

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: March 27, 2024

Findings Date: March 27, 2024

Project Analyst: Tanya M. Saporito

Co-Signer: Mike McKillip

COMPETITIVE REVIEW

Project ID #: P-12450-23
Facility: Bayada Home Health Care, Inc.
FID #: 230896
County: Onslow
Applicant: BAYADA Home Health Care, Inc.
Project: Develop a new Medicare-certified home health agency pursuant to the 2023 SMFP need determination

Project ID #: P-12453-23
Facility: PHC Home Health-Onslow
FID #: 230899
County: Onslow
Applicant: Personal Home Care of North Carolina, LLC
Project: Develop a new Medicare-certified home health agency pursuant to the 2023 SMFP need determination

Project ID #: P-12455-23
Facility: Well Care Home Health of Onslow
FID #: 230900
County: Onslow
Applicant: Well Care Home Health of Onslow, Inc.
Project: Develop a new Medicare-certified home health agency pursuant to the 2023 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.

The following table lists and identifies acronyms or abbreviations used in these findings:

ACRONYMS/ABBREVIATIONS USED	
ACRONYM/ABBREVIATIONS USED	FULL TERM
Agency	Healthcare Planning and Certificate of Need Section, DHSR
HHA	Home Health Agency
CAGR	Compound Annual Growth Rate
CY	Calendar Year (January 1 – December 31)
FFY	Federal Fiscal Year (October 1 – September 30)
FY	Fiscal Year
NC OSBM	North Carolina Office of State Budget and Management
SFY	State Fiscal Year (July 1 – June 30)
SHCC	State Health Coordinating Council
SMFP	State Medical Facilities Plan

REVIEW CRITERIA

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

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

C – All Applications

Need Determination

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

Policies – There is one policy in the 2023 SMFP which is applicable to this review. *Policy GEN-3: Basic Principles*, on page 30 of the 2023 SMFP, states:

“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”

Project ID #P-12450-23 / BAYADA / Develop a Medicare-certified HHA

BAYADA Home Health Care, Inc. (referred to as “BAYADA” or “the applicant”) proposes to develop Bayada Home Health Care, Inc., a new Medicare-certified HHA in Onslow County.

Need Determination. The applicant does not propose to develop more Medicare-certified HHAs or offices than are determined to be needed in Onslow County.

Policy GEN-3. In Section B, pages 27-31, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Conclusion – The Agency reviewed the:

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

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

- The applicant does not propose to develop more Medicare-certified HHAs than are determined to be needed in Onslow County.
- 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 Onslow County;
 - The applicant adequately documents how the project will promote equitable access to home health services in Onslow County; and
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID #P-12453-23/ PHC / Develop a Medicare-certified HHA

PHC Home Health-Onslow (referred to as “PHC” or “the applicant”) proposes to develop PHC Home Health-Onslow, a new Medicare-certified HHA in Onslow County.

Need Determination. The applicant does not apply to develop more Medicare-certified HHAs than are determined to be needed in Onslow County.

Policy GEN-3. In Section B, pages 27-31, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

Conclusion – The Agency reviewed the:

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

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

- The applicant does not propose to develop more Medicare-certified HHAs than are determined to be needed in Onslow County.
- 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 Onslow County;
 - The applicant adequately documents how the project will promote equitable access to home health services in Onslow County; and
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID #P-12455-23 / Well Care / Develop a Medicare-certified HHA

Well Care Home Health of Onslow, Inc. (referred to as “Well Care” or “the applicant”) proposes to develop Well Care Home Health of Onslow, a new Medicare-certified HHA in Onslow County.

Need Determination. The applicant does not apply to develop more Medicare-certified HHAs than are determined to be needed in Onslow County.

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

Conclusion – The Agency reviewed the:

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

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

- The applicant does not propose to develop more Medicare-certified HHAs than are determined to be needed in Onslow County.
- 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 Onslow County;
 - The applicant adequately documents how the project will promote equitable access to home health services in Onslow County; and
 - 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 #P-12450-23 / BAYADA / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

Patient Origin

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

BAYADA does not currently operate a Medicare-certified HHA in Onslow County. In Section C, page 39 the applicant projects patient origin for the first three full fiscal years of operation of the proposed HHA as shown in the table below:

PROJECTED PATIENT ORIGIN – BAYADA						
COUNTY	FY 1 (FFY 2026)		FY 2 (FFY 2027)		FY 3 (FFY 2028)	
	# PATIENTS	% PATIENTS	# PATIENTS	% PATIENTS	# PATIENTS	% PATIENTS
Onslow	401	82.1%	725	89.2%	1,070	92.4%
Carteret	51	10.5%	51	6.3%	51	4.4%
Pender	31	6.4%	31	3.8%	31	2.7%
Jones	5	1.0%	5	0.6%	5	0.4%
Total	489	100.0%	813	100.0%	1,158	100.0%

In Section C, page 39, and in the *Home Health Patient and Visit Methodology and Assumptions* subsection of Section Q, immediately following Form C.5, the applicant provides the assumptions and methodology used to project patient origin. Projected patient origin is reasonable and adequately supported based on the following:

- The applicant projects patient origin based on projected deficits in HHA services in the counties projected to be served as published in the SMFP.
- The applicant is experienced in operating Medicare-certified HHAs in North Carolina and has other agencies in the state that can assist with establishing referral relationships.
- Projected utilization is reasonable and adequately supported. Please see the discussion about projected utilization found below for more details.

Analysis of Need

In Section C, pages 41-48, the applicant explains the reasons why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- There is a need determination in the 2023 SMFP for one additional Medicare-certified HHA in Onslow County. (page 42)
- The applicant cites data from the NC OSBM that shows the total population in Onslow County increased by 7.1% between 2018 and 2023 and is projected to grow by 5.7% between 2023 and 2028. NC OSBM also projects the Onslow County population aged 65 to 74 and 75 and older have increased at faster rates than the overall population and are projected to grow at faster rates than the overall population. The applicant states that NC OSBM also shows the population in surrounding counties is experiencing similar growth patterns. The applicant further states that patients in older age brackets have higher use rates for home health services. (pages 42-43)

- The applicant cites data from the North Carolina State Center for Health Statistics to show the life expectancy of Onslow County residents has increased across most age groups aged 65 and older between 1990 and 2020. (pages 44-45)
- The applicant cites data from the 2023 SMFP that shows home health utilization in Onslow County and the surrounding counties that comprise the service area has increased in the 18-64 age group and in all but Carteret County for both the 65-74 and the 75 and older age groups. (page 45)
- BAYADA has well-respected home health agencies throughout the state but has none located east of I-95 or close enough to serve Onslow County residents. The applicant states it desires to bring HH services to that part of the state. (page 45)
- Home care has taken on increased importance as a method of care, particularly following the COVID-19 pandemic. (pages 46-48)

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

- There is a need determination in the 2023 SMFP for one additional Medicare-certified home health agency in Onslow County.
- The applicant provides publicly available reliable data and information to substantiate its statements regarding overall population growth as well as population growth in those age cohorts more likely to utilize home health services, life expectancy, and home health utilization in Onslow County.

Projected Utilization

On Form C.5 in Section Q, the applicant provides projected utilization, as illustrated in the following table:

BAYADA – PROJECTED UTILIZATION						
	FY 1 (FFY 2026)		FY 2 (FFY 2027)		FY 3 (FFY 2028)	
	# OF CLIENTS	# OF VISITS	# OF CLIENTS	# OF VISITS	# OF CLIENTS	# OF VISITS
Unduplicated Clients by Admitting Discipline						
Nursing	275		457		650	
Physical Therapy	175		292		416	
Occupational Therapy	17		28		39	
Speech Therapy	22		37		52	
Total Unduplicated Clients	489		813		1,158	
Duplicated Clients and Visits by Discipline						
Nursing	434	4,384	799	8,067	1,129	11,405
Physical Therapy	484	3,630	903	6,771	1,283	9,626
Speech Therapy	380	1,633	709	3,048	993	4,269
Occupational Therapy	426	1,660	793	3,094	1,127	4,395
Medical Social Worker	38	42	72	79	101	111
Home Health Aide	33	161	62	302	87	427
Total Duplicated Clients and Visits	1,795	11,511	3,337	21,361	4,721	30,233
Duplicated Medicare Clients and Visits						
Full Episodes w/o Outlier	1,595	10,044	2,9889	18,822	4,162	26,205
Full Episodes w/ Outlier	33	210	63	394	87	549
Partial Payment Episode	39	248	74	465	103	647
Low-Utilization Payment Adjustment	3	19	6	35	8	49
Total Medicare Clients and Visits	1,671	10,521	3,132	19,716	4,360	27,449

In Section Q, *Home Health Patient and Visit Methodology and Assumptions* immediately following Form C.5, the applicant provides the assumptions and methodology used to project utilization, as discussed below:

Step 1: Identify service area home health patients – The applicant states BAYADA currently serves HH patients in 43 North Carolina counties and, with the development of the HHA proposed in this application, projects to serve patients in Onslow, Carteret, Pender and Jones counties. The applicant states each of those counties is projected to have a HH patient deficit in 2024, according to the 2023 SMFP. The applicant calculated a two-year CAGR of 3.29% that represents the growth in the number of HH patients from FY 2022-2024.

Step 2: Project the number of Onslow County HH patients from FY 2025-2028 – The applicant applied the 3.29% CAGR from *Step 1* to the 2024 projected number of Onslow County HH patients who will need HH services from the 2023 SMFP, to project the total number of HH patients in Onslow County who will need services through FY 2028, as shown in the following table:

COUNTY	2-YEAR CAGR	FY 2025	FY 2026	FY 2027	FY 2028
Onslow	3.29%	3,325	3,435	3,548	3,664

Step 3: Project the HH service area patient deficit capture – The applicant states the 2023 SMFP projects a HH patient deficit in each of the counties projected to be served by BAYADA Onslow. Relying on its experience in serving HH patients across North Carolina the applicant projects to capture 95% of the projected Onslow County HH patient deficit, and 25% of the projected HH patient deficit in each of the other counties it projects to serve, as illustrated in the following table:

COUNTY	2024 HH PATIENT DEFICIT	% OF DEFICIT TO CAPTURE	# OF HH PATIENTS
Onslow	-395.84	95.0%	376
Carteret	-204.43	25.0%	51
Pender	-124.80	25.0%	31
Jones	-20.44	25.0%	5
Total			463

The applicant states the 95% capture rate represents an 11.68% market share of total HH patients projected to need HH services in Onslow County in FY 2024.

Step 4: Project HH market share and patients from FY 2026-2028 – The applicant projects its capture rate in Onslow County will increase in both FYs 2027 and 2028 by 75% of the FY 2026 market share, which equates to 8.76 percentage points annually, as shown in the following table:

Year	FY 2026	FY 2027	FY 2028
Market Share	11.68%	20.44%	29.21%

To project BAYADA Onslow’s unduplicated home health patients in FYs 2026-2028, the applicant applied the market share percentage by the number of patients from *Step 2* for each of the fiscal years. For the other three counties comprising the service area, the applicant applied the 25% capture rate to the home health patients from *Step 2*. The applicant calculated the number of unduplicated HH patients as well as the patient origin percentage for each of the counties it projects to serve in the partial year of operation (the first six months of FY 2025) and for each of the three project years as well as, as illustrated in the following tables:

BAYADA Onslow Unduplicated Patients

COUNTY	FY 2025*	FY 2026	FY 2027	FY 2028
Onslow	78	401	725	1,070
Carteret		51	51	51
Pender		31	31	31
Jones		5	5	5
Total	78	489	813	1,158

*The applicant states that, consistent with BAYADA experience, it projects to serve indigent and Medicare patients during the first six month of operation.

BAYADA Onslow HH Patient Origin Percentage

COUNTY	FY 2025	FY 2026	FY 2027	FY 2028
Onslow	100.0%	82.1%	89.2%	92.4%
Carteret		10.5%	6.3%	4.4%
Pender		6.4%	3.8%	2.7%
Jones		1.0%	0.6%	0.4%
Total	100.0%	100.0%	100.0%	100.0%

Steps 5-11: Summarize historical experience and project HH patients – The applicant relied on its historical experience in providing HH services throughout the State to project the following:

- Unduplicated patients by service discipline admissions
- Unduplicated HH patients by payor
- Readmitted patients by payor
- Medicare episode starts
- Medicare episode by reimbursement type
- Projected visits by reimbursement type
- Projected visits by service discipline

Step 12: Project duplicated patients by service discipline – The applicant projected the total number of duplicated patients by service discipline in each of the interim and first three FYs of operation by dividing the total number of visits by the average number of visits by patients in each of the service disciplines. The applicant provides tables to illustrate those projections in the *Assumptions* section following Form C.5a in application Section Q.

The applicant provided the following assumptions to support its utilization projections:

- The applicant’s interim FY of operation is the last six months of FY 2025.
- No patients will be served during the first three months of the interim FY of operation.
- For the first three months after becoming licensed in the interim FY of operation, the applicant will provide only indigent care. In the last three months the applicant will serve only Medicare patients.
- In FYs 2026 and 2027, the applicant will provide HH services primarily to Medicare and Medicaid patients.
- In the third FY of operation, FY 2028, the applicant will provide HH services to all patients, including those with private insurance.
- The applicant’s projections are based on its historical experience in North Carolina serving HH patients.

The following table summarizes the applicant’s utilization projections:

Bayada-Onslow Projected Utilization

COUNTY	FY 2025 INTERIM YEAR	FFY 2026 1 ST FULL FY	FFY 2027 2 ND FULL FY	FFY 2028 3 RD FULL FY
Onslow	78	401	725	1,070
Carteret	0	51	51	51
Pender	0	31	31	31
Jones	0	5	5	5
Total	78	489	813	1,158

As shown in the table above, the applicant projects to serve 1,070 Onslow County residents during its third full fiscal year following project completion. This meets the performance standard promulgated in 10A NCAC 14C .2003(2), which requires an applicant to project to serve at least 325 residents of the proposed service area by the end of the third full fiscal year following project completion.

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.
- The applicant used Onslow County data when it was available and appropriate for its projections.
- The applicant relied on its own historical experience serving HHA patients in its other HHAs in North Carolina.

Access to Medically Underserved Groups

In Section C, page 54, the applicant states:

“BAYADA maintains a nondiscrimination policy and 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. BAYADA Home Health will extend care services to Medicare and Medicaid, uninsured, underinsured, self-pay and medically indigent patients.”

In Section C, page 54 the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

MEDICALLY UNDERSERVED GROUPS	PERCENTAGE OF TOTAL PATIENTS
Low income persons	11.5%
Racial and ethnic minorities	26.5%
Women	52.5%
Persons 65 and older	86.5%
Medicare beneficiaries	86.5%
Medicaid recipients	10.0%

On page 54, the applicant states it does not track information or data on disabled people.

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 Exhibit C.6.

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 #P-12453-23 / PHC / Develop a Medicare certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

Patient Origin

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

This proposal is for a new Medicare-certified HHA which does not yet exist. The following table, from Section C page 48 illustrates projected patient origin:

PHC HOME HEALTH-ONSLOW PROJECTED PATIENT ORIGIN						
COUNTY	1 ST FULL FY		2 ND FULL FY		3 RD FULL FY	
	FFY 2026		FFY 2027		FFY 2028	
	# OF PATIENTS	% OF TOTAL	# OF PATIENTS	% OF TOTAL	# OF PATIENTS	% OF TOTAL
Onslow	781	100%	1,280	100%	1,441	100%
Total	781	100%	1,280	100%	1,441	100%

In Section Q and Exhibit C.5, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's projected patient origin is based on its projections of the unmet need for home health services in Onslow County and its projections of market share for the proposed home health agency in that county through the first three full fiscal years of operation, as described in Section Q of the application. The applicant's assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 50-59, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- There is a 2023 SMFP need determination for one additional Medicare-certified home health agency or office in Onslow County (page 50).
- Population trends in Onslow County such as projected population estimates, particularly within the 18-64 age group and increasing cultural diversity (pages 51-52).
- Home health use trends in North Carolina, particularly among the 65+ age group, the group most likely to use home health services (pages 52-53).
- Population health and the social and economic status particular to Onslow County residents serving as health risks and barriers to obtaining needed medical services, including home health services (pages 54-56).
- Data from 2022 North Carolina HHAs indicate that underserved populations, particularly Medicaid patients, are under represented in Onslow County HHAs (page 57).
- PHC's success in maintaining staffing levels despite statewide nursing shortages (page 58).
- Lower cost and easier access to HH services versus hospital visits that are provided by a home health agency (pages 58-59).
- PHC's initiative to address the growing need for behavioral health care (page 59).

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

- The applicant's statements regarding need are supported by the projected home health patient deficits identified in the 2023 SMFP for Onslow County.
- The applicant's statements regarding need are supported by population growth and aging data from the North Carolina Office of State Budget and Management (NCOSBM) for the proposed service area.
- The applicant provides data and documentation regarding health status, home health use rates, and referral sources to support its statements regarding need for the proposed home health agency.

Projected Utilization

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

PHC HOME HEALTH-ONSLOW	1 ST FULL FY		2 ND FULL FY		3 RD FULL FY	
	FFY 2026		FFY 2027		FFY 2028	
	# OF CLIENTS	VISITS	# OF CLIENTS	VISITS	# OF CLIENTS	VISITS
UNDUPLICATED CLIENTS BY ADMITTING DISCIPLINE						
Nursing	435		713		803	
Physical Therapy	346		567		638	
Speech Therapy						
Occupational Therapy						
Total Unduplicated Clients	781		1,280		1,441	
Duplicated Clients and Visits by Discipline						
Nursing	919	7,261	1,506	11,901	1,696	13,396
Physical Therapy	837	5,775	1,372	9,466	1,544	10,655
Speech Therapy	139	473	228	775	257	872
Occupational Therapy	611	2,871	1,001	4,705	1,127	5,296
Medical Social Worker	70	84	115	138	130	156
Home Health Aide	74	422	121	692	137	779
Total Duplicated Clients and Visits	2,650	16,886	4,344	27,677	4,890	31,154
Duplicated Medicare Clients and Visits						
Full Episodes without Outlier	653	11,755	1,070	19,267	1,205	21,687
Full Episodes with Outlier	22	477	36	782	41	881
Partial Episode Payment (PEP)	7	39	12	65	13	73
Low-Utilization Payment Adjustment (LUPA)	34	44	55	72	62	81
Total Medicare Clients and Visits	716	12,315	1,174	20,186	1,321	22,721

In Section Q, pages 119-137, the applicant provides the assumptions and methodology used to project utilization, as summarized below:

Step 1: Determine Use Rate per 1,000 patients by age group – The applicant compared HH use rates in Region P, as identified by the North Carolina Regional Councils of Government, and found that Onslow County is underserved compared to the other counties that comprise Region P. The applicant calculated a use rate per 1,000 in Onslow County. See the table that illustrates these calculations on page 120.

Step 2: Project total home health need for Onslow County for 2021-2027 – The applicant applied the use rates from *Step 1* to the NCOSBM population projections for Onslow County to project HH need through 2027. See the tables that illustrate these calculations on page 121.

Step 3: Project total number of Onslow County HH patients served by existing HHAs – The applicant consulted the 2023 SMFP to determine the total number of Onslow County HH patients that will be served by existing HH agencies in the county, and calculated a

CAGR that represents the number of HH patients served from 2019-2022. The applicant states that, since the CAGR in all age groups is negative, it projects the number of patients who will be served by existing HHAs to remain constant through FY 2027. See the table that illustrates these calculations on pages 122-123.

Step 4: Calculate Onslow County total unmet need and potential unique patients to be served from 2024-2027 – The applicant subtracted the total patients projected to be served by existing agencies from the total annual HHA patient need calculated in *Step 2* to determine total unmet need of unduplicated HH patients in Onslow County from 2024-2027. See the table that illustrates the subtraction on page 124.

Step 5: Project PHC market share of Onslow County unmet need – The applicant projects it will serve 90% of the unmet need in Onslow County by 2027, beginning with a 10% market share of unmet need in the initial partial year 2024, ramping up to 90% in 2027, the applicant's third year of operation. See the table that illustrates the ramp up on page 125.

Step 6: Project unduplicated patients served by PHC 2024-2027 – The applicant multiplied the results from *Step 4* by the market share from *Step 5* to project the number of unduplicated patients that will be served by PHC in the first three years of operation. See the table that illustrates the calculation on page 126.

Step 7: Project unduplicated patients by payor mix to be served by PHC – The applicant relied on its historical experience at its existing HHAs to project the payor mix percentage of patients who will be served by its proposed HHA in the first three years of operation. The applicant assumes the payor mix will remain constant through all three project years. See the table that illustrates this step on pages 127-128.

Step 8: Project the number of unduplicated and readmitted patients by payor mix – The applicant relied on its historical experience in existing HHAs to determine the number of unduplicated and readmitted patients by payor mix. See the table that illustrates the step on page 129.

Step 9: Project the number of Medicare episodes by start of care – The applicant relied on its historical experience in existing HHAs to project the number of Medicare episodes by start of care, and applied this to the projected number of Medicare episodes by reimbursement type, from *Step 8*. See the tables that illustrate these calculations on page 130.

Step 10: Summarize projected number of admissions by reimbursement type for all three project years – The applicant combined the number of Medicare episodes by start of care from *Step 9* with the number of patients in other payor classes from *Step 8*. See the table that illustrates these calculations on page 131.

Step 11: Project the number of PHC visits by start of care and reimbursement type – The applicant examined its internal data and data provided in existing Onslow County HHA

LRAs to project the number of PHC visits by start of care. See the table that illustrates these calculations and data on pages 132-133.

Step 12: Forecast the number of unduplicated patients served by discipline, and unduplicated and readmitted patients by discipline – The applicant relied on its historical experience to project the number of unduplicated patients served by discipline in all three project years. See the table that illustrates the projections on pages 134-135.

Step 13: Forecast visits by discipline in all three project years – The applicant relied on its historical experience and the data from the steps above to project the total visits by discipline to be served by the proposed HHA in Onslow County in all three project years. See the table that illustrates the projections on page 136.

Step 14: Forecast the number of duplicated patients in all three project years – The applicant divided the projected number of visits by discipline from the previous step by the projected number of visits by duplicated patient by discipline to project the total number of duplicated patients to be served in all three project years.

The applicant’s utilization projections are summarized in the following table from page 137:

Projected Duplicated Patients by Service Discipline, First Three PYs

DISCIPLINE	VISITS/DUP PATIENT	1 ST FULL FY, CY 2025		2 ND FULL FY, CY 2026		3 RD FULL FY, CY 2027	
		# PTS.	# VISITS	# PTS.	# VISITS	# PTS.	# VISITS
Skilled Nursing	7.9	34	266	919	7.261	1,696	13,396
Physical Therapy	6.9	31	211	837	5.775	1,544	10,655
Occup. Therapy	4.7	22	105	611	2.871	1,127	5,296
Speech Therapy	3.4	5	17	139	473	257	872
Med. Social Worker	1.2	3	3	70	84	130	156
Home Health Aide	5.7	3	15	74	422	137	779
Total		97	618	2,650	16,886	4,890	31,154

The applicant projects to serve 1,441 Onslow County residents during its third full fiscal year following project completion. This meets the performance standard promulgated in 10A NCAC 14C .2003(2), which requires an applicant to project to serve at least 325 residents of the proposed service area by the end of the third full fiscal year following project completion.

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.
- The applicant projects utilization based on shifting its own patients that it is already serving at its existing HHA in North Carolina.
- The applicant relied on its own historical experience in projecting utilization.

Access to Medically Underserved Groups

In Section C, page 69, the applicant states:

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

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

The applicant provides the estimated percentage for each medically underserved group in the third project year, as shown in the following table from Section C page 65:

Medically Underserved Groups	% Total Patients
Low income persons	16.7%
Racial and ethnic minorities	23.7%
Women	44.9%
Persons with disabilities	100.0%
Persons 65 and older	77.7%
Medicare Beneficiaries	77.7%
Medicaid recipients	15.0%

On page 65, the applicant states “*low income persons*” represent Medicaid beneficiaries and charity patients, persons 65 and older are “*Medicare beneficiaries*”, and the remaining categories are estimated proportionate to the Onslow County population.

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 Exhibit C.6.

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 #P-12455-23 / Well Care Home Health of Onslow / Develop a Medicare certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

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

This proposal is for a new Medicare-certified HHA which does not yet exist. The following table, from Section C page 47 illustrates projected patient origin:

WELL CARE HOME HEALTH-ONSLow						
PROJECTED PATIENT ORIGIN						
COUNTY	1 ST FULL FY		2 ND FULL FY		3 RD FULL FY	
	FFY 2025		FFY 2026		FFY 2027	
	# OF PATIENTS	% OF TOTAL	# OF PATIENTS	% OF TOTAL	# OF PATIENTS	% OF TOTAL
Onslow	526	100%	1,124	100%	1,274	100%
Total	526	100%	1,124	100%	1,274	100%

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

Analysis of Need

In Section C, pages 48-63, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The 2023 SMFP identified a need for an additional Medicare-certified home health agency in Onslow County and a home health deficit of 464 home health patients by 2024. (pages 48-50)

- Well Care’s historical home health utilization and market share show it will be well utilized. (pages 50-52)
- The proposed location of the agency will enhance access to home health services in surrounding cities/communities and allow Well Care to recruit and retain quality staff. (pages 52-55)
- Well Care has a reputation as a high-quality home health provider in other existing agencies and this application is an opportunity to provide the same quality HH services to Onslow County residents and residents in other surrounding counties. (pages 55-57)
- Growth and aging of the population in Onslow County shows an increasing need for additional HH services. (pages 57-59)
- The prevalence of chronic diseases in Onslow and surrounding counties substantiate the need for additional HH services (pages 59-61)
- The historical use rate and cost savings for home health services. (pages 61-62)

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 Onslow County, as stated in the 2023 SMFP.
- The applicant’s demonstration of need is supported by Well Care’s historical utilization and market share of home health services.
- The applicant’s statements regarding need are supported by population growth and aging data from NCOSBM for the proposed service area.

Projected Utilization

In Section Q, page 127, the applicant provides projected utilization, as illustrated in the following table.

WELL CARE HOME HEALTH OF ONSLOW COUNTY	1 ST FULL FY		2 ND FULL FY		3 RD FULL FY	
	FY 2025 7/01/24- 6/30/25		FY 2026 7/01/25- 6/30/26		FY2027 7/01/26- 6/30/27	
	# OF CLIENTS	# OF VISITS	# OF CLIENTS	# OF VISITS	# OF CLIENTS	# OF VISITS
Unduplicated Clients by Admitting Discipline						
Nursing	337		719		815	
Physical Therapy	189		405		459	
Speech Therapy						
Occupational Therapy						
Total Unduplicated Clients	526		1,124		1,274	
Duplicated Clients by Admitting Discipline						
Nursing	431	4,224	1,146	11,229	1,298	12,717
Physical Therapy	377	2,903	998	7,688	1,131	8,711
Speech Therapy	49	242	132	645	149	731
Occupational Therapy	243	1,047	648	2,788	735	3,159
Medical Social Worker	130	155	344	413	390	469
Home Health Aide	80	406	213	1,087	241	1,231
Total Duplicated Clients and Visits	1,310	8,978	3,482	23,850	3,945	27,018
Full Episodes without Period Outliers	545	7,031	1,473	19,002	1,669	21,530
Full Episodes with Period Outliers	12	238	34	664	38	752
Partial Episodes with Partial Period Payments	1	11	2	18	2	21
Patient Episodes with Low-Utilization Payment Adjustments (LUPAs)	62	118	168	318	190	361
Total Medicare Clients and Visits	620	7,398	1,677	20,001	1,899	22,664

In Section Q, pages 128-141, the applicant provides the assumptions and methodology used to project utilization, as summarized below:

1. The applicant summarized the projected 2024 home health patient deficit of 396 HH patients in Onslow County as stated in the 2023 SMFP.
2. The applicant projects that Well Care would serve 95% of the projected HH patient deficit as reported in the 2023 SMFP, which is 376 patients. The applicant states 95% of the projected patient deficit represents a 12.5% market share. Given Well Care's experience with existing HHAs in other North Carolina counties, the applicant states this market share is reasonable.
3. The applicant projects that the 12.5% market share of the Onslow County projected HH patient deficit will remain constant through 2027.
4. The applicant projects that some patients who currently receive HH services through its existing Onslow County HHA will shift their care to the proposed new HHA. The

applicant projects a ramp up in that shift, from 10% of the existing Well Care HHA patients in the first project year to 60% in the third project year. See the table that illustrates these projections in Section Q, page 132.

5. The applicant relies on its experience to project unduplicated home health patients by admitting discipline in all three project years.
6. The applicant relies on its experience to also project unduplicated HH patients by payor source in all three project years.
7. The applicant relies on its experience in patient readmissions to project the number of patient readmissions by payor source in all three project years.
8. The applicant states that in 2020, Medicare payments for HH services began under the Patient Driven Groupings Model (PDGM), which also changed the unit of payment under Medicare to a 30-day episode. Under the PDGM, the applicant projects the number of Medicare episodes in all three project years. See the tables that illustrate the calculations and projections on pages 135-136.
9. The applicant projects duplicated HH patients by payor source based on its experience in providing HH services.
10. Relying on its experience, the applicant projects the average visits per start of care for all three project years under the PDGM Medicare program.
11. The applicant projects visits by service discipline based on its North Carolina HH experience since the implementation of PDGM. See the table that illustrates the projections on pages 139-140.
12. The applicant projects duplicated HH patients by service discipline for all three project years, recognizing that many clients will receive care across multiple service disciplines.

The following table, from page 141, summarizes the methodology, assumptions and projections of HH patients to be served:

WELL CARE HOME HEALTH OF ONSLOW DUPLICATED CLIENTS BY SERVICE DISCIPLINE							
SERVICE DISCIPLINE	VISIT PER DUPLICATED CLIENT*	1 ST FULL FY FFY 2025		2 ND FULL FY FFY 2026		3 RD FULL FY FFY 2027	
		# OF DUPLICATED CLIENTS	# OF VISITS	# OF DUPLICATED CLIENTS	# OF VISITS	# OF DUPLICATED CLIENTS	# OF VISITS
Nursing	9.8	431	4,224	1,146	11,229	1,298	12,717
Physical Therapy	7.7	377	2,903	998	7,688	1,131	8,711
Speech Therapy	4.9	49	242	132	645	149	731
Occupational Therapy	4.3	243	1,047	648	2,788	735	3,159
Medical Social Worker	1.2	130	155	344	413	390	469
Home Health Aide	5.1	80	406	213	1,087	241	1,231
Duplicated Clients and Visits Total		1,310	8,978	3,482	23,850	3,945	27,018

The applicant projects to serve 1,274 Onslow County residents during its third full fiscal year following project completion. This meets the performance standard promulgated in 10A NCAC 14C .2003(2), which requires an applicant to project to serve at least 325 residents of the proposed service area by the end of the third full fiscal year following project completion.

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.
- The applicant projects utilization based on shifting its own patients that it is already serving at its existing HHA in North Carolina.
- The applicant relied on its own historical experience in projecting utilization.

Access to Medically Underserved Groups

In Section C, pages 67-69, the applicant describes the facility’s access by medically underserved groups. On page 67 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.

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table, from page 69:

Well Care Home Health of Onslow County 3rd Full FY (FFY 2027)	
Medically Underserved Groups	Percentage of Total Patients
Low-income persons	13.9%
Racial and ethnic minorities	23.7%
Women	61.0%
Persons with Disabilities*	---
Persons 65 and Older	88.2%
Medicare beneficiaries	79.5%
Medicaid recipients	10.0%

On page 69, the applicant states it does not have a method for estimating the percentage of persons with disabilities.

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

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.

- (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 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.

C – All Applications

Project ID #P-12450-23 / BAYADA / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

In Section E, page 64, 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 this is not an effective alternative because it would ignore the needs of Onslow County HH patients who would continue to need HH services.
- Build a new facility v. leasing an existing facility – The applicant states it considered building a facility, but since HH services are provided at home, the applicant states it does not believe the expense of developing a facility would be reasonable; therefore, this was not an effective alternative to meet the need.

On page 64, the applicant states it chose Jacksonville in Onslow County for its HH office, because the site offers at-market lease rates, is close to highways and will provide effective HH services to the service area.

- The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:
- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.

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

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- 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 #P-12453-23 / PHC / Develop a Medicare certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

In Section E, pages 73-74, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain Status Quo-The applicant states that maintaining the status quo is not an effective alternative because currently Onslow County HH patients are underserved. Additionally, the 2023 SMFP has identified a need for one new Medicare-certified home health agency or office in Onslow County.
- Offer Basic Home Health Agency Services-The applicant states that basic services are not sufficient to meet the needs of home health patients with complex conditions that require specialized programs offered by PHC.
- Meet Home Health Needs in Other Settings-The applicant states that offering home health services in a hospital or nursing home setting will incur significantly higher costs than home health agency care.

On page 74, the applicant states that its proposal is the most effective alternative because PHC has a history of providing quality home health care and has maintained an excellent track record. PHC will use its experience to develop, manage, and operate the proposed home health agency effectively and efficiently. Furthermore, PHC has demonstrated its willingness to provide services that other agencies avoided, such as wound care and infants with crack-addicted mothers. The applicant states it has demonstrated that it responds to requests for care within 24 hours.

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

Project ID #P-12455-23/Well Care / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

In Section E, pages 77-80, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Maintain the Status Quo – The applicant states that this is not an effective alternative because the 2023 SMFP identified a need for an additional HHA in Onslow County, which is supported by projected population growth and aging in the county.

Develop New Agency Office in Another Location – The applicant considered developing the home health agency in another area of Onslow County. However, Jacksonville is the County seat, and the areas surrounding the city constitute the major population centers and growth areas within the county. The applicant states Jacksonville is the most effective location from which to serve HH patients.

Develop a Drop-Off Site in Onslow County – The applicant considered a “drop off site” within Onslow County, but states that a drop off site limits the provider’s use of the location.

On pages 79-82, the applicant states that its proposal is the most effective alternative to meet the need based on the applicant’s established relationships in the community which include relationships with referral partners and patients in the service area. As an existing provider in an adjacent county, Well Care can draw on its established internal resources to provide home health services to service area residents.

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

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

Conclusion

The Agency reviewed the:

- Application
 - Exhibits to the application
 - Written comments
 - Responses to comments
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C – All Applications

Project ID #P-12450-23 / BAYADA / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

Capital and Working Capital Costs

On Form F.1a in Section Q, the applicant projects the following capital costs:

ITEM	COST
Non-Medical Equipment	\$35,318
Furniture	\$31,486
Miscellaneous Costs	\$52,571
Total	\$119,374

The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions because applicant relies on its own historical experience in developing HH agencies in North Carolina.

In Section F, page 68, the applicant projects that start-up costs will be \$259,055 and initial operating expenses will be \$1,000,000 during an 18-month initial operating period for a total working capital of \$1,259,055. In Section F, page 69, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions because it is based on the applicant's experience in developing HH agencies in North Carolina.

Availability of Funds

In Section F, pages 66 and 70, the applicant states the entire project capital cost of \$119,374 and projected working capital cost of \$1,259,000 will be funded entirely by the applicant's accumulated reserves.

In Exhibit F.2, the applicant provides a letter dated October 10, 2023 from the Chief Financial Officer of BAYADA Home Health Care, Inc., confirming the availability of funds for the capital and working capital needs of the proposed project. The letter also commits to use the funds to develop the proposed project. The same exhibit provides a letter dated October 10, 2023 from the Senior Vice President of Corporate Banking, Citizens Bank, confirming the availability of sufficient funds in the applicant's corporate account for the capital and working capital needs of the proposed project. In Exhibit F.3, the applicant provides a letter dated October 10, 2023 from the Chief Financial Officer of BAYADA Home Health Care, Inc. that also confirms the availability and commitment of funds for the capital and working capital needs of the proposed project. The applicant

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

Financial Feasibility

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

	1ST FY (FFY 2026)	2ND FY (FFY 2027)	3RD FY (FFY 2028)
Total Visits (Form C.5)	11,511	21,361	30,233
Total Gross Revenues (Charges)	\$2,569,750	\$4,768,450	\$6,749,129
Total Net Revenue	\$1,554,699	\$2,884,966	\$4,083,223
Total Net Revenue per Visit	\$135	\$135	\$135
Total Operating Expenses (Costs)	\$1,871,273	\$2,844,559	\$3,958,886
Total Operating Expenses per Visit	\$163	\$133	\$131
Net Profit/(Loss)	(\$316,574)	\$40,407	\$124,337

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Form F.5 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 relies on its own experience in providing care at different HHAs in North Carolina to project financial feasibility.
- The applicant provides adequate explanation for line items included in the financial pro formas.
- 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 #P-12453-23 / PHC / Develop a Medicare certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

Capital and Working Capital Costs

In Section Q, page 1, the applicant projects the total capital cost of the project, as shown in the following table:

PHC HOME HEALTH-ONSLOW CAPITAL COSTS	
Non-Medical Equipment	\$25,000
Furniture	\$15,000
Consultant Fees	\$5,000
Other (Contingency)	\$20,000
Total Capital Costs	\$65,000

In Section Q, page 139, the applicant provides the assumptions used to project the capital cost. The applicant projects capital costs for consultant fees and contingency based on PHC’s experience operating a home care agency. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section F, page 77, the applicant projects that start-up costs will be \$35,465 and initial operating expenses will be \$265,573 for a total working capital of \$301,038. In Section Q, page 167, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions.

Availability of Funds

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

Sources of Capital Cost Financing

TYPE	PERSONAL HOME CARE OF NORTH CAROLINA, LLC	TOTAL
Loans	\$0	\$0
Accumulated reserves or OE *	\$65,000	\$65,000
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total	\$65,000	\$65,000

* OE = Owner's Equity

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

SOURCES OF FINANCING FOR WORKING CAPITAL	AMOUNT
Loans	\$0
Accumulated Reserves or OE	\$301,038
Lines of credit	\$0
Bonds	\$0
Total	\$301,038

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 accumulated reserves. Exhibit F.2 also contains a letter from the Vice-President of First Horizon Bank, stating that PHC has sufficient deposits available to fund the project. The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

Financial Feasibility

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

PHC HOME HEALTH-ONSLow	1ST FULL FISCAL YEAR	2ND FULL FISCAL YEAR	3RD FULL FISCAL YEAR
	CY 2025	CY 2026	CY 2027
Total Visits (Form C.5)	12,315	20,186	22,721
Total Gross Revenues (Charges)	\$2,137,885	\$3,519,495	\$3,979,179
Total Net Revenue	\$1,874,237	\$3,071,588	\$3,456,986
Average Net Revenue per Visit	\$152	\$152	\$152
Total Operating Expenses (Costs)	\$1,766,735	\$2,786,614	\$3,296,059
Average Operating Expense per Visit	\$143	\$138	\$145
Net Income	\$107,502	\$284,974	\$160,927

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 141-142. 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 based on its experience.
- 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 #P-12455-23/Well Care /Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

Capital and Working Capital Costs

On Form F.1a in Section Q, the applicant projects capital costs as shown in the following table:

Well Care Projected Capital Cost

Non-Medical Equipment	\$20,000
Furniture	\$15,000
Consultant Fees	\$50,000
Contingency	\$15,000
Total	\$100,000

Immediately following Form O 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 because the applicant relies on its own historical experience developing new Medicare-certified HHAs.

In Section F, page 84, the applicant projects that start-up costs will be \$43,034 and initial operating expenses will be \$1,000,000 during a 14-month initial operating period for a total working capital cost of \$1,043,034. In Section F, pages 85-86, 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 provides a categorical breakdown of the various components included in the projection of start-up costs in Section F, page 85.
- The applicant projects initial operating expenses based on revenues and operating expenses as provided on Form F.2b.

Availability of Funds

In Section F, page 86, the applicant states the entire projected capital cost and working capital costs will be funded entirely by the applicant's accumulated reserves.

In Exhibit F.2, the applicant provides a letter dated August 25, 2023 from the Chief Executive Officer of Well Care Home Health, Inc., stating that the applicant is a subsidiary company, that Well Care Home Health, Inc. has funds for the proposed project, and a commitment to using the funds to develop the proposed project. The applicant also provides a letter dated August 25, 2023 from a Senior Vice President at Truist Bank, stating that the applicant is a client of Trust and stating that the applicant has enough money in its accounts to fund both the proposed capital and working capital costs up to \$1,750,000. 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 project completion. On Form F.2b in Section Q, the applicant projects revenues will exceed operating expenses by the second and third full fiscal years following project completion, as shown in the table below.

REVENUES AND OPERATING EXPENSES – WELL CARE			
	FY 1 (FFY 2025)	FY 2 (FFY 2026)	FY 3 (FFY 2027)
Total Visits (Form C.5)	8,978	23,850	27,018
Total Gross Revenues (Charges)	\$869,200	\$4,636,551	\$2,250,290
Total Net Revenue	\$649,299	\$2,913,768	\$3,208,382
Total Net Revenue per Visit	\$72	\$122	\$119
Total Operating Expenses (Costs)	\$1,189,338	\$2,431,909	\$2,955,326
Total Operating Expenses per Visit	\$132	\$102	\$109
Net Profit/(Loss)	(\$540,039)	\$481,859	\$253,056

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Form O 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 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 HHAs.
- 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

In Chapter 12, page 213, the 2023 SMFP defines the service area for a 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 is Onslow County. Facilities may also serve residents of counties not included in their service area.

According to Table 12A on page 220 of the 2023 SMFP, there are currently three Medicare-certified HHAs in Onslow County, as illustrated in the following table:

ONSLow COUNTY MEDICARE-CERTIFIED HHAS				
LICENSE #	NAME	IN-COUNTY PATIENTS	OUT-OF-COUNTY PATIENTS	TOTAL PATIENTS
HC0316	Liberty Home Care	286	92	378
HC0531	Lower Cape Fear Lifecare	122	0	122
HC1209	Cardinal Hospice Care	0	0	0
Total		408	92	500

Project ID #P-12450-23 / BAYADA / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

In Section G, page 75, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing Medicare-certified HHAs in Onslow County. The applicant states:

“The 2023 State Medical Facilities Plan identifies a need determination for one Medicare-certified home health agency based on a projected 2024 home health patient deficit of 395.84 patients in Onslow County. The 2023 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, increase in Onslow County life expectancies, and the utilization of home health services in the service area, support for an additional home health agency in Onslow 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 2023 SMFP for the proposed Medicare-certified HHA.
- The applicant adequately demonstrates that the proposed Medicare-certified HHA is needed in addition to the existing or approved Medicare-certified HHAs in Onslow County.

Conclusion – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available 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 #P-12453-23 / PHC / Develop a Medicare certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

In Section G, page 84, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved home health services in Onslow County. The applicant states:

“Onslow County residents rely on agencies located outside the county for home health agency care and as demonstrated in the Need and Utilization Methodology in Section Q, Onslow County home health agency use rates are low relative to other counties like Duplin.

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

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

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 #P-12455-23/Well Care /Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

In Section G, pages 92-94, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved home health services in Onslow County. The applicant states:

“The proposed home health agency will expand the geographic coverage of home health services within Onslow County, which is particularly beneficial in densely populated areas where travel distances can be significant. By establishing a second agency in a different location, Well Care can reduce travel times, optimize routes, and improve overall efficiency in reaching patient residences. The expanded coverage also allows for more equitable access to care for individuals residing in different parts of the service area..

...

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

...

The project, as proposed, will develop additional capacity, allowing Well Care to supplement and build on its existing foundation to deliver greater access to care and serve additional home health patients across the Onslow County.”

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

- There is a need determination in the 2023 SMFP for the proposed Medicare-certified home health agency or office in Onslow County.

- The applicant adequately demonstrates that the proposed Medicare-certified home health agency or office is needed in addition to the existing and approved Medicare-certified home health agencies or offices in the service area.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- 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 #P-12450-23 / BAYADA / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

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

BAYADA PROJECTED FTEs			
	1ST FY (FFY 2026)	2ND FY (FFY 2027)	3RD FY (FFY 2028)
Administrator	1.00	1.00	1.00
Client Services Associate	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	1.74	2.62	4.53
Licensed Practical Nurse	1.03	1.54	2.67
Physical Therapist	2.87	5.36	7.62
Speech Therapist	1.32	2.46	3.45
Occupational Therapist	1.31	2.45	3.48
Home Health Aide	0.12	0.23	0.33
Medical Social Worker	0.05	0.09	0.13
Total	12.45	18.75	26.20

The assumptions and methodology used to project staffing salaries are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Section H, pages 77-79, the applicant describes the methods it will use to recruit or fill new positions and its proposed 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 operates existing home care agencies in North Carolina and has experience with staffing and recruiting.
- The applicant accounts for projected salaries and other costs of employment for FTEs in its projected operating expenses found on Form F.3b in Section Q.

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 #P-12453-23 / PHC / Develop a Medicare certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow 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:

PHC HOME HEALTH-ONSLOW	FTE STAFF		
	1 ST FULL FY CY 2025	2 ND FULL FY CY 2026	3 RD FULL FY CY 2027
RNs	2.50	3.90	4.20
Physical Therapy	1.90	3.10	3.40
PT Aide	1.90	3.10	3.60
Occupational Therapists	1.30	2.10	2.40
OT Aide	0.60	0.90	1.10
Speech Therapy	0.30	0.50	0.60
Medical Social Worker	0.50	0.75	1.00
Home Health Aide	0.30	0.50	0.50
Administrator	0.75	1.00	1.00
Office/Support	1.00	1.50	2.00
Market/Public Relations	0.75	1.00	2.00
Medical Director	0.05	0.10	0.10
LPN	1.80	2.90	3.90
Clinical Manager	0.65	1.00	1.00
TOTAL	14.30	22.35	26.80

The assumptions and methodology used to project staffing are provided in Section Q, pages 151-163. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 85-87, 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 #P-12455-23/Well Care /Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

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

WELL CARE – PROJECTED FTES			
	PY 1 (FFY 2025)	PY 2 (FFY 2026)	PY 3 (FFY 2027)
Director of Operations	1.0	1.0	1.0
Clerical/Medical Records	1.0	1.0	2.0
Marketing/Business Development	1.0	1.5	2.0
Clinical Manager	1.0	1.0	2.0
Medical Social Worker	0.2	0.4	0.5
Registered Nurses	1.4	3.6	4.1
Licensed Practical Nurses	1.2	3.1	3.5
Home Health Aides	0.3	0.6	0.7
Physical Therapists	1.0	2.5	2.8
PT Assistants	0.8	2.2	2.4
Occupational Therapists	0.4	0.9	1.1
OT Assistants	0.3	0.8	0.9
Speech Therapists	0.2	0.5	0.5
Total	9.8	19.1	23.5

The assumptions and methodology used to project staffing salaries are provided both before and following Form O in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Section H, pages 95-100, the applicant describes the methods it will use to recruit or fill new positions and its existing training and continuing education programs. Supporting documentation is provided in Exhibit H.3.

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

- The applicant operates an existing Medicare-certified HHA in Onslow County and has experience in staff recruitment and training.
- 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.

- (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 #P-12450-23 / BAYADA / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

Ancillary and Support Services

In Section I, page 81, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, page 82, the applicant explains how each ancillary and support service is 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:

- The applicant currently operates Medicare-certified HHAs in North Carolina and has experience with the provision of necessary ancillary and support services.
- In Exhibit I.1, the applicant provides a letter from the Regional Director of BAYADA Home Health Care, Inc., committing to providing the necessary ancillary and support services.
- In Exhibit I.1, the applicant also provides a letter from a provider of ancillary services supporting the proposed project and which states the provider would provide ancillary services to BAYADA.

Coordination

In Section I, page 83, the applicant describes BAYADA's 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:

- The applicant discusses the strategies and plans it will use to build relationships with other local health care and social service providers.

- In Exhibit I.2, the applicant provides letters of support from local health care and social service providers documenting their support for BAYADA 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.

Project ID #P-12453-23 / PHC / Develop a Medicare certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

Ancillary and Support Services

In Section I, page 88, the applicant identifies the necessary ancillary and support services for the proposed services. On page 89, 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 90, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

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

Conclusion

The Agency reviewed the:

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

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

Project ID #P-12455-23/Well Care /Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

Ancillary and Support Services

In Section I, page 101, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 101-102, the applicant explains how each ancillary and support service 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:

- The applicant currently operates a Medicare-certified HHA in Onslow County and has experience with the provision of necessary ancillary and support services.
- In Exhibit I.1, the applicant provides letters from potential providers of ancillary and support services that support the project and also offer to provide ancillary and support services to the applicant.

Coordination

In Section I, page 102, the applicant describes Well Care's existing relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant currently operates a Medicare-certified HHA in Onslow County and has established relationships with local health care and social service providers.
- 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

None of the applicants 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, none of the applicants 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 or 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 applications involve an existing facility in Onslow County. 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 applications involve an existing facility in Onslow County. 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 #P-12450-23 / BAYADA / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

In Section L, page 93, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

BAYADA PROJECTED PAYOR MIX – FFY 2028	
PAYOR CATEGORY	% OF TOTAL PATIENTS SERVED
Self-Pay	0.5%
Medicare*	86.5%
Medicaid*	10.0%
Insurance*	2.0%
Other	1.0%
Total	100.0%

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 86.5% of services will be provided to Medicare patients, and 10.0% of services to Medicaid patients.

In Section L, pages 93-94, the applicant provides the assumptions and methodology used to project the payor mix. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant provides the timeline for licensure, certification, and admission of patients from different payors that forms the basis of its projections.
- The applicant relied on its historical experience at another Medicare-certified HHA it operates in North Carolina.

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 reasons stated above.

Project ID #P-12453-23 / PHC / Develop a Medicare certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

In Section L, page 101, 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-ONSLOW PROJECTED PAYOR MIX 3RD FULL FY, CY 2027	
PAYOR CATEGORY	% OF TOTAL
Charity Care	1.7%
Medicare*	77.7%
Medicaid*	15.0%
Insurance *	2.5%
Workers comp.	0.0%
Other (TRICARE, VA, Self Pay)	3.1%
Total	100.0%

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.7% of total services will be provided to charity care patients, 77.7% to Medicare patients and 15.0% to Medicaid patients.

In Section Q, page 127 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.

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 #P-12455-23 / Well Care / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

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

WELL CARE PROJECTED PAYOR MIX – SFY 2027	
PAYOR CATEGORY	% OF TOTAL PATIENTS SERVED
Charity Care	1.0%
Medicare*	79.5%
Medicaid*	10.0%
Insurance*	7.0%
TRICARE	2.5%
Total	100.0%

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 1% of services will be provided to charity care patients, 79.5% of services to Medicare patients, and 10% of services to Medicaid patients.

In Section L, pages 111-113, the applicant provides the assumptions and methodology used to project the payor mix. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant relies on its historical experience in Onslow County.
- The applicant adjusted its projections based on the demographics of Onslow County.
- The applicant explains why changes in the Medicaid program impacted its projections.

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 reasons stated above.

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

C – All Applications

Project ID #P-12450-23 / BAYADA / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

In Section L, page 96, the applicant adequately describes the range of means by which patients will have access to the proposed services.

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.

Project ID #P-12453-23 / PHC / Develop a Medicare certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

In Section L, page 102, the applicant adequately describes the range of means by which patients will have access to the proposed services.

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.

Project ID #O-12405-23 / Well Care /Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

In Section L, page 115, the applicant adequately describes the range of means by which patients will have access to the proposed services.

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.

- (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 #P-12450-23 / BAYADA / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

In Section M, page 98, 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:

- The applicant states any health professional training programs in the area will have access to BAYADA for training.
- In Exhibit M.1, the applicant provides copies of letters it sent to several colleges and programs that are in the Onslow County area, offering the proposed HH agency as a potential option for students.

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 #P-12453-23 / PHC / Develop a Medicare certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

In Section M, page 104, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- 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 #P-12455-23 / Well Care / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

In Section M, page 116, 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:

- The applicant states that health professional training programs in the area already collaborate with the applicant's existing Medicare-certified HHA in Onslow County.
- In Exhibit M.2, the applicant provides a letter from Coastal Carolina Community College, offering support for the proposed project and discussing plans for partnership for purposes of offering learning opportunities for students of health professional training program.

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

In Chapter 12, page 213, the 2023 SMFP defines the service area for a 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 Onslow County. Facilities may also serve residents of counties not included in their service area.

According to Table 12A on page 220 of the 2023 SMFP, there are currently three Medicare-certified HHAs in Onslow County, as illustrated in the following table:

ONSLow COUNTY MEDICARE-CERTIFIED HHAS				
LICENSE #	NAME	IN-COUNTY PATIENTS	OUT-OF-COUNTY PATIENTS	TOTAL PATIENTS
HC0316	Liberty Home Care	286	92	378
HC0531	Lower Cape Fear Lifecare	122	0	122
HC1209	Cardinal Hospice Care	0	0	0
Total		408	92	500

Project ID #P-12450-23 / BAYADA / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 100, the applicant states:

“The proposed project will enhance competition because the office will be cost-effective based on economies of scale and the existing availability of corporate resources such as staff training and an ongoing national recruitment campaign. BAYADA excels in the recruitment of highly trained staff and can afford to pay highly competitive salaries because as a nonprofit it is focused on delivering excellent service with compassion, excellence, and reliability.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 101, the applicant states:

“The BAYADA office will have a core staff of highly skilled and experienced home health personnel that can quickly implement services and achieve high utilization in the initial months of operation. High utilization reduces the fixed cost per visit and translates to greater cost effectiveness. Offering an extensive array of treatment options and advanced therapies supports the development of the most appropriate plan of care, resulting in cost savings and better patient outcomes.”

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

Regarding the impact of the proposal on quality, in Section N, pages 101-102, the applicant states:

“The proposed BAYADA Home Health office in Jacksonville will promote safety and quality based on implementation of a new home health office that fully complies with licensure requirements and CMS quality reporting programs. The BAYADA Home Health Quality Assurance and Performance Improvement Plan is comprehensive and includes North Carolina specific standards that relate to the random sample of active and closed client records.

The BAYADA Annual Program Review demonstrates that the evaluation is agency specific, criteria based, and multi-disciplinary in scope.”

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 102, the applicant states:

“BAYADA maintains a non-discriminatory policy and serves all patients regardless of age, race, color, creed, national origin, disability, sex, or ability to pay. The proposed home health office will provide care to all persons, consistent with the availability of qualified staff. The BAYADA Home Health and Home Care offices in North Carolina serve patients that are un-insured, under-insured, self-pay, and indigent. The proposed home health office will provide care to these patients. BAYADA does not discriminate and currently serves many home care patients with physical disabilities.”

See also Sections C and L 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.

Project ID #P-12453-23 / PHC / Develop a Medicare certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 106, the applicant states:

“According to the 2023 SMFP and the 2023 License renewal database, Onslow County has only two home health agency offices, both located in Jacksonville, NC and one of which is a hospice care agency. Essentially there is only one existing home health agency in Onslow County. A new provider will provide market competition in Onslow County. PHC’s history of service to Medicaid beneficiaries and its Charity program will increase access to home health services.”

See Exhibit N.2 for supporting documentation.

Regarding the impact of the proposal on cost effectiveness, in Section N, page 107, the applicant states:

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

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

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

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

PHC has long demonstrated its commitment to providing compassionate and quality care to residents of the service area, having served the region for almost 20 years...PHC’s patients and staff have left over 125 reviews on Google, earning PHC a rating of 4.8 stars out of five. The reviews posted on Google reflect PHC’s passionate staff and patient satisfaction with the company’s services... PHC’s mission, values, and reputation as a high-quality leading provider of home health services will guide the operations of the proposed Onslow County home care office.”

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

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

“The proposed PHC-Onslow home health agency will be certified to serve Medicare and Medicaid beneficiaries. ... Onslow County has a VA Clinic in Jacksonville. It has a Community Care program for Veterans, but VA also contracts with local home health agencies to provide care for veterans. Not every provider will or can accept VA referrals. ... PHC has a well-developed program for adapting its services for cultural sensitivity. This applies to persons in different racial and ethnic groups as well as persons of differing religions and genders. Further, PHC does not discriminate based on age, gender, sexual preference, race, or religion. PHC is an equal opportunity employer, and its staff reflect the cultural diversity in the community it serves.”

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

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

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- 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 #P-12455-23 / Well Care / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 117, the applicant states:

“The proposed project to develop a new Medicare-certified home health agency in Onslow County will promote competition in the service area because it will establish a new home health agency in Onslow County, enable Well Care to ensure timely provision of an convenient access to home health services for residents of Onslow County.”

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

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

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

Regarding the impact of the proposal on quality, in Section N, page 118, the applicant states:

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

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 119, the applicant states:

“Well Care will ensure that its home health services are available to and accessible by any patient having a clinical need for such services. ... Services to low-income persons will be provided by Well Care... WCHHO will comply with applicable Federal civil rights laws and will not discriminate on the basis of race, color, national origin, age, disability, gender, or sexual orientation.”

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

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a

positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

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

Conclusion

The Agency reviewed the:

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

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

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C – All Applications

Project ID #P-12450-23 / BAYADA / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

On Form O in Section Q, the applicant identifies the Medicare-certified HHAs located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of 11 Medicare-certified HHAs located in North Carolina.

In Section O, page 108, the applicant states that, during the 18 months immediately preceding the submittal of the application, there were no incidents resulting in a finding of immediate jeopardy at any of the Medicare-certified HHAs listed on Form O. 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, there were no incidents related to quality of care that 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 11 Medicare-certified HHAs, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID #P-12453-23 / PHC / Develop a Medicare certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

On Form O in Section Q, the applicant identifies the Medicare-certified HHAs located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of two Medicare-certified HHAs located in North Carolina.

In Section O, page 113, the applicant states that, during the 18 months immediately preceding the submittal of the application, there were no incidents resulting in a finding of immediate jeopardy at any of the Medicare-certified HHAs listed on Form O. 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, there were no incidents related to quality of care that 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 both of the applicant's existing Medicare-certified HHAs, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID #P-12455-23 / Well Care / Develop a Medicare-certified HHA

The applicant proposes to develop a new Medicare-certified HHA in Onslow County.

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

In Section O, page 123, the applicant states that, during the 18 months immediately preceding the submittal of the application, none of the facilities were determined by the Division of Health Service Regulation to have had any situations resulting in a finding of immediate jeopardy. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care had not occurred in any of these agencies. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at the agencies, the applicant provided sufficient

evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(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- **BAYADA.** 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- **BAYADA.** 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- **BAYADA.** 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 the Utilization Methodology in 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- **Well Care.** In the Form C.5 *Home Health Utilization – Assumptions and Methodology* 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.

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2023 SMFP, no more than one Medicare-certified home health agency or office may be approved for Onslow 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 # P-12450-23 / **BAYADA** / Develop a Medicare-certified home health agency
- Project ID # P-12453-23 / **PHC** / Develop a Medicare-certified home health agency
- Project ID # P-12455-23/ **Well Care** / Develop a Medicare-certified home health agency

The analysis of comparative factors and what conclusions the Agency reaches (if any) regarding specific comparative analysis factors is determined in part by whether the applications included in the review provide data that can be compared and whether or not such a comparison would be of value in evaluating the competitive applications.

Conformity with Review Criteria

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved.

All three applications as submitted are conforming to all applicable statutory and regulatory review criteria. Therefore, with regard to conformity with review criteria, all of the applications are equally effective alternatives.

Scope of Services

Generally, the application proposing to provide the greatest scope of services is the more effective alternative with regard to this comparative factor.

Each application proposes to develop a new Medicare-certified home health agency in Onslow County. Therefore, regarding scope of services, all three applications are equally effective alternatives.

Access by Service Area Residents

The 2023 SMFP defines the service area for a 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 Onslow 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 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 for each application in this review.

NUMBER AND PERCENTAGE OF ONSLOW COUNTY RESIDENTS PROJECTED TO BE SERVED 3 RD FULL FISCAL YEAR			
APPLICANT	# OF ONSLOW COUNTY PATIENTS	TOTAL # OF PATIENTS	% OF TOTAL PATIENTS
BAYADA	1,070	1,158	92.4%
PHC	1,441	1,441	100.0%
Well Care	1,274	1,274	100.0%

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

As shown in the table above, **PHC** projects to serve the highest number of service area residents in the third full fiscal year following project completion. Both **BAYADA and Well Care** project to serve the highest percentage of service area residents, but a lower number of service area residents during the third full fiscal year following project completion. Therefore, regarding access by service area residents, the application submitted by **PHC** is the more effective alternative and the applications submitted by **BAYADA and Well Care** are less effective alternatives.

Competition (Patient Access to a New or Alternate Provider)

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.

There are currently three Medicare-certified home health agencies in Onslow County, according to Table 12A of the 2023 SMFP. Information about each of those agencies is provided below.

ONSLow COUNTY MEDICARE-CERTIFIED HHAS				
LICENSE	NAME	IN-COUNTY PATIENTS	OUT-OF-COUNTY PATIENTS	TOTAL PATIENTS
HC0316	Liberty Home Care	286	92	378
HC0531	Lower Cape Fear Lifecare	122	0	122
HC1209	Cardinal Hospice Care	0	0	0
Total		408	92	500

None of the three applicants in this review owns or operates an existing or approved Medicare-certified home health agency in Onslow County; therefore, each application presents a new or alternate provider of HH services in Onslow County.

Thus, with regard to patient access to a new or alternate provider, all three applications are equally effective alternatives.

Access by Underserved Groups

“Underserved groups” is 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.”

For access by underserved groups, the applications in this review are compared with respect to two underserved groups: Medicare patients and Medicaid patients. Access by each group is treated as a separate factor.

Projected Access by Medicare Recipients

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

PROJECTED MEDICARE DUPLICATED PATIENTS – 3RD FULL FISCAL YEAR			
APPLICANT	TOTAL # OF DUP. PATIENTS	TOTAL # OF DUP. MEDICARE PATIENTS	DUP. MEDICARE PATIENTS AS A % OF TOTAL DUP. PATIENTS
BAYADA	4,721	4,360	92.4%
PHC	4,890	1,321	27.0%
Well Care	3,945	1,899	48.1%

Source: Form C.5 of each application

As shown in the table above, **BAYADA** projects to serve the highest number of duplicated Medicare patients in the third full fiscal year of operation and the highest percentage of duplicated Medicare patients as a percentage of total duplicated patients. Therefore, with regard to projected access by Medicare recipients, the application submitted by **BAYADA** is the more effective alternative and the applications submitted by **PHC** and **Well Care** are less effective alternatives.

Projected Access by Medicaid Recipients

The following table compares the total number of unduplicated patients in the third full fiscal year of operation, the number of unduplicated Medicaid patients in third full fiscal year of operation, and unduplicated Medicaid patients as a percentage of total duplicated patients in the third full fiscal year of operation for each application in this review. Generally, the application proposing the highest number of Medicaid patients is the more effective alternative with regard to this comparative factor.

PROJECTED MEDICAID UNDUPLICATED PATIENTS – 3RD FULL FISCAL YEAR			
APPLICANT	TOTAL # OF UNDUP. PATIENTS	TOTAL # OF UNDUP. MEDICAID PATIENTS	UNDUP. MEDICAID PATIENTS AS A % OF TOTAL UNDUP. PATIENTS
BAYADA	1,158	116	10.0%
PHC	1,441	216	15.0%
Well Care	1,274	127	10.0%

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

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

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 average number of visits per unduplicated patient is the more effective alternative with regard to this comparative factor.

AVERAGE NUMBER OF VISITS PER UNDUPLICATED PATIENT – 3RD FULL FISCAL YEAR			
APPLICANT	TOTAL # OF UNDUP. PATIENTS	TOTAL # OF VISITS (INCL. DUP.)	AVERAGE # OF VISITS PER UNDUP. PATIENT*
BAYADA	1,158	30,233	26.1
PHC	1,441	31,154	21.6
Well Care	1,274	27,018	21.2

Source: Form C.5 of each application

*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, **BAYADA** projects the highest average number of visits per unduplicated patient in the third full fiscal year of operation. Therefore, with regard to average number of visits per unduplicated patient, the application submitted by **BAYADA** is the more effective alternative and the applications submitted by **PHC** and **Well Care** are less effective alternatives.

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 application in this review. 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.

PROJECTED AVERAGE NET REVENUE PER VISIT – 3RD FULL FISCAL YEAR			
APPLICANT	TOTAL # OF VISITS	PROJECTED NET REVENUE	AVERAGE NET REVENUE PER VISIT
BAYADA	30,233	\$4,083,223	\$135
PHC	31,154	\$3,456,986	\$111
Well Care	27,018	\$3,208,382	\$119

Source: Forms C.5 and F.2b from each application

As shown in the table above, **PHC** projects the lowest average net revenue per visit in the third full fiscal year following project completion. Therefore, with regard to projected average net revenue per visit, the application submitted by **PHC** is the more effective alternative and the applications submitted by **BAYADA** and **Well Care** are less effective alternatives.

Projected Average Net Revenue per Unduplicated Patient

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

PROJECTED AVERAGE NET REVENUE PER UNDUPLICATED PATIENT – 3RD FULL FISCAL YEAR			
APPLICANT	TOTAL # OF UNDUPL. PATIENTS	PROJECTED NET REVENUE	AVERAGE NET REVENUE PER UNDUPL. PATIENT
BAYADA	1,158	\$4,083,223	\$3,526
PHC	1,441	\$3,456,986	\$2,399
Well Care	1,274	\$3,208,382	\$2,518

Source: Forms C.5 and F.2b from each application

As shown in the table above, **PHC** projects the lowest average net revenue per unduplicated patient in the third full fiscal year following project completion. Therefore, with regard to projected average net revenue per unduplicated patient, the application submitted by **PHC** is the more effective alternative and the applications submitted by **BAYADA** and **Well Care** are less effective alternatives.

Projected Average Operating Expense per Visit

The following table compares projected average operating expense per visit in the third full fiscal year following project completion for each application in this review. 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.

PROJECTED AVERAGE OPERATING EXPENSE PER VISIT – 3RD FULL FISCAL YEAR			
APPLICANT	TOTAL # OF VISITS	PROJECTED TOTAL OPERATING EXPENSE	AVERAGE OPERATING EXPENSE PER VISIT
BAYADA	30,233	\$3,958,886	\$131
PHC	31,154	\$3,296,059	\$106
Well Care	27,018	\$2,955,326	\$109

Source: Forms C.5 and F.3b from each application

As shown in the table above, **PHC** projects the lowest average operating expense per visit in the third full fiscal year following project completion. Therefore, with regard to projected average operating expense per visit, the application submitted by **PHC** is the more effective alternative and the applications submitted by **BAYADA** and **Well Care** are less effective alternatives.

Ratio of Average Net Revenue per Visit to Average Operating Expense per Visit

The following table compares the ratio of the projected average net revenue per visit to the projected average operating expense per visit in the third full fiscal year following project completion for each application in this review. Generally, regarding this factor, the application proposing the lowest ratio is the more effective alternative.

RATIO OF AVERAGE NET REVENUE TO AVERAGE OPERATING EXPENSE PER VISIT – 3 RD FULL FISCAL YEAR			
APPLICANT	AVERAGE NET REVENUE PER VISIT	AVERAGE OPERATING COST PER VISIT	RATIO OF AVERAGE NET REVENUE TO AVERAGE OPERATING COST PER VISIT*
BAYADA	\$135	\$131	1.03
PHC	\$111	\$106	1.05
Well Care	\$119	\$109	1.09

Source: Forms C.5, F.2b, and F.3b from each application

*Ratio = average net revenue per visit / average operating cost per visit

As shown in the table above, **BAYADA** projects the lowest ratio of average net revenue to average operating expense per visit in the third full fiscal year following project completion. Therefore, with regard to ratio of average net revenue to average operating expense per visit, the application submitted by **BAYADA** is the more effective alternative and the applications submitted by **PHC** and **Well Care** are less effective alternatives.

Nursing and Home Health Aide Salaries

The table below compares the proposed annual salary for registered nurses, licensed practical nurses, and home health aides in the third full fiscal year of operation following project completion for each application in this review. Generally, the application proposing the highest annual salary is the more effective alternative with regard to this comparative factor because salaries are a significant contributing factor in recruitment and retention of staff.

AVERAGE ANNUAL SALARIES – 3 RD FULL FISCAL YEAR			
APPLICANT	REGISTERED NURSES	LICENSED PRACTICAL NURSES	HOME HEALTH AIDES
BAYADA	\$105,630	\$65,717	\$45,366
PHC	\$109,304	\$71,162	\$50,938
Well Care	\$108,726	\$71,843	\$46,987

Source: Form H from each application

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

SUMMARY

The following table lists the comparative factors and states which application is the more effective alternative with regard to that particular comparative factor. The comparative factors are listed in the same order they are discussed in the Comparative Analysis which should not be construed to indicate an order of importance.

COMPARATIVE FACTOR	BAYADA	PHC	WELL CARE
Conformity with Review Criteria	Equally Effective	Equally Effective	Equally Effective
Scope of Services	Equally Effective	Equally Effective	Equally Effective
Access by Service Area Residents	Less Effective	More Effective	Less Effective
Competition/Access to new or alternate provider	Equally Effective	Equally Effective	Equally Effective
Projected access by Medicare recipients	More Effective	Less Effective	Less Effective
Projected access by Medicaid recipients	Less Effective	More Effective	Less Effective
Average # Visits / Unduplicated patient	More Effective	Less Effective	Less Effective
Projected average net revenue per visit	Less Effective	More Effective	Less Effective
Projected average net revenue per unduplicated patient	Less Effective	More Effective	Less Effective
Projected average operating expense per visit	Less Effective	More Effective	Less Effective
Ratio of average net revenue/visit to average operating expense per visit	More Effective	Less Effective	Less Effective
Nursing and home health aide salaries	Less Effective	More Effective	Less Effective

As shown in the table above:

- **PHC** is the more effective alternative with regard to the following comparative analysis factors:
 - Access by service area residents
 - Projected access by Medicaid recipients
 - Projected average net revenue per visit
 - Projected average net revenue per unduplicated patient
 - Projected average operating expense per visit
 - Nursing and home health aide salaries

See Comparative Analysis for discussion.

- **Bayada** is the more effective alternative with regard to the following comparative analysis factors:
 - Projected access by Medicare recipients
 - Average number of visits per unduplicated patient
 - Ratio of average net revenue per visit to average operating expense per visit

See Comparative Analysis for discussion.

CONCLUSION

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 Agency. Approval of all applications submitted during this review would result in Medicare-certified home health agencies in excess of the need determination for Onslow County.

Among the three applications, the application submitted by **PHC** is the more effective alternative with regard to six comparative analysis factors. The application submitted by **BAYADA** is the more effective alternative with regard to three comparative analysis factors, and the application submitted by **Well Care** was not the most effective alternative on any of the comparative analysis factors.

Based upon the independent review of each application and the Comparative Analysis, the following applications are denied:

Project ID #P-12450-23 / **BAYADA** / Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Project ID #P-12455-23 / **Well Care** / Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Project ID #P-12453-23, **PHC**, is approved subject to the following conditions.

1. **Personal Home Care of North Carolina, LLC (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 Onslow County pursuant to the need determination in the 2023 SMFP.**
3. **Upon completion of the project, the certificate holder shall be licensed for no more than one Medicare-certified home health agency or office in Onslow 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 October 1, 2024.**
- 5. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
- 6. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**