

**Long-Term Behavioral Health Committee  
Agency Report  
Adjusted Need Petition for  
Medicare-certified Home Health Need Determinations  
Proposed 2015 State Medical Facilities Plan**

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***Petitioner:***

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102 William Penn Plaza  
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***Contact:***

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***Request:***

Triangle Orthopaedic Associates, PA (TOA) requests an adjusted need determination for one Medicare-certified home health agency or office located in either Wake, Durham or Orange County, committed to coordinating post-acute care with an orthopaedic surgery program as part of a demonstration project in the 2015 State Medical Facilities Plan (SMFP).

***Background Information:***

The home health need methodology projects future need based on trends in historical data, including the “Average Annual Rate of Change in Number of Home Health Patients” over the previous three years and the “Average Annual Rate of Change in Use Rates per 1000 Population” over the previous three years. The average annual rate of change is compiled based on Council of Governments (COG) regions.

Patient origin data used in the SMFP is compiled from Home Health Agency Annual Data Supplements to Licensure Applications as submitted to the Division of Health Service Regulation. The data supplements request data for a twelve month period using a start date of July, August, September or October. The methodology aggregates patient origin data by the following four age groups: under age 18, 18-64, 65-74 and over 75.

The methodology utilized in development of the State Medical Facilities Plan does not project future need based on the number of home health agencies in any given county or on the capacity of existing agencies. Rather, it projects need based on the number of patients served during the reporting years indicated in the Plan.

A basic assumption of the current methodology is that a new agency or office is needed if the projected unmet need in a single county is 325 patients or more. Therefore, the “threshold” for a need determination is a projected unmet need of 325 patients in a given service area.

Another basic assumption states that when the need for additional agencies or offices is determined by the standard methodology, the three annual SMFPs following certification of the agencies or offices based on that need should count the greater of 325 patients for each new agency or office or the actual number of patients served by the new agency office as part of the total people serviced. If a new agency office served fewer than 325 clients, and adjustment “placeholder” equal to the difference between the reported number or home health patients and 325 is used.

In essence, the “threshold” and the “placeholder” are linked and they are intended to represent the minimum size (in number of patients) for a financially viable home health agency.

It should be noted that any person may submit a certificate of need (CON) application for a need determination in the Plan. Therefore, should there be a need determination in the 2015 Plan, the CON review could be competitive and there is no guarantee that the petitioner would be the approved applicant.

***Analysis/Implications:***

The Agency supports the home health standard methodology. In the last ten years (2005-2014) there have been only eight need determinations by the standard methodology, six of which were in Mecklenburg and Wake counties, large counties that experienced significantly high growth in the past decade.

<b>Table 1: Medicare-certified Home Health Services</b>										
<b>Number of Need Determinations Produced by the Standard Methodology, 2005-2014 SMFP</b>										
	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Number of Need Determinations	1	0	1	0	0	1	0	2	1	0

2005-2014 State Medical Facility Plans

Wake County residents are well served by home health providers. Based on information reported on Home Health 2014 Annual Data Supplement to the License Renewal Applications, 28 agencies reported serving a total of 15,043 patients residing in Wake County. The highest volume provider agencies are located in Wake, Durham, Orange, and Johnston counties (Durham-4; Orange-1; Johnston-1; Wake-13).

There are a total of 18 home health providers that provided care to 4,867 residents of Durham County according to the Home Health 2014 Annual Data Supplements. Five of those agencies were located in the county. Highest volume providers were: Durham-4, Wake-4 and Orange-1.

Also, based on Home Health 2014 Annual Data Supplements, 20 agencies reported serving a total of 2,053 patients residing in Orange County. The highest volume provider agencies were located in Orange, Durham and Wake counties (Orange-2, Durham-3, and Wake-1).

The standard methodology would have generated a need determination for a home health agency or office if the needs of patients in a county were not being met, that however, is not the case. According to the Proposed 2015 SMFP, “it is determined that there is no need for additional Medicare-certified home health agencies or offices anywhere in the state”.

Chapter Two of the SMFP allows people to petition for an adjusted need determination in consideration of “...unique or special attributes of a particular geographic area or institution...” if they believe their needs are not appropriately addressed by the standard methodology. It is also mentioned in Chapter Two that petitions requesting adjusted need determinations are limited to an adjusted need determination in the North Carolina Proposed State Medical Facilities Plan.

There are no demonstration projects in the Proposed 2015 SMFP for any kind of facility, service or equipment.

However, SHCC Committees initiate demonstration projects of any type. Then the SHCC Chairman establishes a workgroup that meets with stakeholders to develop the demonstration project criteria. For this planning cycle, the SHCC has not initiated any demonstration projects.

***Agency Recommendation:***

The agency supports the standard methodology for Medicare-certified home health agencies or offices as presented in the Proposed 2015 SMFP. Based on the information and comments submitted by the August 15, 2013 deadline, and in consideration of factors discussed above, the agency recommends denial of this petition.