

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: July 26, 2024

Findings Date: July 26, 2024

Project Analyst: Ena Lightbourne

Co-Signer: Mike McKillip

COMPETITIVE REVIEW

Project ID #: C-12472-24
Facility: CaroMont Partners
FID #: 240121
County: Cleveland
Applicant: CaroMont Partners, LLC
Project: Develop a new Medicare-certified home health agency pursuant to the 2024 SMFP need determination

Project ID #: C-12487-24
Facility: PHC Home Health-Cleveland
FID #: 240130
County: Cleveland
Applicant: Personal Home Care of North Carolina, LLC
Project: Develop a new Medicare-certified home health agency pursuant to the 2024 SMFP need determination

Project ID #: C-12490-24
Facility: Well Care Home Health of Cleveland
FID #: 240134
County: Cleveland
Applicant: Well Care Home Health of Cleveland, Inc.
Project: Develop a new Medicare-certified home health agency pursuant to the 2024 SMFP need determination

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 2024 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 2024 SMFP identified a need for one Medicare-certified home health agency in the Cleveland County service area. Three 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 2024 SMFP is applicable to all applications.

Policy *GEN-3* on page 29 of the 2024 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# C-12472-24/ CaroMont Partners /Develop a Medicare-certified home health agency CaroMont Partners, LLC, hereinafter referred to as “CaroMont” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland 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 Cleveland County.

Policy GEN-3. In Section B, page 27, the applicant states:

“The capital costs associated with starting a home health agency are minimal as compared to other health care services. As all the services are provided in the patient’s home, capital expenditures are primarily focused on patient/staff medical services and communications and secondly home health office setup. Total capital costs are projected to be \$110,007. CaroMont Partners will hire and train qualified personnel to provide home health services safely, effectively, and efficiently.”

In Section C, page 64, the applicant states:

“Access to CaroMont Partners home health services will be from referrals from area physicians, hospitals, nursing homes and other health care agencies. To be admitted to the home health service a patient must have a physician’s order and meet the appropriate clinical criteria. CaroMont Partners is committed to serving all appropriate patients regardless of income, race or ethnicity, gender, disability, age, and other characteristics that cause patients to be underserved. CaroMont Partners will extend home health services to Medicare and Medicaid, uninsured, underinsured, self-pay and medically indigent patients.”

In Section O, page 115, the applicant states:

“CaroMont Health and thus, CaroMont Partners. is committed to providing the safest and highest quality of care by striving to eliminate patient harm and will continue to follow all safety and quality-related policies. The Quality Assurance and Performance Improvement (“QAPI”) Plan provides a framework of support for the organization's commitment to developing and sustaining a culture of high reliability. The success of CaroMont Health's journey to become a high reliability organization is founded on continuous improvement, empowerment, transparency, and the involvement of all stakeholders.”

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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 develop more Medicare-certified home health agencies that are 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 Cleveland County service area;
 - The applicant adequately documents how the project will promote equitable access to home health services in Cleveland County;
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID# C-12487-24/ PHC Home Health-Cleveland /Develop a Medicare-certified home health agency Personal Home Care of NC, LLC, hereinafter referred to as “PHC” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland 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 Cleveland County.

Policy GEN-3. In Section B, pages 26-30, 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

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 develop more Medicare-certified home health agencies that are 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 Cleveland County service area;
 - The applicant adequately documents how the project will promote equitable access to home health services in Cleveland County;

- The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID# C-12490-24/Well Care Home Health of Cleveland /Develop a Medicare-certified home health agency Well Care Home Health of Cleveland, Inc., hereinafter referred to as “Well Care” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland 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 Cleveland 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

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 develop more Medicare-certified home health agencies that are 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 Cleveland County service area;
 - The applicant adequately documents how the project will promote equitable access to home health services in Cleveland 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# C-12472-24/CaroMont Partners/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

On page 221, the 2024 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 Cleveland County. Facilities may also serve residents of counties not included in their service area.

Patient Origin

The following table illustrates projected patient origin.

CaroMont Partners Projected Patient Origin						
County	1 st Full FY		2 nd Full FY		3 rd Full FY	
	7/1/25 to 6/30/26		7/1/26 to 6/30/27		7/1/27 to 6/30/28	
	FY2026		FY2027		FY2028	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Cleveland	204	100%	564	100%	912	100%
Total	204	100%	564	100%	912	100%

Source: Section C, page 48

In Section C, page 48 and Section Q, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant projects patient origin based on projected deficits in home health services in Cleveland County, as published in the 2024 SMFP.
- The historical patient origin of CaroMont Regional Medical Center patients discharged to home health.
- The applicant’s established relationships with the medical and senior community.

Analysis of Need

In Section C, pages 50-58, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- There is a 2024 SMFP need determination for one additional Medicare-certified home health agency or office in Cleveland County (page 50).

- The North Carolina Office of State Budget Management (NCOSBM) projected population growth and aging in Cleveland County, particularly among the age group more likely to utilize home health services (page 50).
- The historical decrease in Cleveland County life expectancy is assumed to be due to the rise in health conditions which will increase the demand for medical services such as home health (pages 51-52).
- The historical utilization of home health services in Cleveland County (page 52).
- CaroMont Regional Medical Center patients discharged to home health during the most recent 12-month period (pages 53-54).
- The utilization of home health services in recent years has demonstrated advantages such as the reduction in hospitalization costs and an increase in access to personalized quality care (pages 55-58).

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

- The applicant's statements regarding need are supported by the projected number of Cleveland County home health patient deficit by 2025, identified in the 2024 SMFP.
- The applicant's statements regarding need are supported by population growth and aging data from the NCOSBM for the proposed service area.
- The applicant provides data regarding changes in life expectancy and the growth in utilization of home health services in Cleveland County, to support its statements regarding the 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.

CaroMont Partners	1 st Full FY		2 nd Full FY		3 rd Full FY	
	FY 2026		FY 2027		CY 2028	
	# of Clients	Visits	# of Clients	Visits	# of Clients	Visits
Unduplicated Clients by Admitting Discipline						
Nursing	146		404		653	
Physical Therapy	58		160		258	
Occupational Therapy	0		0		0	
Speech Therapy	0		0		0	
Total Unduplicated Clients	204		564		912	
Duplicated Clients and Visits by Discipline						
Nursing	172	1,738	544	5,495	859	8,679
Physical Therapy	168	1,316	531	4,161	838	6,574
Speech Therapy	16	73	50	231	79	365
Occupational Therapy	85	406	270	1,284	426	2,029
Medical Social Worker	26	37	83	118	132	186
Home Health Aide	28	292	87	924	138	1,460
Total Duplicated Clients and Visits	495	3,864	1,565	12,213	2,472	19,293
Full Episodes without Outlier	450	3,513	1,241	9,690	1,951	15,228
Full Episodes with Outlier	4	29	10	79	16	125
Partial Episode Payment (PEP)	1	10	3	26	5	42
Low-Utilization Payment Adjustment (LUPA)	9	72	25	199	40	312
Total Medicare Clients and Visits	464	3,624	1,280	9,995	2,012	15,707

In the Home Health Patient and Visit Methodology and Assumptions subsection of Section Q, the applicant provides the assumptions and methodology used to project utilization, which is summarized below. Note: Some totals may not foot due to rounding.

Step 1: Identity Service Area Home Health Patients

The applicant identified the projected home health patient deficit in FY2025, as stated in the 2024 SMFP.

County	Total Projected 2025 HH Patients	2025 SMFP Table 12D Deficit
Cleveland	4,635.25	(359.07)

Source: 2024 SMFP, page 255

The applicant identified the historical utilization of Cleveland County home health services and the projected utilization for FY2025, as stated in the 2024 SMFP. The number of patients is projected to grow annually by 5.50 percent during FY2022-FY2025.

County	FY2020	FY2021	FY2022	FY2025	2022-25 CAGR
Cleveland	3,659	3,315	3,947	4,635	(5.50%)

Source: 2022,2023, and 2024 SMFPs
 CAGR Calculation = $((FY2025/FY2022) ^ (1/3)-1)$
 Note: Compound Annual Growth Rate (CAGR)

Step 2: Projected FY2025 through FY2028 Cleveland County Home Health Patients

The applicant projects the number of Cleveland County patients during FY2025-FY2028 using the 3-year CAGR of 5.50 percent.

County	2022-25 CAGR	FY2025	FY2026	FY2027	FY2028
Cleveland	5.50%	4,635	4,890	5,159	5,443

Calculation: Previous Year's Cleveland County Home Health Patients x Projected 2022-25 CAGR

Step 3: Projected FY2026, FY2027, and FY2028 Cleveland County Home Health Admissions

The applicant projects the percentage of the 2024 SMFP home health patient deficit the proposed home health agency will capture, as illustrated below.

Year	Cleveland County 2025 HH Patient	Admits per Month	Admits per Month	HH Patients
FY2026	-359.07	Ramp-Up Period Average 7	12	84
FY2027	-359.07	15	12	180
FY2028	-359.07	20	12	240

Calculations: Year 3 Home Health patients served = (Home Health Patient Deficit x % of Deficit Served)

The applicant projects the Cleveland County CaroMont Regional Medical Center discharges to home health for the first three years. The applicant applied 50 percent of the annual change rate from FY2023 to FY2024 (annualized). The applicant assumes that patients would choose CaroMont for their home health services based on the facility's history of providing quality care.

Discharges	FY2023	Annualized	Annual Change	50% of Annual Change
Inpatient	289	352	21.8%	10.9%
Outpatient	130	156	20.0%	10.0%
Total	419	508		

Calculations: Annual Change = $(\text{Annualized FY2024} - \text{FY2023}) / \text{FY2023}$
 50% of Annual Change = Annual Change x 0.50

Discharges	Annualized FY2024	FY2025	FY2026	FY2027	FY2028
Inpatient	352	390	433	480	532
Outpatient	156	172	189	208	228
Total	508	562	622	688	761

Calculations: Inpatient Discharges = Previous Year's Discharges x (1 + 0.109)
 Outpatient Discharges = Previous Year's Discharges x (1 + 0.100)
 Total = Inpatient + Outpatient

The applicant projects the number of home health admissions per month using the projected inpatient and outpatient discharges calculated above.

Discharges	FY2026	FY2027	FY2028
Total	622	688	761
Admits per Month	10	32	56
# of Months	12	12	12
Home Health Admits	120	384	672

Step 4: Projected FY2026, FY2027, and FY2028 CaroMont Partners Home Health Patients

To project the total number of home health patients for the first three years of the project, the applicant combined the projected number of patients to be served by CaroMont of the 2024 SMFP patient deficit with the projected number of discharges illustrated in *Step 3*.

Discharges	FY2026	FY2027	FY2028
Home Health Patient Deficits	84	180	240
CaroMont Health Discharges	120	384	672
Total Home Health Admits*	204	564	912

*Unduplicated patients
 Calculations: Total Home Health Admits = Home Health Patient Deficit
 + CaroMont Health Discharges

Step 5: Unduplicated Home Health Patients by Service Discipline Admission

The applicant projects unduplicated home health patients by service discipline admission based on the CaroMont's inpatient and outpatient discharges to home health from FY2023 to FY2024 (annualized). Of these patients, 71.7 percent received skilled nursing care and 28.3 percent received physical therapy. The applicant applied the respective percentages to the projected number of CaroMont home health patients (*Step 4*) to determine the number of unduplicated home Health patients by service discipline admission.

Discipline	FY2023	FY2024	Total	% of Total
Inpatient Discharges				
Skilled Nursing	242	148	390	
Physical Therapy	47	28	75	
Outpatient Discharges				
Skilled Nursing	58	33	91	
Physical Therapy	72	43	115	
Total Discharges				% of Total
Skilled Nursing	300	181	481	71.7%
Physical Therapy	119	71	190	28.3%
			671	

Calculations: Skilled Nursing Admission Percentage = (Total Skilled Nursing x Total Discharges)

Physical Therapy Admission Percentage = (Total Physical Therapy / Total Discharges)

	FY2026	FY2027	FY2028	%
Total	204	564	912	100.0%
Skilled Nursing	146	404	653	71.7%
Physical Therapy	58	160	258	28.3%

Calculations: Skilled Nursing Admits = Total Projected Admits x 71.7%

Physical Therapy Admits = Total Projected Admits x 28.3%

Step 6: Unduplicated Home Health Patients by Payor

The applicant projects home health patient percentages by payor mix based on CaroMont's FY2023-FY2024 home health discharge payor mix data.

Payor	FY2023-FY2024	% of Total
Medicare	494	73.4%
Medicaid	50	7.4%
Insurance	102	15.2%
Indigent/Charity Care	22	3.3%
Self-Pay	5	0.7%
	673	100.0%

Calculation: Payor Percentage = FY2023-FY2024 Discharge by Payor / Total Discharges

The applicant applied payor mix percentages to project home health patients by payor category, as illustrated in the following tables.

Payor Category	Projected		
	FY2026	FY2027	FY2028
Medicare	91.0%	73.4%	73.4%
Medicaid	0.0%	7.4%	7.4%
Insurance	0.0%	15.2%	15.2%
Indigent	9.0%	3.3%	3.3%
Self	0.0%	0.7%	0.7%
Total	100.0%	100.0%	100.0%

Payor Category	FY2026	FY2027	FY2028
Medicare	186	414	669
Medicaid	0	42	68
Insurance	0	85	138
Indigent	18	18	30
Self	0	4	7
Total	205	564	912

Medicare patients = (Total Year Patients x CaroMont Partners Payor Percentage)
 Medicaid patients = (Total Year Patients x CaroMont Partners Payor Percentage)
 Insurance patients = (Total Year Patients x CaroMont Partners Payor Percentage)
 Indigent patients = (Total Year Patients x CaroMont Partners Payor Percentage)
 Self-pay patients = (Total Year Patients x CaroMont Partners Payor Percentage)

Step 7: Readmitted Patients by Payor

The applicant projects that 25.0 percent of Medicare patients will be readmitted. The applicant's projections are based on readmission rates used in previously approved CON applications.

Payor Category	FY2026	FY2027	FY2028	Readmitting Percentages
Medicare Patients	186	414	669	
Readmitting Medicare		98	135	25.0%
Total Medicare	186	512	805	

Calculation: Readmitting Medicare = (Medicare patients x Readmitting Percentage)
 Total Medicare = (Medicare patients + Readmitted Medicare)

Step 8: Medicare Episode Starts

The applicant calculates Medicare episodes using an episode ratio of 1.35 per patient based on CY2021 North Carolina CMS home health data.

Payor Category	FY2026	FY2027	FY2028	Episode Ratio
Medicare Patients	186	512	805	
Medicare Episodes	250	689 [691]	1,082 [1,087]	1.35

Calculation: Medicare Episodes = (Medicare patients x Episode Ratio)
 Project Analyst calculations in brackets.

Step 9: Medicare Episode by Reimbursement Type

The applicant projects Medicare episode for FY2026 to FY2028 by reimbursement type based on internal CaroMont home health patient experience and data. See Tables in *Step 9* of Section Q-*Assumptions and Methodology*.

Step 10: Projected Visits by Reimbursement Type

The applicant projects visits for FY2026 to FY2028 by reimbursement type based on internal CaroMont home health patient experience and data. See Tables in *Step 10* of Section Q-*Assumptions and Methodology*.

Step 11: Projected Visits by Service Discipline

The applicant projects visits by service discipline based on CY2021 North Carolina CMS home health data. See Tables in *Step 11* of Section Q-*Assumptions and Methodology*.

Step 12: Projected Duplicated Patients by Service Discipline

The applicant projects the total number of duplicated patients by service discipline by dividing the total visits by the average number of visits per patient receiving care in that service discipline based on CY2021 North Carolina CMS data for service visits per person with utilization of 18.91 visits. The applicant calculated the ratios of home health visits per patient by discipline and applied it to the 3-year average number of visits per admission.

	FY2026	FY2027	FY2028	3-Year Total
Admissions	204	662	1,047	1,913
Visits	3,864	12,213	19,293	35,370
3-Year Average Visits				18.49

Calculation: Total Admissions = FY2026 + FY2027 + FY2028
 Total Visits = FY2026 + FY2027 + FY2028
 Average # of Visits = Total visits / Total Admissions

	CMS CY2021		3-Year Average
Service Discipline	18.91	Ratio	18.49
SN	10.33	0.55	10.10
PT	8.02	0.42	7.84
ST	4.73	0.25	4.62
OT	4.87	0.26	4.76
MSW	1.45	0.08	1.42
HA	10.85	0.57	10.61

Calculation: Ratio = Visits Per Person with Utilization Discipline /
 Total Visits
 Average Visits Per Patient = Ratio by Discipline x #
 of average 3-Year visits

Step 13: Summary

County	FY2026	FY2027	FY2028
Cleveland	204	524	912
Total	204	524	912

Payor Category	FY2026	FY2027	FY2028
Medicare	186	414	669
Medicaid	0	42	68
Insurance	0	85	138
Indigent	18	18	30
Self	0	4	7
Total	204	564	912

Reimbursement	FY2026	FY2027	FY2028
Medicare-Full w/o Outliers	3,513	9,690	15,228
Medicare-Full w Outliers	29	79	125
Medicare-PEPs	10	26	42
Medicare- LUPAs	72	199	312
Medicaid	0	805	1,302
Insurance	0	1,117	1,806
Indigent	240	241	390
Self	0	55	89
Total	3,864	12,213	19,293

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

- There is a need determination in the 2024 SMFP for one additional Medicare-certified home health agency in Cleveland County.
- The applicant utilized data from publicly available and reliable sources such as the 2024 SMFP and North Carolina CMS home health data.
- The applicant used Cleveland County patients discharged to home health from CaroMont Regional Medical Center for its projections.
- The applicant projected Cleveland County home health patients through FY2028 using the historical 3-year CAGR of 5.50 percent for FY2022-FY2025.
- The applicant relied on reasonable projected market share of the projected Cleveland County home health patient deficit based on its own historical experience serving home health patients in North Carolina and its commitment to provide access regardless of patient demographics or ability to pay, and its reputation for quality care.
- The applicant's projections of home health patients are consistent with and supported by the projected 2025 home health deficits for Cleveland County identified in the 2024 SMFP.
- The applicant's projections are supported by the projected growth and aging of the population and life expectancy data in the proposed service area.

Access to Medically Underserved Groups

In Section C, page 64, the applicant states:

“Access to CaroMont Partners home health services will be from referrals from area physicians, hospitals, nursing homes and other health care agencies. To be admitted to the home health service a patient must have a physician's order and meet the appropriate clinical criteria. CaroMont Partners is committed to serving all appropriate patients regardless of income, race or ethnicity, gender, disability, age, and other characteristics that cause patients to be underserved. CaroMont Partners will extend home health services to Medicare and Medicaid, uninsured, underinsured, self-pay and medically indigent patients.”

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

CaroMont Partners 3 rd Full FY	
Medically Underserved Groups	Percentage of Total Patients
Low-income persons	3.3%
Racial and ethnic minorities	25.0%
Women	55.0%
Persons with Disabilities	Unknown
Persons 65 and older	90.0%
Medicare beneficiaries	73.4%
Medicaid recipients	7.4%

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 the information provided in Section N, pages 111-112, and Exhibit C.6.

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 for all the reasons described above.

Project ID# C-12487-24/PHC Home Health-Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

On page 221, the 2024 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 Cleveland County. Facilities may also serve residents of counties not included in their service area.

Patient Origin

In Section C, page 51, the applicant states that the proposed PHC-Cleveland does not yet exist but provides the historical patient origin for all PHC home health and home care facilities. The following tables illustrate historical and projected patient origin.

County	PHC of North Carolina, LLC	
	Last Full FY 10/01/2022-09/30/2023	
	# of Patients	% of Total
Cleveland	21	2.0%
Durham	138	13.0%
Gaston	170	16.0%
Iredell	1	0.1%
Lincoln	27	2.5%
Mecklenburg	408	38.3%
Union	21	2.0%
Wake	279	26.2%
Total	1,065	100.0%

Source: Section C, page 51

PHC-Cleveland Projected Patient Origin						
County	1 st Full FY		2 nd Full FY		3 rd Full FY	
	1/1/25 to 12/31/25		1/1/26 to 12/31/26		1/1/27 to 12/31/27	
	CY2025		CY2026		CY2027	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Cleveland	297	65.3%	476	72.0%	601	75.7%
Burke	11	2.4%	18	2.7%	21	2.7%
Gaston	85	18.7%	85	12.9%	85	10.7%
Lincoln	14	3.0%	14	2.0%	14	1.7%
Rutherford	48	10.7%	69	10.4%	73	9.2%
Total	454	100.0%	661	100%	794	100.0%

Section C, page 53

In Section Q, pages 136-145, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported based on the following:

- The applicant projects patient origin based on NCOSBM's projected population growth and aging in the applicant's service area counties and the 2024 SMFP projected 2025 use rates in the service area.
- The applicant assumes a market share of the projected unmet need from the service area counties.
- The applicant assumes that a percentage of their existing home health patients served by PHC-Mecklenburg will shift their care to the new PHC-Cleveland based on accessibility.
- Projected utilization is reasonable and adequately supported. The discussion regarding projected utilization below is incorporated herein by reference.

Analysis of Need

In Section C, pages 55-70, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- The 2024 SMFP need methodology used to determine the need for one additional Medicare-certified home health agency or office in Cleveland County (page 56).
- The projected population growth by age group in the service area counties (pages 57-60).
- Home Health uses rate trends, particularly among the 75 and older population, indicate a need to expand home health in the service area (pages 60-62).
- Population health and the social and economic status of Cleveland County residents serve as health risks and barriers to obtaining medical services, including home health (pages 62-68).
- PHC's success in maintaining staffing levels despite statewide nursing shortages (page 68).
- A home health agency can serve as a lower-cost alternative to hospital care and reduce hospital readmissions (page 69).
- PHC's initiative to address the growing need for behavioral health care among home health patients (page 70).
- Support for the project from referral sources (page 70).

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

- There is a need determination in the 2024 SMFP for one additional Medicare-certified home health agency in Cleveland County.
- The applicant provides publicly available and reliable data and information to support its statements about population growth, home health use rates, and population health risk factors in the service area counties.

Projected Utilization

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

PHC Home Health-Cleveland	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	253		368		442	
Physical Therapy	201		293		352	
Speech Therapy						
Occupational Therapy						
Total Unduplicated Clients	454		661		794	
Duplicated Clients and Visits by Discipline						
Nursing	610	4,820	887	7,010	1,066	8,422
Physical Therapy	556	3,834	808	5,576	971	6,698
Speech Therapy	92	314	134	456	161	548
Occupational Therapy	405	1,906	590	2,772	708	3,329
Medical Social Worker	47	56	68	82	82	98
Home Health Aide	49	280	72	408	86	490
Total Duplicated Clients and Visits	1,759	11,210	2,559	16,303	3,074	19,585
Full Episodes without Outlier	491	8,840	714	12,857	858	15,446
Full Episodes with Outlier	17	359	24	522	29	627
Partial Episode Payment (PEP)	25	33	37	48	44	57
Low-Utilization Payment Adjustment (LUPA)	5	30	8	43	9	52
Total Medicare Clients and Visits	539	9,262	783	13,470	941	16,182

In Section Q, pages 135-157, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1: Determine the Counties to be Served

The applicant conducted a need analysis to determine the counties that would be best served by the proposed PHC Home Health-Cleveland. The applicant has an existing referral relationship with health care providers and has nursing and administrative staff who reside in the proposed service area counties. The applicant is proposing to serve Cleveland, Burke, and Rutherford counties.

Step 2: Determine Use Rate Per 1,000 Patients by Age Group for Cleveland, Burke, and Rutherford Counties.

Notes	Age Group	Cleveland Projected 2025 Use Rate	Burke Projected 2025 Use Rate	Rutherford Projected 2025 Use Rate
a	<18	1.20		
b	18-64	14.71	8.75	16.53
c	65-74	123.67	80.20	120.46
d	75+	243.42	165.87	197.57

Source: Section Q, page 137; 2024 SMFP Table 12C, Column G

The applicant applies the 2024 SMFP projected use rate by age group to project the number of home health patients by age group. See *Step 3* below. The applicant assumes a constant use rate for all three project years.

Step 3: Project Total Home Health Patient Need for Cleveland, Burke, and Rutherford Counties Years 2023-2027

The applicant begins with the NCOSBM projected total population by age group for the years 2023-2027. To project the total home health patients in the service area counties (*Tables 5a, 6b, and 7c below*), the projected population by age group (*Tables 2a, 3b, and 4c below*) was divided by 1,000 then multiplied by the use rate by age group (*Table 1 above*).

	Age Group	2023	2024	2025	2026	2027
a	<18	20,923	21,029	21,104	21,169	21,253
b	18-64	59,704	59,872	59,990	60,179	60,316
c	65-74	11,626	11,688	11,843	12,035	12,204
d	75+	8,343	8,583	8,810	8,939	9,122
e	Total	100,596	101,172	101,747	102,322	102,895
f	Total growth Rate	0.57%	0.57%	0.57%	0.57%	0.57%

Source: Section Q, page 138, NCOSBM

	Age Group	2023	2024	2025	2026	2027
a	<18	17,100	17,053	16,926	16,821	16,737
b	18-64	52,423	52,514	52,300	52,126	51,951
c	65-74	10,829	10,938	11,071	11,276	11,468
d	75+	8,827	9,076	9,289	9,423	9,545
e	Total	89,179	89,581	89,586	89,646	89,601
f	Total growth Rate	0.11%	0.45%	0.01%	0.07%	0.6%

Source: Section Q, page 138, NCOSBM

	Age Group	2023	2024	2025	2026	2027
a	<18	12,608	12,688	12,614	12,588	12,585
b	18-64	37,631	37,928	38,001	38,035	38,039
c	65-74	7,635	7,764	7,918	8,084	8,214
d	75+	6,545	6,655	6,712	6,748	6,830
e	Total	64,419	65,035	65,245	65,455	65,668
f	Total growth Rate	0.38%	0.96%	0.32%	0.32%	0.33%

Source: Section Q, page 138; NCOSBM

The applicant obtained the actual 2021 and 2022 patients served from the 2024 SMFP, Table 12B.

Table 5a-Cleveland Home Health Need by Age Group								
	Age Group	2021 Actual	2022 Actual	2023	2024	2025	2026	2027
Notes		a	b	c	d	e	f	g
	<18	0	17	25	25	25	25	26
	18-64	972	959	878	880	882	885	887
	65-74	1,092	1,144	1,438	1,445	1,465	1,488	1,509
	75+	1,251	1,827	2,031	2,089	2,145	2,176	2,220
h	Total	3,315	3,947	4,372	4,439	4,517	4,574	4,642
Table 6b-Burke Home Health Need by Age Group								
	Age Group	2021 Actual	2022 Actual	2023	2024	2025	2026	2027
Notes		a	b	c	d	e	f	g
	<18	0	0	0	0	0	0	0
	18-64	605	582	459	459	457	456	454
	65-74	741	787	868	877	888	904	920
	75+	1,270	1,356	1,464	1,505	1,541	1,563	1,583
h	Total	2,616	2,725	2,791	2,841	2,886	2,923	2,957
Table 7c-Rutherford Home Health Need by Age Group								
	Age Group	2021 Actual	2022 Actual	2023	2024	2025	2026	2027
Notes		a	b	c	d	e	f	g
	<18	0	0	0	0	0	0	0
	18-64	715	667	622	627	628	629	629
	65-74	653	722	920	935	954	974	989
	75+	1,178	1,154	1,293	1,315	1,326	1,333	1,349
h	Total	2,546	2,543	2,835	2,877	2,908	2,936	2,967

Source: Section Q, pages 139-140

a) 2023 SMFP Table 12B

b) 2024 SMFP Table 12B

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 4: Project Total Number of Home Health Patients Served by Existing Agencies in the Three Counties with Unmet Need

The applicant assumes that the total number of patients served by existing agencies in FY2022 will grow with the projected population growth in the three service area counties illustrated in Tables 2a, 3b, and 4c above.

Table 4 – Total Patients Served by Existing Agencies for Years 2021-2027, Cleveland, Burke, and Rutherford Counties								
Notes	County	2021 Actual	2022 Actual	2023	2024	2025	2026	2027
a	Cleveland	3,315	3,947	3,970	3,993	4,016	4,039	4,062
b	Burke	2,616	2,725	2,728	2,740	2,740	2,742	2,744
c	Rutherford	2,546	2,543	2,553	2,577	2,585	2,593	2,601

Source: Section Q, page 141; 2021-2022 from 2024 SMFP Table 12B. 2023-2027 grown at population Growth from *Tables 2, rows F*.

Step 5: Calculate the Total Unmet Need, Potential Unique Patients to be Served in the Three Counties for the years 2025-2027

The applicant subtracted the total patients served by existing Agencies in *Table 4* from the total annual home health patient need in *Tables 5a, 6b, and 7c* above to calculate the total unmet need for potential unique patients.

Table 5-Total Unmet Need, Unduplicated Patients for Cleveland, Burke, and Rutherford Counties Years 2025-2027				
Notes	County	2025	2026	2027
a	Cleveland	501	535	580
b	Burke	146	181	213
c	Rutherford	323	343	366

Source: Section Q, page 141

Step 6: Project Unmet Need in Cleveland, Burke, and Rutherford Counties, and PHC Market Share by Project Year

The applicant projects to serve 100 percent of the unmet need in Cleveland County by the third project year in 2027. The applicant’s assumptions are based on its intention in meeting performance standards for home health, PHC’s home health experience, and its established community relationships. The applicant projects that PHC will only serve 55 percent of the market share in the first year because the agency will not serve Medicaid or Medicare patients until it receives CMS Medicare certification. The applicant projects that the proposed home health agency will capture 10 percent of the Burke County market share and 20 percent of the Rutherford County market share. The applicant’s projections are based on proximity to the proposed home health agency.

Notes	County	Market Share of Unserved Pts	Ramp		
			2025	2026	2027
a	Cleveland	100%	55%	85%	100%
b	Burke	10%	75%	100%	100%
c	Rutherford	20%	75%	100%	100%

Source: Section Q, page 142

- a) Estimated Cleveland County market share and ramp by projected year
- b) Estimated Burke County market share and ramp by project year
- c) Estimated Rutherford County market share and ramp by project Year

Step 7: Project Unmet Need in Cleveland, Burke, and Rutherford Counties Served by PHC by Project Year, 2025-2027

The following table illustrates the total market share of unduplicated patients to be served by PHC. The applicant multiplied the total number of unduplicated patients (*Table 5*) by the projected market share (*Table 6*).

Notes	County	2025	2026	2027
a	Cleveland	276	455	580
b	Burke	11	18	21
c	Rutherford	48	69	73
d	Total	335	541	675

Source: Section Q, page 143

Notes: Unmet need by year (*Step 5, Table 5*) * PHC expected market share * Expected Ramp by project year (*Step 6, Table 6*)

Step 8: Calculate Patients that Shift from PHC-Mecklenburg to PHC-Cleveland

The applicant projects the number of PHC-Mecklenburg patients that will shift to the proposed PHC-Cleveland based on the following assumptions:

“Patients from the counties above currently served by PHC-Mecklenburg will remain constant, and PHC will assign them to the proposed PHC-Cleveland.

PHC has multiple nurses who live in Cleveland County and nearby communities. These nurses are excited about the possibility of serving patients from the proposed Cleveland office.

Road system and travel times from the proposed Cleveland office to Gaston and Lincoln Counties make serving these communities from a PHC office in Cleveland County reasonable; the Western portions of these counties are within 30 minutes reach of the

proposed PHC Cleveland office. Many communities are easier to reach from Cleveland than from PHC's Mecklenburg office”.

The following table illustrates the percentage of patients projected to shift from PHC-Mecklenburg to the proposed PHC-Cleveland.

Table 8-Projected Shift of Cleveland, Gaston, and Lincoln Patients from PHC-Mecklenburg to PHC-Cleveland			
County	PHC Meck Patients FFY23	Shift %	Patients Shifted
Cleveland	21	100%	21
Burke	-	0%	-
Gaston	170	50%	85
Lincoln	27	50%	14
Rutherford	-	0%	-
Total	218		120

Source: Section Q, page 144

Notes:

- a) PHC Mecklenburg FFY2023 patients served from 2024 PHC LRA.
- b) Shift percentages assumed by PHC based on analysis of the geographic area.

Step 9: Sum Unduplicated Patients to be Served by PHC-Cleveland by County by Project

Table 8-Total Patients to be Served by PHC-Cleveland by County by Year			
County	2025	2026	2027
Cleveland	297	476	601
Burke	11	18	21
Gaston	85	85	85
Lincoln	14	14	14
Rutherford	48	69	73
Total	454	661	794

Source: Section Q, page 145

Step 7, Table 7 plus Step 8, column c

Step 10: Project Unduplicated Patients Served by PHC

The applicant projects payor mix based on PHC-Mecklenburg’s historical payor mix and PHC’s experience. The applicant assumes that the high use rate by the 75+ age group will affect Medicare and the low income in the area will translate to low private insurance coverage. The applicant projects that the payor mix will remain constant throughout the first three years of the project.

Table 10: Projected PHC-Cleveland County Office Payor Mix	
Payor	Projected PHC Payor Mix %
Medicare	79.0%
Medicaid	15.0%
Private/Commercial Insurance	2.5%
Indigent	2.0%
Other	1.5%
Total	100.0%

Source: Section C, page 146, PHC internal data

The applicant projects the number of unduplicated patients by payor class based on the projected payor mix percentage (*Table 10*).

Table 11-Projected PHC Unduplicated Patients by Payor Class				
Notes	Payor	2025	2026	2027
a	Medicare	359	522	627
b	Medicaid	68	99	119
c	Private/Commercial Insurance	11	17	20
d	Indigent	9	13	16
e	Other	7	10	12
f	Total	454	661	794

Source: Section C, page 146

- a) Projected PHC Patients (*Table 9*) * Est. Medicare Payor Mix (*Table 10*)
- b) Projected PHC Patients (*Table 9*) * Est. Medicaid Payor Mix (*Table 10*)
- c) Projected PHC Patients (*Table 9*) * Est. Private/Commercial Insurance Payor Mix (*Table 10*)
- d) Projected PHC Patients (*Table 9*) * Est. Indigent Payor Mix (*Table 10*)
- e) Projected PHC Patients (*Table 9*) * Est. Other Payor Mix (*Table 10*)
- f) a + b + c + d + e

Step 11: Project Number of Unduplicated and Readmitted Patients by Payor Class

The applicant projects the number of repeated patients by payor by applying an episode factor to each payor class based on its historical utilization and experience with the complexity of home health patients in the service area. The applicant states that Medicaid managed care companies will not approve more than one episode per patient.

Table 12-Projected Number of PHC Home Health Agency Patient Admissions by Payor Class					
Notes	Payor	Episode Factor	2025	2026	2027
a	Medicare	1.50	539	783	941
b	Medicaid	1.00	68	99	119
c	Private/Commercial Insurance	1.55	18	26	31
d	Indigent	1.55	14	20	25
e	Other	1.55	11	15	18
f	Total		649	944	1,134

Source: Section C, page 147

- a) Projected PHC Medicare Patients (*Table 11*) * Est. Medicare Episode Factor
- b) Projected PHC Medicaid Patients (*Table 11*) * Est. Medicaid Episode Factor
- c) Projected PHC Private Commercial Insurance Patients (*Table 11*) * Est. Private/Commercial Insurance Episode Factor
- d) Projected PHC Indigent Patients (*Table 11*) * Est. Indigent Episode Factor
- e) Projected PHC Other Patients (*Table 11*) * Est. Other Episode Factor
- f) a + b + c + d + e

Step 12: Project Number of PHC Medicare Episodes by Start of Care

The applicant projects the Medicare start of care distribution percentage by category. The applicant's projections are based on PHC's experience.

Table 13: PHC Projected Distribution of Medicare Episode Start of Care	
Medicare Reimbursement Type	Distribution Percentage
Full Episode w/out Outliers	91.2%
Full Episode w/ Outliers	3.1%
Medicare LUPAs	4.7%
Medicare PEPs	1.0%

Source: Section C, page 148, PHC internal data

To project the number of Medicare episodes by start of care, the applicant multiplied the projected start of care percentage (*Table 13*) by the total projected number of PHC home health agency patient admissions by payor class (*Table 12*).

Table 14-Projected Number of PHC Medicare Episodes by Reimbursement Type, 2025-2027				
Notes	Start of Care	2025	2026	2027
a	Full Episode w/out Outliers	491	714	858
b	Full Episode w/ Outliers	17	24	29
c	LUPAs	25	37	44
d	PEPs	5	8	9
e	Total	539	783	941

Source: Section Q, page 148

- a) Projected PHC Medicare Patients (Table 12) * Est. Medicare Episode w/out Outliers Distribution (Table 13)
- b) Projected PHC Medicare Patients (Table 12) * Est. Medicare Episode w/ Outliers Distribution (Table 13)
- c) Projected PHC Medicare Patients (Table 12) * Est. Medicare Episode LUPA Distribution (Table 13)
- d) Projected PHC Medicare Patients (Table 12) * Est. Medicare Episode PEP Distribution (Table 13)
- e) a + b + c + d

Step 13: Summarize Projected Number of Patient Admissions by Reimbursement Type, 2025-2027

The following table is a summary of the projected number of PHC Medicare Episodes by reimbursement types (Table 14) added to the projected number of Medicaid, private insurance, Indigent, and other patients from (Table 12). The applicant projects that distribution of Medicare reimbursement class will remain constant throughout the first three years of the project.

Table 15-Projected Number of PHC Patient Admissions by Reimbursement Type, 2025-2027				
Notes	Payor	2025	2026	2027
a	Full Episode w/out Outliers	491	714	858
b	Full Episode w/ Outliers	17	24	29
c	LUPAs	25	37	44
d	PEPs	5	8	9
e	Medicaid	68	99	119
f	Private/Commercial Insurance	18	26	31
g	Indigent Other	14	20	25
h	Other	11	15	18
i	Total	649	944	1,134

Source: Section Q, page 149

- a) Medicare Full Episode w/out Outliers Duplicate Patients (*Table 14*)
- b) Medicare Full Episode w/ Outliers Duplicate Patients (*Table 14*)
- c) Medicare LUPA Duplicate Patients (*Table 14*)
- d) Medicare PEP Duplicate Patients (*Table 14*)
- e) Medicaid Admitted Patients (*Table 12*)
- f) Private/Commercial Insurance Admitted Patients (*Table 12*)
- g) Indigent Admitted Patients (*Table 12*)
- h) Other Admitted Patients (*Table 12*)
- i) a + b + c + d + e + f + g + h

Step 14: Project the Number of PHC Visits by Start of Care by Reimbursement Type, 2025-2027

The applicant projects the number of visits by start of care by reimbursement type based on PHC's internal data.

Start of Care	Average Visits per Start of Care
Medicaid Full Episode w/out Outliers	18.0
Medicare 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 C, page 150, PHC internal data

The applicant multiplied the projected number of PHC patient admissions by reimbursement type (*Table 15*) by the projected average number of visits by start of care (*Table 16*). The applicant projects that visit per start of care will remain constant throughout the first three years of the project.

Table 17-Projected Number of PHC Visits by Start of Care by Reimbursement Type, 2025-2027				
Notes	Payor	2025	2026	2027
a	Medicare Full Episode w/out Outliers	8,840	12,857	15,446
b	Medicare Full Episode w/ Outliers	359	522	627
c	Medicare LUPAs	33	48	57
d	Medicare PEPs	30	43	52
e	Medicaid	1,295	1,884	2,263
f	Private/Commercial Insurance	247	359	431
g	Indigent	225	328	394
h	Other	181	263	316
i	Total	11,210	16,303	19,585

Source: Section Q, page 151

- a) Medicare Full Episode w/out Outliers Duplicate Patients (Table 15) * Medicare Full Episode w/out Outliers Average Visits (Table 16)
- b) Medicare Full Episode w/ Outliers Duplicate Patients (Table 15) * Medicare Full Episode w/ Outliers Average Visits (Table 16)
- c) Medicare LUPA Duplicate Patients (Table 15) * Medicare LUPA Average Visits (Table 16)
- d) Medicare PEP Duplicate Patients (Table 15) * Medicare PEP Average Visits (Table 16)
- e) Medicaid Admitted Patients (Table 15) * Medicaid Average Visits (Table 16)
- f) Private/Commercial Insurance Admitted Patients (Table 15) * Private/Commercial Insurance Average Visits (Table 16)
- g) Indigent Duplicated Admitted Patients (Table 15) * Indigent Average Visits (Table 16)
- h) Other Duplicated Patients (Table 15) * Other Average Visits (Table 16)
- i) a + b + c + d + e + f + g + h

Step 15: Forecast the Number of Unduplicated Patients Served by Discipline & Unduplicated and Readmitted Patients by Discipline

The applicant projects distribution of unduplicated visits by care discipline based on PHC's experience.

Discipline	% of Total Visits
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 C, page 152, PHC internal data

The applicant projects the number of unduplicated patients served by discipline by multiplying the total estimated unduplicated patients (*Table 11*) by the projected distribution of visits (*Table 18*).

Notes	Discipline	2025	2026	2027
a	Skilled Nursing	195	284	341
b	Physical Therapy	155	226	272
c	Occupational Therapy	77	112	135
d	Speech Therapy	13	19	22
e	Medical Social Worker	2	3	4
f	Home Health Aide	11	17	20
g	Total	454	661	794

Source: Section C, page 153

- a. Total estimated unduplicated patients (*Table 11*) * skilled nursing percent distribution of visits (*Table 18*)
- b. Total estimated unduplicated patients (*Table 11*) * physical therapy percent distribution of visits (*Table 18*)
- c. Total estimated unduplicated patients (*Table 11*) * occupational therapy percent distribution of visits (*Table 18*)
- d. Total estimated unduplicated patients (*Table 11*) * speech therapy percent distribution of visits (*Table 18*)
- e. Total estimated unduplicated patients (*Table 11*) * medical social worker percent distribution of visits (*Table 18*)
- f. Total estimated unduplicated patients (*Table 11*) * home health aide percent distribution of visits (*Table 18*)
- g. Sum of rows a through f.

The applicant states that according to Medicare Condition of Participation, nursing and physical therapy are the only two disciplines that can admit patients. Based on PHC's experience, 56 percent of patients are admitted to nursing and 44 percent are admitted to physical therapy. The applicant projects the number of unduplicated patients served by the two admitting disciplines.

Table 20-Projected Number of Unduplicated Patients Served by Admitting Discipline				
Notes	Discipline	2025	2026	2027
a	Skilled Nursing	253	368	442
b	Physical Therapy	201	293	352
c	Total	454	661	791

Source: Section C, page 154

- a. Total estimated unduplicated patients by payor class (Table 11) * 56%
- b. Total estimated unduplicated patients by payor class (Table 11) * 44%

The applicant calculates the number of patient admissions served by discipline by multiplying the total number of admitted patients by year (Table 12) by the distribution of visits by discipline (Table 18).

Table 21-Projected Number of Patient Admissions by Discipline				
Notes	Discipline	2025	2026	2027
a	Skilled Nursing	279	406	488
b	Physical Therapy	222	323	388
c	Occupational Therapy	110	160	193
d	Speech Therapy	18	26	32
e	Medical Social Worker	3	5	6
f	Home Health Aide	16	24	28
g	Total	649	944	1,134

Source: Section C, page 155

- a. Total estimated admitted patients (Table 12) * skilled nursing percent distribution of visits (Table 18)
- b. Total estimated admitted patients (Table 12) * physical therapy percent distribution of visits (Table 18)
- c. Total estimated admitted patients (Table 12) * occupational therapy percent distribution of visits (Table 18)
- d. Total estimated admitted patients (Table 12) * speech therapy percent distribution of visits (Table 18)
- e. Total estimated admitted patients (Table 12) * medical social worker percent distribution of visits (Table 18)
- f. Total estimated admitted patients (Table 12) * home health aide percent distribution of visits (Table 18)
- g. Sum of rows a through f.

Step 16: Forecast Visits by Discipline for Years 2025-2027

The applicant projects total visits based on the proposed PHC-Cleveland staffing projections on pages 174-182 of the application.

Notes	Discipline	2025	2026	2027
a	Skilled Nursing	4,820	7,010	8,422
b	Physical Therapy	3,834	5,576	6,698
c	Occupational Therapy	1,906	2,772	3,329
d	Speech Therapy	314	456	548
e	Medical Social Worker	56	82	98
f	Home Health Aide	280	408	490

Source: Section Q, page 156 and pages 174-182 (PHC-Cleveland HHA Staffing Methodology)

Step 17: Forecast Number of Duplicated Patients, 2025-2027

To project the number of duplicated patients, the applicant divided the total visits by discipline (Table 22) by the number of visits per duplicated patient by discipline (Table 23, Column b). The applicant's projections of visits per duplicated patient by discipline are based on PHC's experience.

Notes	Discipline	Visits per Duplicated Patient	FY 2025		FY 2026		FY 2027	
			1/1/25-12/31/25		1/1/26-12/31/26		1/1/27-12/31/27	
			# of Duplicate Patients	# of Visits	# of Duplicate Patients	# of Visits	# of Duplicate Patients	# of Visits
a	b	c	d	e	f	g	h	
	Skilled Nursing	7.9	610	4,820	887	7,010	1,066	8,422
	Physical Therapy	6.9	556	3,834	808	5,576	971	6,698
	Occupational Therapy	4.7	405	1,906	590	2,772	708	3,329
	Speech Therapy	3.4	92	314	134	456	161	548
	Medical Social Worker	1.2	47	56	68	82	82	98
	Home Health Aide	5.7	49	280	72	408	86	490
	Total		1,759	11,210	2,559	16,303	3,074	19,585

Source: Section C, page 157

- a. HHA discipline
- b. PHC experience
- c. d/b
- d. Table 22 for 2025
- e. f/b
- f. Table 22 for 2026
- g. h/b
- h. Table 22 for 2027

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

- The applicant provided data from publicly available and reliable sources such as the SMFP and NCOSBM.
- 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 counties.
- 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 applicant's historical home health agency's operating experience.

Access to Medically Underserved Groups

In Section C, page 75, the applicant states:

“PHC will accept all patients, regardless of gender, gender preference, race, ethnicity, age, income, or disability status. See non-discrimination policy in Exhibit C.6 pg.2. PHC will seek Medicare and Medicaid certifications and provide services to beneficiaries of both programs. PHC has a generous charity care policy as well. See Exhibit L.4.

...

PHC incorporates a cultural diversity training model into staff orientation. This ensures all PHC employees know how a person's belief systems may affect their definition of health. PHC employees are trained to avoid assumptions and ethnocentrism, a common barrier to effective health care. PHC actively encourages cross-cultural communication. PHC's culturally sensitive approach places emphasis on separation of the health provider's own values from the cultural background and values of the patients for whom they provide care. PHC's culturally sensitive standards of practice also include implementing changes to improve a patient's services based upon their cultural needs and proper etiquette when working with interpreters.”

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

PHC Home Health-Cleveland 3 rd Full FY	
Medically Underserved Groups	Percentage of Total Patients
Low-income persons*	17.0% (Medicaid beneficiaries + charity)
Racial and ethnic minorities	24.6% (proportionate to population, includes Hispanic)
Women	51.6% (proportionate to population)
Persons with Disabilities*	100% (everyone who qualifies for services has disability)
Persons 65 and older	79.0% (Medicare beneficiaries)
Medicare beneficiaries	79.0% (Medicare beneficiaries)
Medicaid recipients	15.0% (Medicaid beneficiaries)

Source: Section C, page 76

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 following:

- The applicant provides a statement saying it will provide full access to area residents who are medically underserved.
- The applicant provides a copy of its non-discrimination policies in Exhibits C.6 and L.4.

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 for all the reasons described above.

Project ID# C-12490-24/Well Care Home Health of Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

On page 221, the 2024 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 Cleveland County. Facilities may also serve residents of counties not included in their service area.

Patient Origin

The applicant does not own or operate a Medicare-certified home health agency in Cleveland County. Therefore, there is no historical patent origin to report. The following table illustrates projected patient origin.

Well Care Home Health of Cleveland, Inc.						
Projected Patient Origin						
Home Health Unduplicated Clients	1st Full FY		2nd Full FY		3rd Full FY	
	7/1/25 to 6/30/26		7/1/26 to 6/30/27		7/1/27 to 6/30/28	
County	FY2026		FY2027		FY2028	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Cleveland	323	74.4%	477	63.8%	643	56.8%
Burke	13	3.1%	61	8.2%	128	11.3%
Catawba	60	13.8%	129	17.3%	222	19.6%
Rutherford	38	8.7%	80	10.7%	138	12.2%
Total	434	100.0%	748	100.0%	1,131	100.0%

Source: Section C, page 47

In Section Q, pages 119-133, the applicant provides the assumptions and methodology used to project its patient origin. Patient origin is based on the projected home health deficit in Cleveland, Burke, Catawba, and Rutherford counties and the applicant’s projections of market share for the proposed home health agency in those counties for the first three full fiscal years operation. The applicant’s assumptions are reasonable and adequately supported. The discussion regarding projected utilization below is incorporated herein by reference.

Analysis of Need

In Section C, pages 48-59, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The 2024 SMFP identified a need for an additional Medicare-certified home health agency in Cleveland County and a home health deficit of 359 patients by 2025. (pages 48-49)
- Well Care’s reputation serving quality home health services across the state. (pages 49-52)
- Growth and aging of the population in Cleveland, Burke, Catawba, and Rutherford counties. (pages 52-54)
- Limited access to services and the prevalence of chronic diseases in the proposed service area counties (pages 54-57)
- The historical use rate and cost savings for home health services. (pages 58-59)

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 Cleveland County, as stated in the 2024 SMFP.
- The applicant’s demonstration of need is supported by Well Care’s historical utilization 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 counties.

Projected Utilization

In Section Q, pages 118, the applicant provides projected utilization, as illustrated in the following table.

Well Care Home Health of Cleveland	1 st Full FY		2 nd Full FY		3 rd Full FY	
	FY2026		FY 2027		FY2028	
	# of Clients	# of Visits	# of Clients	# of Visits	# of Clients	# of Visits
Unduplicated Clients by Admitting Discipline						
Nursing	278		479		724	
Physical Therapy	156		269		407	
Speech Therapy						
Occupational Therapy						
Total Unduplicated Clients	434		748		1,131	
Duplicated Clients and Visits by Discipline						
Nursing	451	4,416	970	9,504	1,468	14,386
Physical Therapy	386	2,974	828	6,378	1,254	9,654
Speech Therapy	51	249	109	536	165	811
Occupational Therapy	249	1,072	538	2,314	815	3,503
Medical Social Worker	129	155	278	334	421	506
Home Health Aide	81	411	175	893	265	1,352
Total Duplicated Clients and Visits	1,347	9,278	2,899	19,960	4,388	30,211
Full Episodes without Period Outliers	459	7,344	999	15,980	1,511	24,176
Full Episodes with Period Outliers	10	220	22	475	33	726
Partial Episodes with Partial Period Payments	2	22	5	59	8	88
Patient Episodes with Low-Utilization Payment Adjustments (LUPAs)	25	75	54	162	85	246
Total Medicare Clients and Visits	496	7,661	1,080	16,676	1,634	25,236

In Section Q, pages 119-133 the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Unduplicated Home Health Patients

Step 1: Projected Cleveland County Home Health Patients

The applicant proposes to serve Cleveland County as well surrounding counties projected to have a home health patient deficit in 2025. The applicant summarized the projected 2025 home health patient deficit for Cleveland, Burke, Catawba, and Rutherford, as stated in the 2024 SMFP.

County	Home Health Patient Deficit
Cleveland	-359.07
Burke	-52.66
Catawba	-239.86
Rutherford	-150.50

Source: Section Q, page 119; 2024 SMFP, Table 12D

The applicant examined the 2-year CAGR for the unduplicated home health patients served in proposed service area counties for 2020-2021. Catawba County was the only county that experienced a negative CAGR. The applicant states that as the population grows and ages, the need for access to home health services will become even greater.

County	FFY2020	FFY2021	FFY2022	2-Year CAGR
Cleveland	3,659	3,315	3,947	3.9%
Burke	2,562	2,617	2,725	3.1%
Catawba	4,802	4,937	4,622	-1.9%
Rutherford	2,449	2,546	2,543	1.9%

Source: Section Q, page 120; 2024 SMFP

The applicant projects that home health patients in the proposed service area counties will increase based on the respective two-year CAGR (*Table Q.2*). Catawba County is projected to remain consistent with the 2024 SMFP projected utilization. The applicant's projections are based on the historical home health two-year CAGR, aging of the population, and the home health use rates among the 65+ age group, in the service area.

Table Q.3: Projected Home Health Patients (Unduplicated)						
County	FFY2023	FFY2024	FFY2025	FFY2026	FFY2027	FFY2028
Cleveland	4,099	4,258	4,422	4,593	4,770	4,954
Burke	2,810	2,898	2,989	3,083	3,179	3,279
Catawba	4,622	4,622	4,622	4,622	4,622	4,622
Rutherford	2,591	2,641	2,691	2,742	2,794	2,847

Source: Section Q, page 120

Step 2: Projected Well Care Share of Home Health Patient Deficits

The applicant projects the percentage of the patient deficit that will be served by Well Care during the first project year in the four service area counties. 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.

Table Q.4: Well Care Proposed New Medicare-Certified Home Health Agency 2024 SMFP Projected Deficit of Home Health Patients			
County	2024 SMFP Projected HH Patient Deficit	Well Care Project Year 1	
		% of Patient Deficit Served by WCHHC	Share of HH Patient Deficit
Cleveland	359	90%	323
Burke	53	25%	13
Catawba	240	25%	60
Rutherford	151	25%	38

Source: Section Q, page 121

The applicant projects the number of patients as market share percentage to demonstrate a modest market share during the first project year.

Table Q.5: Well Care Proposed New Medicare-Certified Home Health Agency Home Health Patient Market Share Year One (July 1, 2025-June 30, 2026)			
County	WCHHC HH Patient Served*	Projected Total HH Patients (Step 1) **	Estimated WCHHC Market Share
Cleveland	323	4,550	7.1%
Burke	13	3,059	0.4%
Catawba	60	4,622	1.3%
Rutherford	38	2,729	1.4%

Source: Section Q, page 122

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

**Projected home health patients in *Step 1* were converted from FFY To SFY to align with Well Care Home Health of Cleveland (WCHHC) project years.

The applicant projects the home health patient incremental market share for the second and third years of the project in the four service area counties.

Table Q.6: Well Care Proposed New Medicare-Certified Home Health Agency Incremental Home Health Patient Market Share					
	SFY2026	SFY2027		SFY2028	
	Year 1 Market Share	Year 2 Gain	Year 2 Market Share	Year 3 Gain	Year 3 Market Share
Cleveland	7.1%	3.0%	10.1%	3.0%	13.1%
Burke	0.4%	1.5%	1.9%	2.0%	3.9%
Catawba	1.3%	1.5%	2.8%	2.0%	4.8%
Rutherford	1.4%	1.5%	2.9%	2.0%	4.9%

Source: Section Q, page 122

The applicant states that its projections are reasonable because of the historical market shares for counties served by Well Care. On pages 123-124 of the application, the applicant illustrates the FY2022 home health market share captured by Well Care in the service area counties. See *Tables Q.7 through Q.10*.

Step 3: Projected Home Health Patients Based on Market Share

The applicant projects the home health patients based on the projected market share illustrated in *Step 2*.

Table Q.11: Well Care Proposed New Medicare-Certified Home Health Agency Home Health Patients Based on Incremental Market Share			
County	SFY2026	SFY2027	SFY2028
Cleveland	323	477	643
Burke	13	61	128
Catawba	60	129	222
Rutherford	38	80	138
Total	434	748	1,131

Source: Section Q, page 124

The applicant states that home health patient volume projections are reasonable and supported by Well Care’s reputation as a home health provider and the expectation of continued growth resulting from expanding access to home health services in the service area.

Step 4: Well Care Home Health of Cleveland, Inc. Total Unduplicated Home Health Patients by Admitting Service Discipline

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.

Table Q.12: Well Care Home Health of Cleveland, Inc. Unduplicated Home Health Patients by Admitting Service Discipline				
Admitting Service Discipline	% of Total	SFY2026	SFY2027	SFY2028
Nursing	64.0%	278	478	724
Physical Therapy	36.0%	156	269	407
Total Unduplicated Clients	100.0%	434	748	1,131

Source: Section Q, page 125

Step 5: Well Care Home Health of Cleveland, Inc. Total Unduplicated Home Health Patients by Payor Source

The applicant projects the total unduplicated home health patients by payor source based on the assumptions and methodology stated in Section L, page 103 of the application.

Table Q.13: Well Care Home Health of Cleveland, Inc. Unduplicated Home Health Patients by Payor Source				
Payor Source	SFY2026	SFY2027	SFY2028	% of Total
Medicare	334	576	871	77.0%
Medicaid	65	112	170	15.0%
Insurance	30	52	79	7.0%
Charity Care	2	4	6	0.5%
Tricare	2	4	6	0.5%
Total	434	748	1,131	100.0%

Source: Section Q, page 126

Duplicated Home Health Patients and Total Projected Home Health Patients Visits

Step 6: Well Care Home Health of Cleveland, Inc. Patient Readmissions

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-pay patients. The applicant does not project readmissions during the initial 12 months of the proposed project.

Table Q.14: Well Care Home Health of Cleveland, Inc. Projected Home Health Patients (Including Readmissions) *			
County	Project Year 1 SFY2026	Project Year 2 SFY2027	Project Year 3 SFY2028
Medicare	334	720	1,089
Medicaid	65	140	212
Insurance	30	52	79
Charity Care	2	4	6
TriCare	2	4	6
Total	433	920	1,392

Source: Section Q, page 127

*Formula: Medicare and Medicaid patients from *Step 6* (applied beginning project year two).

Step 7: Medicare Patient Episodes/Period of Care

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.15* and *Q.16* on page 128 of the application.

Step 8: Projected Patients by Payor Source

The applicant summarized the duplicated home health patients by payor source and reimbursement type, including the projections for Medicaid, insurance, charity care, and TRICARE patients, through the first three full fiscal years. See *Table Q.17* on page 129 of the application.

Step 9: Projected Visits by Payor Source

The applicant projects visits per start of care by payor source based on Well Care’s experience since the implementation of PDGM. See *Table Q.18* on page 130 of the application.

Step 10: Projected Visits by Service Discipline

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.19* through *Q.22* on pages 131-132 of the application.

Step 11: Projected Duplicated Clients by Service Discipline

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.

Table Q.23: Well Care Home Health of Cleveland, 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 7/1/25		From 7/1/26		From 7/1/27	
		To 6/30/26		To 6/30/27		To 6/30/28	
		# of Duplicated Clients	# of Visits	# of Duplicated Clients	# of Visits	# of Duplicated Clients	# of Visits
Nursing	9.8	451	4,416	970	9,504	1,468	14,386
Physical Therapy	7.7	386	2,974	828	6,378	1,254	9,654
Speech Therapy	4.9	51	249	109	536	165	811
Occupational Therapy	4.3	249	1,072	538	2,314	815	3,503
Medical Social Worker	1.2	129	155	278	334	421	506
Home Health Aide	5.1	81	411	175	893	265	1,352
Duplicated Clients and Visits Total		1,347	9,278	2,899	19,960	4,388	30,211

Source: Section Q, page 133

*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 four service area counties.
- The applicant’s projected market share is supported by Well Care’s historical market share of patients residing in counties served by Well Care.
- 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 64-65, the applicant states:

“Well Care does 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 in admission to, participation in, or receipt of the services and benefits under any of its programs and activities, whether carried out by Well Care directly or through a contractor or any other entity with which Well Care Home Health Inc. arranges to carry out its programs and activities.

...

WCHHC 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.

...

Medicare beneficiaries will have access to the proposed home health services. WCHHC will not discriminate on the basis of payor. As described in Section L.3, the majority of home health admissions will be Medicare patients during the third project year.”

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

Well Care Home Health of Cleveland 3rd Full FY	
Medically Underserved Groups	Percentage of Total Patients
Low-income persons	16.7%
Racial and ethnic minorities	24.6%
Women	61.0%
Persons with Disabilities*	
Persons 65 and Older	88.2%
Medicare beneficiaries	80.0%
Medicaid recipients	12.5%

Source: Section C, page 65

*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 C, pages 63-65 and Section L, pages 103-106.

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 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.

NA-All Applications

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.

CA-All Applications

Project ID# C-12472-24/CaroMont Partners/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section E, pages 74-75, 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 vs. Submitting a CON Application-The applicant states that this alternative would not be consistent with CaroMont's vision to increase community access to services in Cleveland County.
- Build a New Facility vs. Lease an Existing Facility-The applicant states that building a new facility is not financially feasible nor cost-effective considering that patients are serviced in their homes and not in a facility.
- Choose a Different Location in Cleveland County-The applicant states that geography has no impact on the proposed home health office. The space is available at market lease rates, close to the highway, and conveniently located to serve the entire county.

On page 75, the applicant states that its proposal is the most effective alternative because it would meet CaroMont's priority to improve access, control costs, and improve the timeliness of services.

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
- Responses to comments

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

Project ID# C-12487-24/PHC Home Health-Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section E, pages 84-85, 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 maintaining the status quo is not an effective alternative because of the Cleveland County home health deficit, identified in the 2024 SMFP.
- **Offer Basic Home Health Agency Services**-The applicant states that offering basic home health services would not benefit patients with complex conditions that require special skills. It is not consistent with PHC 's goal for high-quality outcomes.
- **Meet Home Health Needs in Other Settings**-The applicant states that home health needs can be met in other settings such as hospitals and nursing facilities. However, these services are offered at a higher cost. Therefore, this alternative is not cost-effective.

On page 86, the applicant states that its proposal is the most effective alternative because of PHC's experience in providing quality home health services and its willingness to serve patients other agencies avoid. Additionally, it will meet the need for an additional Medicare-certified home health agency in Cleveland County identified the 2024 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
- Responses to comments

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

Project ID# C-12490-24/Well Care Home Health of Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section E, pages 73-75, 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 2024 SMFP has identified a need for an additional Medicare-certified home health agency in Cleveland County. Moreover, the Cleveland County population is projected to increase, particularly among the 65 and older age group, the group more likely to utilize home health services.

Develop New Agency Office in Another Location-The applicant states that Shelby is located in the center of the county and will allow convenient access to services for patients throughout the county.

On pages 74-75, the applicant states that Well Care will draw on its experience, resources and existing relationships in North Carolina in developing the proposed home health agency in Cleveland County. The agency will benefit from Well Care's innovative, and value-driven care and reputation for reducing hospital lengths of stay and preventing readmissions.

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
- Responses to comments

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

- (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# C-12472-24/CaroMont Partners/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

Capital and Working Capital Costs

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

CaroMont Partners, LLC Capital Costs	
Non-Medical Equipment	\$23,203
Furniture	\$27,803
Consultant Fees (CON, Prep and Fee)	\$37,000
Other (25% Contingency)	\$22,001
Total Capital Costs	\$110,007

In Section Q, 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 that are based on equipment costs from other similar projects.

In Section E, page 78, the applicant projects that start-up costs will be \$291,916 and initial operating expenses will be \$1,000,000 for a total working capital of \$1,291,916. On page 79, 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 2-6 months of salaries, tax and benefits, telephone/communications, rent, and other costs, excluding orientation/training.
- The applicant projects initial operating costs based on the projected net income deficit for the first 24 months of operation.

Availability of Funds

In Section F, page 76, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	CaroMont Partners, LLC	Total
Loans	\$0	\$0
Accumulated reserves or OE *	\$110,007	\$110,007
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total Financing	\$110,007	\$110,007

* OE = Owner's Equity

In Section F, page 80, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

CaroMont Partners, LLC	Amount
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$1,291,916
Lines of credit	\$0
Bonds	\$0
Total	\$1,291,916

In Exhibit F.2, the applicant provides a letter from the President and Chief Executive Officer of CaroMont Health, Inc., managing partner of CaroMont Partners, LLC, documenting its commitment to fund the capital and working capital costs of the project through accumulated reserves. Exhibit F.2 includes the 2023 consolidated balance sheets for CaroMont Health Inc, and Affiliates, documenting over \$7 million in cash and cash equivalents and over \$138 million 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 third full fiscal year following completion of the project, as shown in the table below.

CaroMont Partners	1st Full Fiscal Year	2nd Full Fiscal Year	3rd Full Fiscal Year
	FY2026	FY2027	FY2028
Total Visits	3,864	12,213	19,293
Total Gross Revenues (Charges)	\$545,827	\$1,881,428	\$3,044,149
Total Net Revenue	\$488,635	\$1,538,370	\$2,489,398
Average Net Revenue per Visit	\$126	\$126	\$129
Total Operating Expenses (Costs)	\$911,575	\$1,688,080	\$2,415,836
Average Operating Expense per Visit	\$236	\$126	\$129
Net Income	(\$422,940)	(\$149,710)	\$73,562

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
- 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# C-12487-24/PHC Home Health-Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

Capital and Working Capital Costs

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

PHC Home Health-Cleveland Capital Costs	
Non-Medical Equipment	\$20,000
Furniture	\$5,000
Consultant Fees (CON)	\$10,000
Other (Contingency)	\$20,000
Total Capital Costs	\$55,000

In Section Q, page 159, 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 that are based on PHC’s experience owning and operating home health agencies.

In Section F, page 89, the applicant projects that start-up costs will be \$17,562 and initial operating expenses will be \$256,892 for a total working capital of \$274,453. On page 171, 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

Section F, page 87, 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 *	\$55,000	\$55,000
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total Financing	\$55,000	\$55,000

* OE = Owner’s Equity

In Section F, page 90, 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	\$274,453
Lines of credit	\$0
Bonds	\$0
Total	\$274,453

In Exhibit F.2, the applicant provides a letter from the Director of Personal Home Care of North Carolina, LLC, documenting PHC’s commitment to fund the capital and working capital costs of the project through a loan from Well Fargo. Exhibit F.2 also contains a letter from a business banker from Wells Fargo, stating their willingness to finance 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-Cleveland	1st Full Fiscal Year	2nd Full Fiscal Year	3rd Full Fiscal Year
	CY2025	CY2026	CY2027
Total Visits	11,210	16,303	19,585
Total Gross Revenues (Charges)	\$1,410,844	\$2,057,731	\$2,479,033
Total Net Revenue	\$1,283,553	\$1,866,619	\$2,242,159
Average Net Revenue per Visit	\$115	\$114	\$114
Total Operating Expenses (Costs)	\$1,200,816	\$1,701,737	\$2,011,730
Average Operating Expense per Visit	\$107	\$104	\$103
Net Income	\$82,737	\$164,882	\$230,429

Note: Form F.2b of the application states “PHC-Home Health-Onslow”. It is assumed that this is a typo and it should state “PHC-Home Health-Cleveland”.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 161-165. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant provides detailed calculations showing projected charges and visits used to project revenues.
- The applicant explains the assumptions used to project expenses.
- The applicant relies on its historical experience in operating North Carolina Medicare-certified home health agencies.

- 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
- 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# C-12490-24/Well Care Home Health of Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

Capital and Working Capital Costs

In Section Q, page 134, the applicant projects the total capital cost of the project, as shown in the table below.

Well Care Home Health of Cleveland 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 140, 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 that are based on the applicant’s experience developing home health agencies and other similar projects.

In Section E, page 78, the applicant projects that the start-up costs will be \$42,647 and initial operating expenses will be \$1,000,000 for a total working capital of \$1,042,647. On pages 78-80, 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 14 months of operations when operating costs exceed revenue.

Availability of Funds

In Section F, page 76, 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 Cleveland, 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 80, 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 Cleveland, Inc.	Amount
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner’s Equity	\$1,042,647
Lines of credit	\$0
Bonds	\$0
Total	\$1,042,647

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 Cleveland, 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 Cleveland	1 st Full Fiscal Year	2 nd Full Fiscal Year	3 rd Full Fiscal Year
	FY2026	FY2027	FY2028
Total Visits	9,278	19,960	30,211
Total Gross Revenues (Charges)	\$679,762	\$2,849,974	\$4,202,440
Total Net Revenue	\$561,490	\$2,366,960	\$3,437,629
Average Net Revenue per Visit	\$61	\$119	\$114
Total Operating Expenses (Costs)	\$1,203,678	\$2,147,427	\$3,078,502
Average Operating Expense per Visit	\$130	\$108	\$102
Net Income	(642,188)	\$219,533	\$359,127

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, page 140. 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
- 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 221, the 2024 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 Cleveland 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 Cleveland County, and the in-county and out-of-county patient totals for each provider, from page 225 of the 2024 SMFP.

License Number	Name	In-County Patients	Out-of-County Patients	Total patients
HC0042	Atrium Health at Home Cleveland	728	388	1,116
HC0221	CenterWell Home Health	1,961	924	2,885

Source: 2024 SMFP, Table 12A, page 225

Project ID# C-12472-24/CaroMont Partners/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland 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 Cleveland County. The applicant states:

“The 2024 State Medical Facilities Plan identifies a need determination for one Medicare-certified home health agency based on a projected 2025 home health patient deficit of 359.07 patients in Cleveland County. The 2024 State Medical Facilities Plan would not have generated a need for an additional Medicare-certified home health agency if the need did not exist and would not duplicate existing home health services.”

Additionally, after reviewing the projected increase in population growth and aging in the service area, change in Cleveland County life expectancies, the CaroMont Regional Medical Center discharges to home health, and the utilization of home health services in the service area, support for an additional home health agency in Cleveland County exists.”

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 2024 SMFP for the proposed Medicare certified home health agency or office based on the projected 2025 patient deficit.
- The applicant adequately demonstrates that the proposed Medicare-certified home health agency or to office is needed in addition to the existing and approved Medicare-certified home health agencies or offices in the service area based on the change in Cleveland County life expectancies, population growth and aging in the service area, and CaroMont Regional Medical Center’s patient discharges to home health.

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 for all the reasons described above.

Project ID# C-12487-24/PHC Home Health-Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section G, page 96, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved home health services in Cleveland County. The applicant states:

“Cleveland County residents rely heavily on agencies located outside the county for home health agency care. Only two home health agencies are located in Cleveland and Rutherford, respectively. Burke has only one home health agency. Choice is important.

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

- There is a 2024 SMFP need determination for one additional Medicare-certified home health agency or office in Cleveland County.
- The applicant's proposal will increase access to home health services for patients residing in Cleveland County who currently rely on services outside of their service area.

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 for all the reasons described above.

Project ID# C-12490-24/Well Care Home Health of Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section G, page 86, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved home health services in Cleveland County. The applicant states:

“The proposed project will not unnecessarily duplicate the existing home health agencies in Cleveland County. As evidenced by the need determination for an additional Medicare-certified home health agency in Cleveland County in the 2024 SMFP, the projected number of Cleveland County patients who will need home health services will exceed the projected number of patients to be served by existing providers. The State considers the existing home health agencies serving Cleveland County inadequate to meet the growing demand for home health services by Cleveland County residents and has determined a need for one additional home health agency.”

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 2024 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 leveraging its existing relationships and resources in the service area.
- 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
- 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# C-12472-24/CaroMont Partners/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section Q, Form H, page 1, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

CaroMont Partners	Projected FTE Staff		
	1 st Full FY FY 2025	2 nd Full FY FY 2026	3 rd Full FY FY 2027
Administrator	1.00	1.00	1.00
Client Services	1.00	1.00	1.00
RN Transitional Care Manager	1.00	1.00	1.00
Clinical Manager	1.00	1.00	1.00
Registered Nurse	0.75	2.38	3.76
Licensed Practical Nurse	0.50	1.58	2.50
Physical Therapist	0.95	3.00	4.74
Speech Therapist	0.05	0.17	0.26
Occupational Therapist	0.29	0.93	1.46
Medical Social Worker	0.03	0.09	0.13
Home Health Aide	0.21	0.67	1.05
TOTAL	6.79	12.81	17.91

The assumptions and methodology used to project staffing are provided in Section Q. 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:

- CaroMont Health is an equal opportunity employer and offers competitive salaries and comprehensive benefits.
- The applicant recruits appropriate staff through CaroMont Health career sites and implements strategies for hard-to-fill positions such as incentives for new hires and referrals.
- In Exhibit H.3, the applicant provides information from its training programs.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- 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# C-12487-24/PHC Home Health-Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section Q, Form H, page 1, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

PHC Home Health-Cleveland	Projected FTE Staff		
	1 st Full FY FY 2025	2 nd Full FY FY 2026	3 rd Full FY FY 2027
RN	2.90	4.30	5.10
Physical Therapy	1.30	1.90	2.20
PT Aide	1.30	1.80	2.30
Occupational Therapy	0.90	1.30	1.50
OT Aide	0.40	0.60	0.70
Speech Therapy	0.20	0.30	0.40
Medical Social Worker	0.25	0.38	0.50
Home Health Aide	0.20	0.30	0.30
Administrator	0.38	0.50	0.50
Office/Support	1.00	1.00	1.00
Marketing/Public Relations	0.25	0.25	0.25
Medical Director	0.05	0.10	0.10
Clinical Manager	0.33	0.50	0.50
TOTAL	9.45	13.23	15.35

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 99-101, 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 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
- 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# C-12490-24/Well Care Home Health of Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland 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 Cleveland	Projected FTE Staff		
	1 st Full FY FY 2026	2 nd Full FY FY 2027	3 rd Full FY FY 2028
Director of Operations	1.0	1.0	1.0
Clerical/Medical Records	1.0	1.0	1.0
Marketing/Business Development	1.0	1.5	2.0
Clinical Manager	1.0	1.0	1.0
Medical Social Worker	0.2	0.4	0.5
Registered Nurses	1.5	3.1	4.7
Licensed Practical Nurses	1.3	2.7	4.0
Home Health Aides	0.3	0.5	0.8
Physical Therapists	1.0	2.1	3.1
PT Assistants	0.9	1.8	2.7
Occupational Therapists	0.4	0.8	1.2
OT Assistants	0.3	0.7	1.0
Speech Therapists	0.2	0.4	0.6
TOTAL	10.1	17.0	23.6

The assumptions and methodology used to project staffing are provided in Section Q, page 140. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 87-91, 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 and retain staff, the applicant uses several methods such as employee referral, online job posting, professional networks, social media, and employee retention and development programs.
- Well Care is an established employer in North Carolina with experience recruiting and retaining staff.
- 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
- 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# C-12472-24/CaroMont Partners/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

Ancillary and Support Services

In Section I, page 90, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 91-92, 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, page 92, the applicant describes its existing and proposed 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 because CaroMont is an existing health care provider with established relationships with local healthcare providers across five counties.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- 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# C-12487-24/PHC Home Health-Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

Ancillary and Support Services

In Section I, page 102, the applicant identifies the necessary ancillary and support services for the proposed services. On page 103, 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 105, the applicant describes its existing and proposed 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:

- PHC-Mecklenburg receives referrals from Atrium Health-Cleveland and assisting living communities in the counties the applicant is proposing to serve.
- 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's clinical and marketing will reach out to the proposed counties to establish relationships.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- 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# C-12490-24/Well Care Home Health of Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

Ancillary and Support Services

In Section I, page 93, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 93-94, 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 based on the following:

- Well Care is an existing provider of home health with ancillary and support services already in place.
- In Exhibit I.1, the applicant provides letters from potential providers of ancillary and support services that support the project and offer to provide ancillary and support services to the applicant.

Coordination

In Section I, page 94, 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:

- Well Care has reached out to healthcare providers and potential referral sources in Cleveland County about developing relationships for the proposed home health agency.
- In Exhibit I.2, the applicant provides letters of support from local health care and social service providers documenting their support for Well Care and the proposed project.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- 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 applicant does 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 applicant does 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.

NA-All Applications

None of the applicants 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 this review.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... 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 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# C-12472-24/CaroMont Partners/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section L, page 102, 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.

CaroMont Partners Projected Payor Mix 3rd Full FY, CY 2027	
Payor Category	% of Total
Self-Pay	0.7%
Charity Care	3.3%
Medicare*	73.4%
Medicaid*	7.4%
Insurance *	15.2%
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 0.7% of total services will be provided to self-pay patients, 3.3% to charity care patients, 73.4% to Medicare patients and 7.4% to Medicaid patients.

On page 102, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the FY2023 payor mix of the CaroMont Regional Medical Center's patient discharges to home health.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- 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# C-12487-24/PHC Home Health-Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section L, page 117, 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-Cleveland Projected Payor Mix 3rd Full FY, CY 2027	
Payor Category	% of Total
Self-Pay	Included in Other
Charity Care	2.0%
Medicare*	79.0%
Medicaid*	15.0%
Insurance *	2.5%
TRICARE	Included in Other
Other (TRICARE, VA and Self-Pay)	1.5%
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 2.0% of total services will be provided to charity care patients, 79.0% to Medicare patients and 15.0% to Medicaid patients.

In Section Q, pages 145-147, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year operation following completion of the project. The projected payor mix is reasonable and adequately supported based on PHC’s home health experience and projected market share capture of Medicare and Medicaid home health patients. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- 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# C-12490-24/Well Care Home Health of Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland 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.

Well Care Home Health of Cleveland, Inc. Projected Payor Mix 3rd Full FY, FY 2028	
Payor Category	% of Total
Charity Care	0.5%
Medicare*	77.0%
Medicaid*	15.0%
Insurance *	7.0%
TRICARE	0.5%
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 0.5% of total services will be provided to charity care patients, 77.0% to Medicare patients and 15.0% 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 Well Care's historical experience serving Cleveland County residents and its 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 Cleveland County and took into account the expansion of Medicaid in the state.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- 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.

Project ID# C-12472-24/CaroMont Partners/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland 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
- Responses to comments

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

Project ID# C-12487-24/PHC Home Health-Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section L, page 119, 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
- Responses to comments

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

Project ID# C-12490-24/Well Care Home Health of Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section L, page 106, 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

- 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# C-12472-24/CaroMont Partners/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section M, pages 106-107, the applicant describes the extent to which health professional training programs in the area 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 have access to the facility for training purposes based on the following:

- CaroMont Health, managing partner of CaroMont Partners, is an established provider and has a history of primary training relationships with community college training programs for many health disciplines such as nursing and physical therapy.
- CaroMont Partners will have access to CaroMont Health's existing health education affiliations.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- 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# C-12487-24/PHC Home Health-Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section M, page 120, 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 training relationships with community college training programs for certified nurse assistants and partners with University of North Carolina at Charlotte School of nursing to provide a nursing internship program.
- The applicant has reached out to colleges and universities in the area for collaboration and provided supporting documentation in Exhibit M.1.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- 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# C-12490-24/Well Care Home Health of Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section M, page 107, 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 the following:

- Well Care's existing relationships with various training programs as an established home health provider in North Carolina.
- Well Care is committed to establishing similar agreements for the proposed home health agency.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- 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 221, the 2024 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 Cleveland 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 Cleveland County, and the in-county and out-of-county patient totals for each provider, from page 225 of the 2024 SMFP.

License Number	Name	In-County Patients	Out-of-County Patients	Total patients
HC0042	Atrium Health at Home Cleveland	728	388	1,116
HC0221	CenterWell Home Health	1,961	924	2,885

Source: 2024 SMFP, Table 12A, page 225

Project ID# C-12472-24/CaroMont Partners/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 109, the applicant states:

“CaroMont Partners intends to provide the widest range of treatments within the services and will work collaboratively with providers and CMS to provide innovative models of care. The proposed CaroMont Partners office will utilize the Home Health Value Based

Purchasing Model that is designed to give Medicare-certified home health agencies incentives to give higher quality and more efficient care. The HHVBP Model supports greater quality and care efficiency in Medicare-certified HHAs. CaroMont Health corporate resources such as human resources, information technology, quality assurance, in-service education, marketing, and financial services are readily available to support the proposed project.”

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 109-110, the applicant states:

A CaroMont Health-owned home health agency can leverage existing infrastructure and resources from CaroMont Health, leading to cost savings. This includes shared administrative staff, equipment, and access to electronic health records, which can streamline operations and reduce overhead expenses. These cost efficiencies can then be passed on to patients and payers, making home health services more affordable for those in need.

Additionally, the integration of CaroMont Partners into Cleveland County can enhance care coordination and reduce duplicative services. Patients who receive care from both the hospital and the home health agency benefit from a seamless transition of care, which can lead to fewer hospital readmissions and emergency room visits. This not only improves patient outcomes but also lowers the overall cost of healthcare by avoiding costly inpatient stays.”

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

Regarding the impact of the proposal on quality, in Section N, pages 110-111, the applicant states:

“CaroMont Partners will benefit from the expertise and resources of CaroMont Health. CaroMont Health is known for its high standards of care, well-trained staff, and access to the latest medical advancements. When CaroMont Health its services to the home health sector, it brings this culture of excellence with it. Patients can expect a higher level of clinical expertise, adherence to evidence-based practices, and a commitment to patient safety, all of which contribute to the overall quality of care.

...

Another aspect contributing to the enhanced quality of care is the availability of specialized services. CaroMont Health has a wide range of specialized departments, including cardiology, neurology, and oncology. When these specialized services are extended to home health, patients with complex medical conditions receive care from professionals with expertise in their specific area of need. This specialization can lead to better outcomes and improved management of chronic illnesses.”

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, pages 111-112, the applicant states: *(summarize or short quote)*

“CaroMont Partners can leverage CaroMont Health’s existing infrastructure and resources to possibly establish satellite offices or clinics in underserved areas. This physical presence in the community reduces transportation barriers for patients who may have limited access to reliable transportation. By bringing healthcare services closer to their homes, CaroMont Health can ensure that individuals from underserved communities can access care more conveniently.

CaroMont Partners will collaborate with community organizations and local healthcare providers to create a network of support for medically underserved populations. This network will help identify individuals in need of home health services and connect them to CaroMont Partners. By working together with community partners, CaroMont Partners can reach out to individuals who may otherwise remain unconnected to the healthcare system. Financial barriers often hinder access to healthcare for underserved communities. CaroMont Partners will navigate these financial challenges by participating in government-sponsored programs like Medicaid or Medicare.”

See also Sections L and B 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.
- 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
- 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# C-12487-24/PHC Home Health-Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 22, the applicant states:

“A new provider will provide market competition in Cleveland County. PHC’s history of service to Medicaid beneficiaries and its Charity program will increase access to home health services.

A new provider in Cleveland County will increase demand for well-trained, compassionate staff. Thus, recruitment and retention will become priorities and better working conditions, and job satisfaction should be the result. PHC offers competitive salaries...their families, and the community should benefit from PHC as a new competitor in the county.”

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 122-123, the applicant states:

“PHC proposes 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.

...

The current nursing shortage in the area is so severe, that physicians and discharge planners are telling PHC leadership they are reluctant to write home health agency discharge plans that include nursing. PHC is prepared to address the nursing, because it has nurses ready to staff the proposed new home health agency office,

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 therapy aides to provide more professional contact time for patients.”

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

Regarding the impact of the proposal on quality, in Section N, pages 124-125, the applicant states:

“The proposed new home health agency will have as its baseline, PHC’s know-how for operating ACHC-accredited and Medicare certified home health agencies with

outstanding track records. PHC can point to years of operating with no licensure or Medicare/Medicaid penalties. Surveyors consistently praise PHC for excellence inpatient care, infection control, compliance, and advocacy. Words such as integrity, adaptable, organized, and graceful, were used by a surveyor to describe PHC and the list continues. Surveyors state that the team is very well trained and eager to show what they know; noting as well that the PHC team respects the patients' rights and demonstrates confidence in their individual and team abilities.

...

PHC's mission, values, and reputation as a high-quality leading provider of home health services will guide the operations of the proposed Cleveland 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, pages 125-126, the applicant states:

"...PHC also proposes a high proportion of Medicare and Medicaid patients and generous charity care.

...

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 L and B 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
- Responses to comments

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

Project ID# C-12490-24/Well Care Home Health of Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

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

“Well Care will enhance, improve and promote competition in the service area because it will establish a new home health agency in Cleveland County operated by an experienced, high-quality provider. Well Care determined that its proposed agency will result in a greater level of efficiency and access for patients, referral sources, and staff to serve its existing and projected patient volume from Cleveland County. The development of a new home health agency in Cleveland County will enhance cost-effectiveness, quality, and access to home health services...”

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 108-109, the applicant states:

“Well Care has made concerted efforts to control its costs to provide services at the lowest reasonable cost to Cleveland County residents. Specifically:

- *Well Care already has the corporate and local administrative and support resources to support the proposed project, including information technology, human resources, billing, quality data collection/management, etc.*
- *Well Care will continuously manage and adjust staff assignments, scheduling, and routing to minimize driving times and maximize travel efficiency.*
- *Well Care negotiates discounts or uses purchasing contracts with suppliers for medical, office and other supplies.*
- *Well Care will continue to utilize highly skilled and experienced clinical personnel and support continued improvements in performance and patient satisfaction through in-service education, performance appraisals, and competitive compensation to most effectively provide direct patient care services.”*

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

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

“Well Care is dedicated to ensuring quality care and patient safety through compliance with all applicable licensure and certification standards established for home health agencies. Well Care will maintain the highest standards and quality of care, consistent with the high standard that it has sustained throughout its history of providing home health services.”

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 110, the applicant states:

“Well Care will ensure that its home health services are available to and accessible to any patient having a clinical need for such services. As a certified provider under Title XVIII (Medicare), Well Care will provide its services to the elderly. Services to low-income persons will be provided by Well Care as a certified provider under Title XIX (Medicaid). Well Care will continue to be a participating Medicare and Medicaid provider to serve the elderly and medically indigent populations in Cleveland County and surrounding communities. Please see Section L for WCHHC’s projections of Medicare/Medicaid/self-pay/indigent patient payor mix.”

See also Sections L and B 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
- 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.

NA
CaroMont

C
PHC
Well Care

Project ID# C-12472-24/CaroMont Partners/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

Neither the applicant nor any related entities own, operate, or manage an existing health service facility located in North Carolina. Therefore, Criterion (20) is not applicable to this review.

Project ID# C-12487-24/PHC Home Health-Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section Q, Form O, page 1, the applicant identifies the home health agencies/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 facility located in North Carolina.

In Section O, page 129, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care had not occurred in either of these facilities. 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 either of these facilities. 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 both facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID# C-12490-24/Well Care Home Health of Cleveland/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shelby, Cleveland County.

In Section Q, page 139, the applicant identifies the home health agencies/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 facility located in North Carolina.

In Section O, page 114, the applicant states that, during the 18 months immediately preceding the submittal of the application, situations resulting in a finding of immediate jeopardy had not occurred in any of these facilities. 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 facilities. 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 all five facilities, 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

The Criteria and Standards for Home Health Services, promulgated in 10A NCAC 14C .2000, are applicable to all applications in this review.

10A NCAC 14C .2003 PERFORMANCE STANDARDS

An applicant proposing to develop a new Medicare-certified home health agency pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:

(1) *provide projected utilization for each of the first three full fiscal years of operation following completion of the project;*

- C- **CaroMont.** In Section Q, the applicant provides projected utilization for each of the first three full fiscal years of operation following completion of the project.
- C- **PHC.** On Form C.5 in Section Q, the applicant provides projected utilization for each of the first three full fiscal years of operation following completion of the project.
- C- **Well Care.** On Form C.5 in Section Q, the applicant provides projected utilization for each of the first three full fiscal years of operation following completion of the project.
- (2) *project to serve at least 325 residents of the proposed service area during the third full fiscal year of operation following completion of the project; and*
- C- **CaroMont.** On Form C.5 in Section Q, the applicant projects to serve at least 325 residents of the proposed service area during the third full fiscal year of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- C- **PHC.** On Form C.5 in Section Q, the applicant projects to serve at least 325 residents of the proposed service area during the third full fiscal year of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- C- **Well Care.** On Form C.5 in Section Q, the applicant projects to serve at least 325 residents of the proposed service area during the third full fiscal year of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- (3) *provide the assumptions and methodology used to provide the projected utilization required in Item (1) of this Rule.*
- C- **CaroMont.** In the Home Health Patient and Visit Methodology and Assumptions subsection of Section Q, the applicant provides the assumptions and methodology used to provide the projected utilization required in Item (1) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- C- **PHC.** In Section Q, pages 135-157, the applicant provides the assumptions and methodology used to provide the projected utilization required in Item (1) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- C- **Well Care.** In Section Q, pages 119-133, the applicant provides the assumptions and methodology used to provide the projected utilization required in Item (1) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2024 SMFP, no more than one Medicare-certified home health agency or office may be approved for Cleveland County in this review. Because the three applications in this review collectively propose to develop three 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 # C-12472-24/**CaroMont**/Develop a Medicare-certified home health agency
- Project ID # C-12487-24/**PHC**/Develop a Medicare-certified home health agency
- Project ID # C-12490-24/**Well Care**/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 2024 State Medical Facilities Plan (SMFP) for one Medicare-certified home health agency in Cleveland County. All of the applicants propose to develop one Medicare-certified home health agency in Cleveland County. Regarding this comparative factor, all of the applicants are equally effective alternatives.

Access by Service Area Residents

The 2024 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 Cleveland 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 of Cleveland County Service Area Residents Projected to be Served in the 3rd Full Fiscal Year	
Applicant	Total # of Cleveland County Residents to be served
CaroMont	912
PHC	601
Well Care	643

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

As shown in the table above, **CaroMont** projects to serve the highest number 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 **CaroMont** is the more 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
CaroMont	912	67	7.4%
PHC	794	119	15.0%
Well Care	1,131	170	15.0%

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 were 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, **Well Care** projects to serve the highest number of unduplicated Medicaid patients in the third full fiscal year of operation. Both **PHC** and **Well Care** project to serve the highest percentage unduplicated Medicaid patients in the third full fiscal year of operation. Therefore, the application submitted by **Well Care** is the more 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.

Applicant	3 rd Full FY		
	Total Number of Duplicated Patients	Total Number of Duplicated Medicare Patients	Duplicated Medicare Patients as a Percentage of Total Duplicated Patients
CaroMont	2,472	2,012	81.4%
PHC	3,074	941	30.6%
Well Care	4,388	1,634	37.2%

Source: Form, C.5 of the applications

As shown in the table above, **CaroMont** projects to serve the highest number of duplicated Medicare patients in the third full fiscal year of operation. The application submitted by **CaroMont** is the more 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
HC0042	Atrium Health at Home Cleveland	728	388	1,116
HC0221	CenterWell Home Health	1,961	924	2,885

Source: 2024 SMFP, Table 12A, page 225

As shown in the table above, there are two providers of Medicare-certified home health agencies or offices in Cleveland County. None of the applicants currently operate Medicare-certified home health

agencies or offices located in Cleveland 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 year of operation. Generally, the application proposing the highest number of visits per unduplicated patient is the 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*
CaroMont	912	19,293	21.2
PHC	794	19,585	24.7
Well Care	1,131	30,211	26.7

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, **Well Care** projects the highest average number of visits per unduplicated patient in the third full fiscal year of operation. Therefore, the application submitted by **Well Care** is the more 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
CaroMont	19,293	\$2,489,398	\$129.03
PHC	19,585	\$2,242,159	\$114.48
Well Care	30,211	\$3,437,629	\$113.78

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

As shown in the table above, **Well Care** 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 **Well Care** is the more 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.

3 rd Full FY			
Applicant	Total Number of Unduplicated Patients	Total Net Revenue	Average Net Revenue per Unduplicated Patient
CaroMont	912	\$2,489,398	\$2,730
PHC	794	\$2,242,159	\$2,824
Well Care	1,131	\$3,437,629	\$3,039

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

As shown in the table above, **CaroMont** projects the lowest average net revenue per unduplicated patient in the third full fiscal year of operation. Therefore, the application submitted by **CaroMont** is the more 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.

3 rd Full FY			
Applicant	Total Number of Projected Visits	Total Operating Expenses	Average Operating Cost per Visit
CaroMont	19,293	\$2,415,836	\$125.21
PHC	19,585	\$2,011,730	\$102.71
Well Care	30,211	\$3,078,502	\$101.90

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 more 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*
CaroMont	\$129.03	\$125.21	1.03
PHC	\$114.48	\$102.71	1.11
Well Care	\$113.78	\$101.90	1.12

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, **CaroMont** 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 **CaroMont** is the most effective alternative with regard to the projected ratio of average net revenue per visit to average total operating cost per visit in the 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.

3rd Full FY			
Applicant	Registered Nurses	Licensed Practical Nurses	Home Health Aides
CaroMont	\$93,058	\$61,456	\$43,392
PHC	\$109,304	\$72,162	\$50,938
Well Care	\$113,075	\$73,999	\$50,746

Source: Form H of the applications

As shown in the table above, **Well Care** projects the highest average annual salary for registered nurses and licensed practical nurses and the second highest salary for home health aides the third full fiscal year of operation. **PHC** projects the highest average annual salary for home health aides during the third full fiscal year of operation. **CaroMont** projects the lowest average annual salaries for registered nurses, licensed practical nurses and home health aides. Therefore, with regard to nursing salaries, the application submitted by **Well Care** is the more effective alternative.

Summary

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

Comparative Factor	CaroMont	PHC	Well Care
Conformity with Statutory and Regulatory Review Criteria	Equally Effective	Equally Effective	Equally Effective
Scope of Services	Equally Effective	Equally Effective	Equally Effective
Access by Service Area Residents	More Effective	Less Effective	Less Effective
Access by Medicaid Recipients	Less Effective	Less Effective	More Effective
Access by Medicare Recipients	More Effective	Less Effective	Less Effective
Competition, Access to a New or Alternative Provider	Equally Effective	Equally Effective	Equally Effective
Average Number of Visits per Unduplicated Patient	Less Effective	Less Effective	More Effective
Projected Average Net Revenue per Visit	Less Effective	Less Effective	More Effective
Projected Average Net Revenue per Unduplicated Patient	More Effective	Less Effective	Less Effective
Projected Average Total Operating Cost per Visit	Less Effective	Less Effective	More Effective
Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit	More Effective	Less Effective	Less Effective
Nursing and Home Health Aide Salaries	Less 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 three applications propose a total of three 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 more effective alternative for the following five comparative factors:

- Access by Medicaid Recipients
- Average Number of Visits per Unduplicated Patient
- Projected Average Net Revenue per Visit
- Projected Average Total Operating Cost per Visit
- Nursing and Home Health Aide Salaries

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

- Access by Service Area Residents
- Access by Medicare Recipients
- Projected Average Net Revenue per Unduplicated Patient
- Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit

DECISION

Each application is individually conforming to the need determination in the 2024 SMFP for one Medicare-certified home health agency in Cleveland 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 **CaroMont** and **PHC** are approvable standing alone, the approval of all three 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 **CaroMont** and **PHC** are denied.

The application submitted by **Well Care**, Project ID# C-12490-24, is approved subject to the following conditions:

- 1. Well Care Home Health of Cleveland, 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 Cleveland County pursuant to the need determination in the 2024 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 Cleveland 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 January 6, 2025.**
- 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.**