for Novant Health, Inc., documenting Novant Health's

commitment to fund the capital and working capital costs of the project through accumulated reserves. Exhibit F.2.2 contains the 2022 consolidated balance sheets for Novant Health Inc. and Affiliates, documenting over \$600 million in cash and cash equivalents and over \$10 billion in total assets available to fund the project.

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

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

Novant Health Home Care-Forsyth	1 st Full Fiscal Year	2 nd Full Fiscal Year	3 rd Full Fiscal Year
	CY2025	CY2026	CY2027
Total Visits	22,077	24,774	27,471
Total Gross Revenues (Charges)	\$4,598,291	\$5,159,987	\$5,721,683
Total Net Revenue	\$3,907,114	\$4,384,380	\$4,861,647
Average Net Revenue per Visit	\$177	\$177	\$177
Total Operating Expenses (Costs)	\$3,705,370	\$4,145,214	\$4,608,143
Average Operating Expense per Visit	\$168	\$167	\$168
Net Income	\$201,744	\$239,166	\$253,504

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 161-164. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant’s methodology and assumptions for projecting Medicare revenue are reasonable and supported.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

Project ID# G-12369-23/Aveanna Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

Capital and Working Capital Costs

In Section Q, Form F.1a, page 3, the applicant projects the total capital cost of the project, as shown in the table below.

Aveanna Forsyth Home Health Capital Costs	
Non-Medical Equipment	\$22,544
Furniture	\$92,920
Total Capital Costs	\$115,464

In Section Q, page 3, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the applicant's experience with similar projects.

In Section E, page 68, the applicant projects that start-up costs will be \$80,911 and initial operating expenses will be \$823,604 for a total working capital of \$904,515. On page 69, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant projects start-up costs based on one month of supplies, rent, utilities, staffing, and other costs excluding depreciation.
- The applicant projects initial operating costs based on a 26-month ramp up period during which cash outflow exceeds cash inflow. The applicant assumes no Medicare or Medicaid reimbursement for the first seven months of operation during the CMS accreditation and collection period.

Availability of Funds

In Section F, page 66, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing		
Type	Five Points Healthcare of NC LLC	Total
Loans	\$0	\$0
Accumulated reserves or OE *	\$115,464	\$115,464
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total Financing	\$115,464	\$115,464

* OE = Owner's Equity

In Section F, page 69, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

Five Points Healthcare of NC LLC	Amount
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$904,515
Lines of credit	\$0
Bonds	\$0
Total	\$904,515

In Exhibit F.2-1, the applicant provides a letter from the Chief Accounting Officer for Aveanna Health, documenting its commitment to fund the capital and working capital costs of the project through accumulated reserves. Exhibit F.2-3 contains the 2022 consolidated balance sheets for Aveanna Healthcare Holdings, Inc., documenting over \$30 million in cash and cash equivalents and over \$2 billion in total assets available to fund the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the third full fiscal year following completion of the project, as shown in the table below.

Aveanna Forsyth Home Health	1st Full Fiscal Year	2nd Full Fiscal Year	3rd Full Fiscal Year
	CY2024	CY2025	CY2026
Total Visits	4,578	7,312	10,414
Total Gross Revenues (Charges)	\$853,228	\$1,403,633	\$2,059,225
Total Net Revenue	\$791,864	\$1,302,683	\$1,911,124
Average Net Revenue per Visit	\$173	\$178	\$184
Total Operating Expenses (Costs)	\$970,934	\$1,354,319	\$1,775,038
Average Operating Expense per Visit	\$212	\$185	\$170
Net Income	(\$179,070)	(\$51,636)	\$136,086

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant’s methodology and assumptions for projecting Medicare revenue are reasonable and supported.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

- (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-All Applications

On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists of Forsyth County. Facilities may also serve residents of counties not included in their service area.

The table below identifies the existing Medicare-certified home health agencies or offices located in Forsyth County, and the in-county and out-of-county patient totals for FY 2021 for each provider, from page 218 of the 2023 SMFP.

License Number	Name	In-County Patients	Out-of-County Patients	Total Patients
HC0005	BAYADA Home Health Care. Inc.	1,279	594	1,873
HC0231	CenterWell Home Health	602	178	780
HC0409	Wake Forest Baptist Health Care at Home, LLC	757	528	1,285
HC0499	Advanced Home Health	1,573	973	2,546
HC0567	CenterWell Home Health	1,075	407	1,482
HC1131	CenterWell Home Health	19	8	27
HC1210	CenterWell Home Health	21	6	27
HC1304	Amedisys Home Health of Winston-Salem	588	209	797
HC1886	Interim HealthCare of the Triad, Inc.	342	1,117	1,459
HC4901	PruittHealth @Home-Forsyth	149	67	216

Project ID# G-12356-23/PHC Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

In Section G, page 85, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved home health services in Forsyth County. The applicant states:

“Forsyth County residents rely on agencies located outside the county for home health agency care and as demonstrated in the Need and Utilization Methodology in Section Q, Forsyth County home health agency use rates are low relative to other counties in the same Council of Governments Region.

The proposed project will not result in an unnecessary duplication of the existing or approved home health offices located in Forsyth County. Rather, the project will address an unmet need and increase access to quality, affordable, home health care for residents of Forsyth County and nearby areas.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the need determination in the 2023 SMFP for the proposed Medicare-certified home health agency or office and the historical Forsyth County use rates, which indicates that Forsyth County residents are relying on agencies outside of the county for home health services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12362-23/Well Care Home Health of Forsyth County/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Kernersville, Forsyth County.

In Section G, pages 93-94, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved home health services in Forsyth County. The applicant states:

“...Drive time is a legitimate factor for staff productivity, recruitment, job satisfaction and retention in home health...Well Care already has local knowledge of the Forsyth County area and would be able to have a more localized office presence in the community with the addition of an agency office in Forsyth County.

...

With the addition of a new home health agency in Forsyth County, field staff could have a reduction in drive time that would allow for more time for providing direct patient care and increased efficiencies in care delivery to patients in Forsyth County. The location would improve recruitment and retention capabilities for staff residing in Forsyth County communities and points east of Forsyth County.

...

The proposed new home health agency in Forsyth County is needed to enable Well Care to better service the Forsyth County community in an effective and efficient

manner and represents a unique opportunity to approve a provider positioned to take advantage of its area relationships and resources to add home health capacity in a particularly advantageous way.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There is a need determination in the 2023 SMFP for the proposed Medicare-certified home health agency or office.
- The applicant adequately demonstrates how the proposal will allow Well Care to provide effective and efficient care by retaining skilled staff and leveraging its existing area relationships and resources.
- The applicant adequately demonstrates that the proposed Medicare-certified home health agency or office is needed in addition to the existing and approved Medicare-certified home health agencies or offices in the service area.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12364-23/Novant Health Home Care-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Clemmons, Forsyth County.

In Section G, page 90, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved home health services in Forsyth County. The applicant states:

“Because NHHCF will improve quality of care, improve continuity of care, and reduce unnecessary hospital days, it is not unnecessary duplication of existing services. None of the existing HHAs can provide the same continuity of care for Novant Health patients that NHHCF would. NHHCF will provide exceptional care and specialized clinical programs...”

Granting Novant Health a CON for an HHA will permit Novant Health to serve patients with the proper level of care for their diagnoses. Wake Forest Baptist Health, the other

hospital system in Forsyth County, has its own home health agency, which benefits that health system's patients. Approving Novant Health's HHA application will similarly benefit patients served by Novant Health."

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There is a need determination in the 2023 SMFP for the proposed Medicare-certified home health agency or office.
- The applicant adequately demonstrates that the proposed home health agency in Forsyth County will improve quality and continuity of care, and reduced unnecessary hospital stays based on the delivery of services of its existing home health agency in Pender County.
- The applicant adequately demonstrates that the proposed Medicare-certified home health agency or office is needed in addition to the existing and approved Medicare-certified home health agencies or offices in the service area.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12369-23/Aveanna Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

In Section G, page 76, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved home health services in Forsyth County. The applicant states:

"The 2023 SMFP includes a need determination for a Medicare-certified home health agency in Forsyth County. The SMFP methodology has determined that existing providers will continue to provide home health services in the community but not at a level sufficient to meet the projected demand; therefore, an additional provider is needed... the identified need can best be met by the development of the proposed home health agency by an experienced national home health provider with a footprint in the region, given the increased need for home health services based on Forsyth County

demographics and the utilization of existing home health agencies in the region. The proposed project will have a positive impact on home health utilization by increasing access to high quality, cost-effective care, which in turn will enable Aveanna to meet the growing demand for home health services in Forsyth County.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the need determination in the 2023 SMFP for the proposed Medicare-certified home health agency or office and the historical utilization and population growth in Forsyth County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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-All Applications

Project ID# G-12356-23/PHC Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

In Section Q, page 153, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

PHC Home Health- Forsyth	Projected FTE Staff		
	1 st Full FY CY 2025	2 nd Full FY CY 2026	3 rd Full FY CY 2027
RNs	2.80	3.70	4.70
Physical Therapy	2.10	2.90	3.80
PT Aide	2.10	2.90	4.00
Occupational Therapists	1.40	2.00	2.70
OT Aide	0.60	0.90	1.20
Speech Therapy	0.40	0.50	0.60
Medical Social Worker	0.50	0.75	1.00
Home Health Aide	0.30	0.40	0.60
Administrator	0.75	1.00	1.00
Office/Support	1.00	1.50	2.00
Market/Public Relations	0.75	1.00	2.00
Medical Director	0.05	0.10	0.10
LPN	2.00	2.70	4.40
Clinical Manager	1.00	1.00	1.00
TOTAL	15.75	21.35	29.10

The assumptions and methodology used to project staffing are provided in Section Q, pages 154-165. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 87-88, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant will recruit appropriate staff through advertising, digital recruiting services, and networking through various home health-related memberships.
- PHC offers competitive salaries and comprehensive benefits.
- PHC engages its vendors and ancillary referral providers to offer in-service for its staff and requires staff to maintain skill proficiency and current licenses in their respective licensure boards.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12362-23/Well Care Home Health of Forsyth County/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Kernersville, Forsyth County.

In Section Q, page 150, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Well Care Home Health of Forsyth County	Projected FTE Staff		
	1 st Full FY FY 2025	2 nd Full FY FY 2026	3 rd Full FY FY 2027
Director of Operations	1.0	1.0	1.0
Clerical/Medical Records	1.0	1.0	2.0
Marketing/Public Relations	1.0	1.5	2.0
Clinical Manager	1.0	1.0	2.0
Medical Social Worker	1.0	1.0	1.0
Registered Nurses	3.0	6.0	7.0
Licensed Practical Nurses	3.0	4.7	5.7
Home Health Aides	1.0	2.0	2.0
Physical Therapists	3.0	5.8	7.0
PT Assistants	2.4	5.0	6.0
Occupational Therapists	1.0	2.0	2.4
OT Assistants	0.8	1.7	2.1
Speech Therapists	1.0	1.1	2.0
TOTAL	20.2	33.8	42.2

The assumptions and methodology used to project staffing are provided in Section Q, page 155. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 96-101, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant is able to recruit clinicians and nurses from Well Care's Davie County agency.
- The applicant has established working relationships with clinical professionals across the region.

- Well Care employees participate in New Employee Orientation and regular in-service education.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12364-23/Novant Health Home Care-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Clemmons, Forsyth County.

In Section Q, page 173, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Novant Health Home Care-Forsyth	Projected FTE Staff*		
	1 st Full FY CY 2025	2 nd Full FY CY 2026	3 rd Full FY CY 2027
Registered Nurses	5.5	6.2	6.9
Physical Therapists	7.5	8.5	9.4
Physical Therapy Assistant	0.8	0.9	1.0
Speech Therapists	0.6	0.7	0.8
Occupational Therapists	1.8	2.0	2.2
Occupational Therapy Aides	0.2	0.2	0.3
Medical Social Workers	0.2	0.2	0.2
Administrator/CEO	1.0	1.0	1.0
Clerical	5.5	5.5	5.5
Other (Home Health Aid)	0.4	0.4	0.5
Other (Clinical Manager)	2.0	2.0	2.0
Other (Registered Nurse Would Care)	1.0	1.0	1.0
TOTAL	28.3	28.6	30.7

*FTEs have been rounded by the Project Analyst.

The assumptions and methodology used to project staffing are provided in Section Q, page 174. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 91-94, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant recruits appropriate staff through Novant Health's established regional and corporate People and Culture departments.
- The applicant allocates funds to cover training needs and license and certification maintenance and offers a variety of continuing education programs.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12369-23/Aveanna Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

In Section Q, Form H, page 9, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Aveanna Home Health- Forsyth	Projected FTE Staff		
	1st Full FY CY 2024	2nd Full FY CY 2025	3rd Full FY CY 2026
Office Manager (Executive Director)	1.00	1.00	1.00
Schedule/Office Support	1.00	1.50	2.00
Community Relations/PR Liaison	1.00	1.00	1.00
Registered Nurse (RN)	1.50	2.25	3.00
Physical Therapists (PT)	1.50	2.25	3.00
Occupational Therapists (PT)	0.50	0.75	1.00
Speech Therapists (ST)	0.20	0.30	0.40
Medical Social Workers (MSW)	0.10	0.10	0.10
Home Health Aide	0.10	0.20	0.30
Clinical Manager	1.00	1.00	1.00
TOTAL	7.90	10.35	12.80

The assumptions and methodology used to project staffing are provided in Section Q, page 10. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 78-79, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- To recruit skilled staff, the applicant will implement strategies such as using online recruitment sites, offering sign-on bonuses and competitive salaries, and contacting field instructors at community colleges and universities.
- The applicant will include general organization-wide learning and home health specific-learning in its onboarding and orientation for new hires.
- Aveanna will offer opportunities to staff to grow their skills and earn advanced degrees through educational partnership programs, with colleges and universities.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

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

C-All Applications

Project ID# G-12356-23/PHC Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

Ancillary and Support Services

In Section I, page 89, the applicant identifies the necessary ancillary and support services for the proposed services. On page 90, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I, page 92, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant has established relationships with the Forsyth County Health Department and the Department of Social Services, and has a network of home health support providers.
- Among other healthcare providers, the applicant has established a relationship with a group of primary care physicians by creating a system of linking home care patients with no established primary care relationship to a dependable primary medical home.
- PHC staff has reached out to 13 agencies about developing relationships for the proposed home health agency.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12362-23/Well Care Home Health of Forsyth County/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Kernersville, Forsyth County.

Ancillary and Support Services

In Section I, page 103, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 103-104, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I, page 104, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on its established relationships with local healthcare providers and referral resources that will be leveraged upon project completion.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12364-23/Novant Health Home Care-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Clemmons, Forsyth County.

Ancillary and Support Services

In Section I, page 96, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 96-97, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I, pages 97-100, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in Exhibit C-4.1. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system, based on the following:

- The applicant provided letters of support from the healthcare and social service community in Exhibit C-4.1.
- Novant Health has historically partnered with medical institutions to promote medical education.
- Novant Health has over 100 physician practices and clinics in Forsyth County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12369-23/Aveanna Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

Ancillary and Support Services

In Section I, page 81, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 81-82, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit 1.1-1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I, page 82, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in

Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- Aveanna will leverage its existing relationships with area physicians and other local healthcare providers that were developed from Aveanna's existing private duty nursing agency serving Forsyth County.
- The applicant has introduced its organization and its plans for the proposed home health agency with area physicians and other healthcare providers.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

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

NA-All Applications

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. Therefore, Criterion (9) is not applicable to this review.

- (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-All Applications

None of the applicants are an HMO. 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.

C
Novant Health

NA
PHC
Well Care
Aveanna

PHC, Well Care, and Aveanna do not propose to construct any new space, renovate any existing space nor make more than minor renovations to existing space. Therefore, Criterion (12) is not applicable to their reviews.

Project ID# G-12364-23/Novant Health Home Care-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Clemmons, Forsyth County.

In Section K, page 103, the applicant states that the project involves renovating 3,332 square feet of existing space. Line drawings are provided in Exhibit K-2.

On page 103, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- The architect's review of the necessary construction at the proposed location.
- The applicant is proposing to renovate an existing space which is more cost-effective than a new construction.

On pages 103-104, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The proposed Medicare-certified home health agency will reduce the total cost of healthcare for patients and insurers because it will improve access and quality care by providing home health care services as opposed to services in an institutional setting.
- The applicant's efforts to contain costs includes renovating in an existing space, utilizing its highly skilled and experienced home health personnel, centralizing administration functions, and having established contracts with Durable Medical Equipment (DME), pharmacy and medical supplies.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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 ... persons [with disabilities], 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-All Applications

None of the applicants nor any related entities own, operate or manage an existing home health service agency located in the service area. Therefore, Criterion (13a) is not applicable to 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 persons with disabilities to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

NA-All Applications

None of the applicants nor any related entities own, operate or manage an existing home health agency located in the service area. Therefore, Criterion (13b) is not applicable to this review.

- (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-All Applications

Project ID# G-12356-23/PHC Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

In Section L, page 103, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

PHC Home Health-Forsyth Projected Payor Mix 3rd Full FY, CY 2027	
Payor Category	% of Total
Charity Care	1.7%
Medicare*	72.7%
Medicaid*	20.0%
Insurance *	2.5%
Workers comp.	0.0%
Other (Self-Pay/VA/TRICARE)	3.1%
Total	100.0%

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.7% of total services will be provided to charity care patients, 72.7% to Medicare patients and 20.0% to Medicaid patients.

In Section Q, page 130, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant projects payor mix based on the historical experience at PHC Charlotte, and adjusted Medicaid and Medicare percentages based on population demographics and Medicaid expansion.
- The applicant assumes that payor mix will remain constant from 2024-2027.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

Project ID# G-12362-23/Well Care Home Health of Forsyth County/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Kernersville, Forsyth County.

In Section L, page 113, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Well Care Home Health of Forsyth, Inc. Projected Payor Mix 3rd Full FY, CY [FY] 2026	
Payor Category	% of Total
Charity Care	1.0%
Medicare*	83.5%
Medicaid*	9.0%
Insurance *	4.0%
TRICARE	2.5%
Total	100.0%

*Including any managed care plans.
 Project Analyst assumes the applicant made a typo.
 Correction is in brackets.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.0% of total services will be provided to charity care patients, 83.5% to Medicare patients and 9.0% to Medicaid patients.

On pages 113-114, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of

the project. The projected payor mix is reasonable and adequately supported because the applicant projects payor mix based on the historical experience of existing Medicare-certified home health agencies in Forsyth County and Well Care’s experience with home health services throughout North Carolina. Additionally, the applicant examined the historical payor mix and assessed the increase in access to services after the State’s Medicaid transition from fee-for-service to managed care. Moreover, the applicant reviewed historical increases in Medicaid enrollment in Forsyth County and took into account impending legislative expansion of Medicaid in the state.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

Project ID# G-12364-23/Novant Health Home Care-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Clemmons, Forsyth County.

In Section L, page 111, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Novant Health Home Care-Forsyth Projected Payor Mix 3rd Full FY, CY 2027	
Payor Category	% of Total
Self-Pay	0.3%
Charity Care	0.5%
Medicare*	85.3%
Medicaid*	3.4%
Insurance *	8.4%
Workers Compensation	0.1%
TRICARE	0.1%
Other (Government)	1.9%
Total	100.0%

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.3% of total services will be provided to self-pay patients, 0.5% to charity care patients, 85.3% to Medicare patients and 3.4% to Medicaid patients.

On page 110, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because the applicant projects payor mix based on the actual payor mix of residents of Forsyth and Davidson County, aged 18 and over, who were discharged (inpatient and outpatient) from a Novant Health hospital to home health in 2022.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

Project ID# G-12369-23/Aveanna Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

In Section L, page 92, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Aveanna Home Health-Forsyth Projected Payor Mix 3rd Full FY, CY 2027	
Payor Category	% of Total
Self-Pay	0.7%
Charity Care [^]	
Medicare*	77.4%
Medicaid*	2.0%
Insurance *	19.8%
Other (Private Pay)	0.1%
Total	100.0%

*Including any managed care plans.

[^]Aveanna does not consider Charity Care as a payor source because any payor can receive charity care.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.7% of total services will be provided to self-pay patients, 77.4% to Medicare patients and 2.0% to Medicaid patients.

On page 91, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported by the projected payor mix as reported in the 2023 SMFP and supplemented by 2022 LRA data, and the recent experience of existing home health providers in Forsyth County.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

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

C-All Applications

Project ID# G-12356-23/PHC Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

In Section L, page 104, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID# G-12362-23/Well Care Home Health of Forsyth County/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Kernersville, Forsyth County.

In Section L, page 117, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID# G-12364-23/Novant Health Home Care-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Clemmons, Forsyth County.

In Section L, page 114, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

Project ID# G-12369-23/Aveanna Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

In Section L, page 93, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application

- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

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

C-All Applications

Project ID# G-12356-23/PHC Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

In Section M, page 106, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- PHC has a history of primary training relationships with community college training programs for certified nurse assistants.
- The applicant has reached out to area programs for collaboration and provided supporting documentation in Exhibit M.1.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12362-23/Well Care Home Health of Forsyth County/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Kernersville, Forsyth County.

In Section M, page 118, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit M.2. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on their existing relationships with various training programs as an established home health provider in North Carolina and their commitment to establish similar agreements for the proposed Medicare-certified home health agency.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12364-23/Novant Health Home Care-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Clemmons, Forsyth County.

In Section M, page 115, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes. Novant Health has historically collaborated with interested health professional training programs to establish clinical programs which will be extended to the proposed NHHC-F.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Project ID# G-12369-23/Aveanna Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

In Section M, page 95, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the applicant's commitment to coordinate with area schools and professional training programs to establish relationships for clinical rotations.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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-All Applications

On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists of Forsyth County. Facilities may also serve residents of counties not included in their service area.

The table below identifies the existing Medicare-certified home health agencies or offices located in Forsyth County, and the in-county and out-of-county patient totals for FY 2021 for each provider, from page 218 of the 2023 SMFP.

License Number	Name	In-County Patients	Out-of-County Patients	Total Patients
HC0005	BAYADA Home Health Care. Inc.	1,279	594	1,873
HC0231	CenterWell Home Health	602	178	780
HC0409	Wake Forest Baptist Health Care at Home, LLC	757	528	1,285
HC0499	Advanced Home Health	1,573	973	2,546
HC0567	CenterWell Home Health	1,075	407	1,482
HC1131	CenterWell Home Health	19	8	27
HC1210	CenterWell Home Health	21	6	27
HC1304	Amedisys Home Health of Winston-Salem	588	209	797
HC1886	Interim HealthCare of the Triad, Inc.	342	1,117	1,459
HC4901	PruittHealth@Home-Forsyth	149	67	216

Project ID# G-12356-23/PHC Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 108, the applicant states:

“According to the 2023 SMFP and the 2023 License renewal database, Forsyth County has 10 home health agencies offices, 40 percent of which are owned by the same national provider, CenterWell Home Health... Only two of Forsyth County’s home health agencies, Interim and Wake Forest Baptist are North Carolina-owned... local ownership correlates with service to Medicaid and charity patients.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 109, the applicant states:

“PHC proposes development of a new Medicare-certified home health agency, that operates at costs below current Medicare payment rates. Proformas demonstrate that it can sustain proposed operations with no increase in Medicare payment rates through the third project year.

At the same time, the proposed new home health agency will offer competitive salaries, support nurses and therapists working at the top of their license and will maximize the roles of LPN’s[sic] and therapy aides to provide more professional contact time for patients.”

See also Sections B, C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 111, the applicant states:

PHC has long demonstrated its commitment to providing compassionate and quality care to residents of the service area, having served the region for almost 20 years...PHC's patients and staff have left over 92 reviews on Google, earning PHC a rating of 4.8 stars out of five. The reviews posted on Google reflect PHC's passionate staff and patient satisfaction with the company's services... PHC's mission, values, and reputation as a high-quality leading provider of home health services will guide the operations of the proposed Forsyth County home care office."

See also Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 113, the applicant states:

"PHC is already organized, under contract and Medicaid certified to provide personal home care services at its existing Touched by Angels office in Forsyth County. Having this capacity in place, the proposed new PHC-Forsyth home health agency can offer a continuous service to Medicaid and charity medically underserved groups and to others as well. Many home-bound patients require continuous home care, and that service is not covered in the Medicare Home Health Agency short term intermittent care benefit.

...

PHC has a well-developed program for adapting its services for cultural sensitivity. This applies to persons in different racial and ethnic groups as well as persons of differing religions and genders. Further, PHC does not discriminate based on age, gender, sexual preference, race, or religion. PHC is an equal opportunity employer, and its staff reflect the cultural diversity in the community it serves."

See also Sections B, L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past

- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

Project ID# G-12362-23/Well Care Home Health of Forsyth County/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Kernersville, Forsyth County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 119, the applicant states:

“The proposed project to develop a new Medicare-certified home health agency in Forsyth County will promote competition in the service area because it will enable Well Care to better meet the needs of its existing patient population, and to ensure more timely provision of and convenient access to home health services for residents of Forsyth County. Well Care determined that it would result in a greater level of efficiency and geographic access for patients, referral sources, and staff to serve its existing and projected patient volume from Forsyth County.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 119, the applicant states:

“This project will have a positive impact on the cost effectiveness of services, as the development of a new Medicare-certified home health agency in Forsyth County will not increase the charges or projected reimbursement for these services, which are established by Medicare, Medicaid, and/or existing private payor contracts.”

See also Sections B, C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 120, the applicant states:

“Via this proposed project to develop and operate a new home health office in Forsyth County, Well Care will maintain compliance with all applicable state and federal laws and regulations, and will maintain compliance with all licensure, certification and accreditation standards...”

See also Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 122, the applicant states:

“Services to low-income persons will be provided by Well Care... WCFC will comply with applicable Federal civil rights laws and will not discriminate on the basis of race, color, national origin, age, disability, gender, or sexual orientation.”

See also Sections B, L and C of the application and any exhibits. .

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

Project ID# G-12364-23/Novant Health Home Care-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Clemmons, Forsyth County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 116, the applicant states:

“...approval of the Novant Health application would add an eighth provider to the county. The most important effect on competition would be to give Novant Health patients the option of receiving home health services in the Novant Health continuum of care. The applicants emphasize that no Novant Health patient will be required to choose NHHC-F for their home health needs. Patients and their physicians will have freedom to choose the home health agency that is best suited to meet individual patient’s needs.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 117, the applicant states:

“This project will not increase the cost to patients or payors for home health services because payment rates are set by the government for Medicare and Medicaid and are negotiated with commercial insurers. The nominal capital cost for this project is limited to office space to support the direct care and administrative staff.

Novant Health is delivering value and quality in outcomes through its Population Health Management programs. This approach encourages wellness, preventive care, and managing environmental conditions to lower the overall cost of care.”

See also Sections B, C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, pages 117-118, the applicant states:

“Novant Health strives to deliver high-quality care in every facility and service line. It has an ongoing commitment to identify opportunities for improvement, accomplish change, and work together to reduce risks to patients and improve outcomes. NHHC-F follows Novant Health’s policies and methods to reduce risks and improve outcomes for patients.

...

Novant Health applies evidence-based best practices to prevent medical errors and other risks to patients by establishing accountability for finding and fixing system problems.

...

NHHC-F will participate in Novant Health’s Performance Improvement Philosophy...The model is based on the theory that improvement comes from applying

knowledge, and it is used to test and implement ideas for change at the process and system levels.

NHHC-F will participate in the Clinical Improvement Plan, the Infection Prevention Plan, and the Risk Management Plan, and will work with the Novant Health Clinical Improvement Department to facilitate the improvement of clinical performance across Novant Health.”

See also Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 120, the applicant states:

“...Novant Health will continue to have a policy to provide services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved. Novant Health’s financial assistance policy will apply to the proposed services.”

See also Sections B, L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

Project ID# G-12369-23/Aveanna Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 96, the applicant states:

“...As a quality provider of home health care for over three decades, Aveanna has the experience and expertise to promptly establish a Medicare-certified agency in Forsyth County, expand access to home health services, ensure access by the medically underserved, and promote competition as a new home health alternative for Forsyth County residents.”

Regarding the impact of the proposal on cost effectiveness, in Section B, page 28, the applicant states:

“...Aveanna is proposing an efficient and cost-effective alternative for adding home health capacity. By locating the proposed home health agency in existing space, the cost of the project will be significantly lower than if it were developed at a new site. Aveanna has reduced expenses by utilizing existing leased space and avoiding new construction and thus has proposed the most value-conscious alternative for development of a home health agency.”

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section B, page 26-27, the applicant states:

“Through 30-plus years providing home care, Aveanna has a demonstrated reputation for providing high quality home healthcare services to its patients and is committed to continuing to provide excellent, high-quality healthcare. Aveanna consistently receives high customer satisfaction ratings, and its clinical metrics and outcomes are routinely higher when compared to national averages.

...

Aveanna’s commitment to providing quality care is further demonstrated by its Quality Assurance and Performance Improvement (QAPI) plan...

...

Each new office is subject to review under the existing QAPI policies whereby safety and quality along with patient satisfaction are continuously monitored with a plan in place for intensive assessment and corrective action should there be any sign of variability.”

See also Section O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section B, page 28, the applicant states:

...patients are admitted for care without regard to race, color, age, religion, gender, sexual orientation, marital status, sexual preference, age, national origin, veteran status, disability, communicable disease, or nation origin. For the purpose of serving the uninsured and indigent, Aveanna has an established policy for admitting and providing care to patients unable to pay for services.”

See also Sections L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past
- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

- (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-All Applications

Project ID# G-12356-23/PHC Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

In Section Q, form O, page 1, the applicant identifies the Medicare-certified home health agencies or offices located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of two of this type of agency located in North Carolina.

In Section O, page 116, the applicant states that, during the 18 months immediately preceding the submittal of the application, none of the agencies were determined by the Division of Health Service Regulation to have had any situations resulting in a finding of immediate jeopardy. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care had not occurred in these agencies. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at the agency, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID# G-12362-23/Well Care Home Health of Forsyth County/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Kernersville, Forsyth County.

In Section Q, page 151, the applicant identifies the Medicare-certified home health agencies or offices located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of five of these types of facilities located in North Carolina.

In Section O, page 125, the applicant states that, during the 18 months immediately preceding the submittal of the application, none of the facilities were determined by the Division of Health Service Regulation to have had any situations resulting in a finding of immediate jeopardy. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care had not occurred in any of these agencies. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at the agencies, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID# G-12364-23/Novant Health Home Care-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Clemmons, Forsyth County.

In Section Q, Form O, page 1, the applicant identifies the Medicare-certified home health agencies or offices located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies one of these types of facilities located in North Carolina.

In Section O, page 123, the applicant states that, during the 18 months immediately preceding the submittal of the application, the only existing facility did not have any findings of immediate jeopardy. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care had not occurred in the agency. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at the agency, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID# G-12369-23/Aveanna Home Health-Forsyth/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Winston-Salem, Forsyth County.

In Section Q, Form O, page 11, the applicant identifies the Medicare-certified home health agencies or offices located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of two of these types of facilities located in North Carolina.

In Section O, page 99, the applicant states that, during the 18 months immediately preceding the submittal of the application, facilities listed did not have an incident resulting in an immediate jeopardy finding. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care had not occurred in these agencies. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at these 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.

G.S. 131E-183(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-All Applications

All four applications are conforming with all applicable Criteria and Standards for Home Health Services 10A NCAC 14C .2000. The specific criteria are discussed below.

SECTION .2000 – CRITERIA AND STANDARDS FOR HOME HEALTH SERVICES 10A NCAC 14C .2003 PERFORMANCE STANDARDS

An applicant shall project, in the third year of operation, an annual unduplicated patient caseload for the county in which the facility will be located that meets or exceeds the minimum need used in the applicable State Medical Facilities Plan to justify the establishment of a new home health agency office in that county. An applicant shall not be required to meet this performance standard if the home health agency office need determination in the applicable State Medical Facilities Plan was not based on application of the standard methodology for a Medicare-certified home health agency office.

- C- **PHC.** In Section Q, Form C.5, the applicant projects to serve 1,578 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2023 State Medical Facilities Plan.
- C- **Well Care.** In Section Q, Form C.5, the applicant projects to serve 2,539 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2023 State Medical Facilities Plan.
- C- **Novant Health.** In Section Q, Form C.5, the applicant projects to serve 1,202 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2023 State Medical Facilities Plan.
- C- **Aveanna.** In Section Q, Form C.5, the applicant projects to serve 568 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2023 State Medical Facilities Plan.

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2023 SMFP, no more than one Medicare-certified home health agency or office may be approved for Forsyth County in this review. Because the four applications in this review collectively propose to develop four additional Medicare-certified home health agencies or offices, all the applications cannot be approved. Therefore, after considering all the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposal should be approved.

Below is a brief description of each project included in this review.

- Project ID # G-12356-23/PHC/Develop a Medicare-certified home health agency
- Project ID # G-12362-23/Well Care/Develop a Medicare-certified home health agency
- Project ID # G-12364-23/Novant Health/Develop a Medicare-certified home health agency
- Project ID # G-12369-23/Aveanna/Develop a Medicare-certified home health agency

Conformity with Statutory and Regulatory Review Criteria

All applications are conforming to all applicable statutory and regulatory review criteria. Therefore, regarding this comparative factor, all applications are equally effective alternatives.

Scope of Services

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

Access by Service Area Residents

The 2023 SMFP defines the service area for home health agency or office as “... *the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.*” Thus, the service area for this review is Forsyth County. Facilities may also serve residents of counties not included in their service area. Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that residents of a service area should be able to derive a benefit from a need determination for an additional Medicare-certified home health agency or office in the service area where they live.

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

Number and Percentage of Service Area Residents Projected to be Served in Forsyth County, 3rd Full Fiscal Year			
Applicant	# of County Residents	Total # of Residents	% of Total Residents
PHC	1,578	1,578	100.0%
Well Care	1,293	2,539	50.9%
Novant Health	947	1,202	78.8%
Aveanna	457	568	80.5%

Source: Tables in Section C.3 of the respective applications.

As shown in the table above, **PHC** projects to serve both the highest number and percentage of service area residents during the third full fiscal year following project completion. Therefore, regarding projected service to residents of the service area, the application submitted by **PHC** is the most effective alternative.

Access by Underserved Groups

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

“Medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], 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.”

Projected Access by Medicaid Recipients

For each applicant in this review, the following table compares: a) the total number of unduplicated patients in the third full fiscal year of operation; b) the number of unduplicated Medicaid patients in the third full fiscal year of operation; and c) unduplicated Medicaid patients as a percentage of total unduplicated patients. Generally, the application proposing the higher number of Medicaid patients is the more effective alternative with regard to this comparative factor.

3rd Full Fiscal Year			
Applicant	Total Number of Unduplicated Patients	Total Number of Unduplicated Medicaid Patients	Unduplicated Medicaid Patients as Percentage of Total
PHC	1,578	316	20.0%
Well Care	2,539	229	9.0%
Novant Health	1,202	41	3.4%
Aveanna	568	11	2.0%

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

As shown in the table above, **PHC** projects to serve the highest percentage and the highest number of unduplicated Medicaid patients in the third full fiscal year of operation. Therefore, the application submitted by **PHC** is the most effective alternative with regard to projected access by Medicaid recipients.

Projected Access by Medicare Recipients

For each applicant in this review, the following table compares: a) the total number of duplicated patients in the third full fiscal year of operation; b) the number of duplicated Medicare patients in third full fiscal year of operation; and c) duplicated Medicare patients as a percentage of total duplicated patients. Generally, the application proposing the highest number of Medicare patients is the more effective alternative with regard to this comparative factor.

3rd Full FY			
Applicant	Total Number of Duplicated Patients	Total Number of Duplicated Medicare Patients	Duplicated Medicare Patients as a Percentage of Total Duplicated Patients
PHC	5,475	1,354	24.7%
Well Care	8,036	3,975	49.5%
Novant Health	3,819	1,420	37.2%
Aveanna	863	668	77.4%

Source: Form, C.5 of the applications

As shown in the table above, **Well Care** projects to serve the highest number of duplicated Medicare patients in the third full fiscal year of operation. The application submitted by **Well Care** is the most effective alternative with regard to projected access by Medicare recipients.

Competition, Access to a New or Alternative Provider

The following table illustrates the existing and approved providers located in the service area. Generally, the introduction of a new provider in the service area would be the most effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer Medicare-certified home health agencies or offices than another provider would also presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

License Number	Name	In-County Patients	Out-of-County Patients	Total patients
HC0005	BAYADA Home Health Care, Inc.	1,279	594	1,873
HC0231	CenterWell Home Health	602	178	780
HC0409	Wake Forest Baptist Health Care at Home, LLC	757	528	1,285
HC0499	Advanced Home Health	1,573	973	2,546
HC0567	CenterWell Home Health	1,075	407	1,482
HC1131	CenterWell Home Health	19	8	27
HC1210	CenterWell Home Health	21	6	27
HC1304	Amedisys Home Health of Winston-Salem	588	209	797
HC1886	Interim HealthCare of the Triad, Inc.	342	1,117	1,459
HC4901	PruittHealth @ Home-Forsyth	149	67	216

Source: 2023 SMFP, Table 12A, page 218

As shown in the table above, there are ten providers of Medicare-certified home health agencies or offices in Forsyth County. None of the applicants currently operate Medicare-certified home health agencies or offices located in Forsyth County. Therefore, all of the applicants are equally effective alternatives with regard to this comparative factor.

Average Number of Visits per Unduplicated Patient

The majority of home health care services are covered by Medicare, which does not reimburse on a per visit basis. Rather, Medicare reimburses on a per episode basis. Thus, there is a financial disincentive to providing more visits per Medicare episode. The following table shows the average number of visits per unduplicated patient projected by each applicant in the third full fiscal of operation. Generally, the application proposing the highest number of visits per unduplicated patient is more effective alternative with regard to this comparative factor.

3rd Full FY			
Applicant	Total Number of Unduplicated Patients	Total Projected Number of Visits	Average Number of Visits per Unduplicated Patient*
PHC	1,578	34,884	22.11
Well Care	2,539	54,642	21.52
Novant Health	1,202	27,471	22.85
Aveanna	568	10,414	18.33

Source: Form C.5 of the applications.

*The average number of visits per unduplicated patient was calculated by dividing the projected number of visits by the applicant's projections of total unduplicated patients in the third full fiscal year of operation.

As shown in the table above, **Novant Health** projects the highest average number of visits per unduplicated patient in the third full fiscal year of operation. Therefore, the application submitted by **Novant Health** is the most effective alternative with regard to the projected number of visits per unduplicated patient.

Projected Average Net Revenue per Visit

The following table compares projected average net revenue per visit in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average net revenue per visit is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor.

3rd Full FY			
Applicant	Total Projected Number of Visits	Total Net Revenue	Average Net Revenue per Visit
PHC	34,884	\$4,280,598	\$122.71
Well Care	54,642	\$6,779,521	\$124.07
Novant Health	27,471	\$4,861,647	\$176.97
Aveanna	10,414	\$1,911,124	\$183.51

Source: Form C.5 and Form F.2b of the applications

As shown in the table above, **PHC** projects the lowest average net revenue per visit in the third full fiscal year following project completion. Therefore, regarding this comparative factor, the application submitted by **PHC** is the most effective alternative.

Projected Average Net Revenue per Unduplicated Patient

Average net revenue per unduplicated patient in the third full fiscal year of operation was calculated by dividing projected net revenue (Form F.2b) by the projected number of unduplicated patients from Form C.5 of the applications, as shown in the table below. Generally, the application proposing the lowest average net revenue per unduplicated patient is the more effective alternative with regard to the comparative factor.

3rd Full FY			
Applicant	Total Number of Unduplicated Patients	Total Net Revenue	Average Net Revenue per Unduplicated Patient
PHC	1,578	\$4,280,598	\$2,712.67
Well Care	2,539	\$6,779,521	\$2,670.15
Novant Health	1,202	\$4,861,647	\$4,044.63
Aveanna	568	\$1,911,124	\$3,364.65

Source: Form C.5 and Form F.2b of the application

As shown in the table above, **Well Care** projects the lowest average net revenue per unduplicated patient in the third full fiscal year of operation. Therefore, the application submitted by **Well Care** is the most effective alternative with regard to average net revenue per unduplicated patient.

Projected Average Total Operating Cost per Visit

The following table compares projected average operating expense per visit in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average operating expense per visit is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

3rd Full FY			
Applicant	Total Number of Projected Visits	Total Operating Expenses	Average Operating Cost per Visit
PHC	34,884	\$3,674,049	\$105.32
Well Care	54,642	\$5,488,448	\$100.44
Novant Health	27,471	\$4,608,143	\$167.75
Aveanna	10,414	\$1,775,038	\$170.45

Source: Form C.5 and Form F.3b of the applications

As shown in the table above, **Well Care** projects the lowest average operating expense per visit in the third full fiscal year following project completion. Therefore, regarding this comparative factor, the application submitted by **Well Care** is the most effect alternative.

Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit

The ratios in the table below were calculated by dividing the average net revenue per visit in the third full fiscal year of operation by the average total operating expenses per visit. Generally, the application proposing the lowest ratio is the more effective alternative with regard to this comparative factor.

However, the ratio must equal one or greater in order for the proposal to be financially feasible. The applications are listed in the table below.

3rd Full FY			
Applicant	Average Net Revenue per Visit	Average Total Operating Cost per Visit	Ratio of Average Net Revenue to Average Total Operating Cost per Visit*
PHC	\$122.71	\$105.42	1.16
Well Care	\$124.07	\$100.44	1.24
Novant Health	\$176.97	\$167.75	1.06
Aveanna	\$183.51	\$170.45	1.08

Source: Form C.5 and Form F.2b and F.3b of the applications
 *average net revenue / average total operating cost per visit

As shown in the table above, **Novant Health** projects the lowest ratio of net revenue to average total operating cost per visit in the third full fiscal year of operation. Therefore, the application submitted by **Novant Health** the most effective alternative with regard to the projected ratio of average net revenue per visit to average total operating cost per visit in third full fiscal year of operation.

Nursing and Home Health Aide Salaries

The tables below compare the proposed annual salary for registered nurses, licensed practical nurses and home health aides in the third full fiscal year of operation, as reported by the applicants in Form H of the application. Generally, the application proposing the highest annual salary is the more effective alternative with regard to this comparative factor.

Average Annual Salaries-Third Full FY	
Applicant	Registered Nurse
PHC	\$106,121
Well Care	\$108,726
Novant Health	\$88,671
Aveanna	\$82,162

Applicant*	Licensed Practical Nurse
PHC	\$67,917
Well Care	\$71,843
Novant Health	n/a
Aveanna	n/a

Applicant	Home Health Aide
PHC	\$46,693
Well Care	\$46,987
Novant Health	\$39,111
Aveanna	\$50,648

Source: Form H of the applications

*Novant Health and Aveanna do not project to employ any LPNs.

Salaries are a significant contributing factor in recruitment and retention of staff. However, the proposed annual salaries for licensed practical nurses were not analyzed because only two of the four applicants proposed to employ licensed practical nurses. As shown in the tables above, **Well Care** projects the highest average annual salary for registered nurses and **Aveanna** projects the highest average annual salary for home health aide positions in the third full fiscal year of operation. Therefore, the applications submitted by **Well Care** and **Aveanna** are the more effective alternatives with regard to average annual salary for registered nurses and home health aides, respectively.

Summary

The following table lists the comparative factors and indicates whether each application was determined most effective, more effective, less effective or least effective with regard to the factor.

Comparative Factor	PHC	Well Care	Novant Health	Aveanna
Conformity with Statutory and Regulatory Review Criteria	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Scope of Services	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Access by Service Area Residents	Most Effective	Less Effective	Less Effective	Less Effective
Access by Medicaid Recipients	Most Effective	Less Effective	Less Effective	Less Effective
Access by Medicare Recipients	Less Effective	Most Effective	Less Effective	Less Effective
Competition, Access to a New or Alternative Provider	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Average Number of Visits per Unduplicated Patient	Less Effective	Less Effective	Most Effective	Less Effective
Projected Average Net Revenue per Visit	Most Effective	Less Effective	Less Effective	Less Effective
Projected Average Net Revenue per Unduplicated Patient	Less Effective	Most Effective	Less Effective	Less Effective
Projected Average Total Operating Cost per Visit	Less Effective	Most Effective	Less Effective	Less Effective
Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit	Less Effective	Less Effective	Most Effective	Less Effective
Nursing and Home Health Aide Salaries	Less Effective	More Effective	Less Effective	More Effective

All of the applications are conforming to all applicable statutory and regulatory review criteria, and thus approvable standing alone. All four applications propose a total of four Medicare-certified home health agencies or offices, and the need determination is for only one Medicare-certified home health agency or office. Therefore, only one Medicare-certified home health agency or office can be approved.

As shown in the table above, **Well Care** was determined to be the most effective or more effective alternative for the following four comparative factors:

- Access by Medicare Recipients
- Projected Average Net Revenue per Unduplicated Patient
- Projected Average Total Operating Cost per Visit

- Nursing and Home Health Aide Salaries (Nursing only)

As shown in the table above, **PHC** was determined to be the most effective or more effective alternative for the following three comparative factors:

- Access by Service Area Residents
- Access by Medicaid Recipients
- Projected Average Net Revenue per Visit

As shown in the table above, **Novant Health** was determined to be the most effective or more effective alternative for the following two comparative factors:

- Average Number of Visits per Unduplicated Patient
- Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit

As shown in the table above, **Aveanna** was determined to be the most effective or more effective alternative for the following comparative factor:

- Nursing and Home Health Aide Salaries (Home Health Aide only)

DECISION

Each application is individually conforming to the need determination in the 2023 SMFP for one Medicare-certified home health agency in Forsyth County. However, G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of Medicare-certified home health agencies that can be approved by the Healthcare Planning and Certificate of Need Section.

Based upon the independent review of each application and the Comparative Analysis, the Agency determined that the application submitted by **Well Care** is the most effective alternative proposed in this review for the development of one Medicare-Certified home health agency and is approved.

While the applications submitted by **PHC**, **Novant Health**, and **Aveanna** are approvable standing alone, the approval of all four applications would result in the approval of more Medicare-certified home health agencies than are determined to be needed, and therefore, the applications submitted by **PHC**, **Novant Health**, and **Aveanna** are denied.

The application submitted by **Well Care**, Project ID# G-12362-23, is approved subject to the following conditions:

1. **Well Care Home Health of Forsyth, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall develop one Medicare-certified home health agency or office in Forsyth County pursuant to the need determination in the 2023 SMFP.**

- 3. Upon completion of the project, the certificate holder shall be licensed for no more than one new Medicare-certified home health agency or office in Forsyth County.**
- 4. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. The certificate holder shall complete all sections of the Progress Report form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. The first progress report shall be due on March 1, 2024.**
- 5. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
- 6. The certificate holder 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.**