

**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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***Request:***

Myriad Homecare Agency (MHA), LLC requests an adjusted need determination for one Medicare-certified home health agency or office in Wake County to address the special needs of the Hispanic-Latino population 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).

The standard methodology would have generated a need determination for a home health agency or office if the needs of patients in the county were not being met.

MHA requests an adjusted need determination for a Medicare-certified home health agency or office in Wake County to address the special needs of the Hispanic-Latino population in the 2015 SMFP. MHA currently operates a home care business in Wake County that provides a

variety of services to include skilled nursing and personal care for adult, pediatric and geriatric patients.

The petitioner states they are looking to address the healthcare needs of "...a large and growing population of Hispanic-Latinos that are below the poverty level with limited healthcare access" in Wake County.

While the petitioner provides various types of data regarding demographics, the uninsured, poverty and unemployment in Wake County, no specific data is provided to demonstrate the size of the county's Hispanic-Latino population that needs these services or to demonstrate that the population is not being served by existing licensed Medicare-certified home health providers.

The Centers for Medicare & Medicaid Services (CMS) produces annual cost reports by facility type that contain state and county level demographics, cost utilization and quality data. According to the CMS 2013 Cost Report for Home Health facilities, 83,586 Medicare beneficiaries were living in Wake County as shown below in Table 2.

| <b>Table 2: CMS 2013 Cost Report for Home Health</b>              |                        |                            |                          |                  |                       |                               |                                             |
|-------------------------------------------------------------------|------------------------|----------------------------|--------------------------|------------------|-----------------------|-------------------------------|---------------------------------------------|
|                                                                   | Count of Beneficiaries | Percent Non-Hispanic White | Percent African American | Percent Hispanic | Percent Other Unknown | Percent Eligible for Medicaid | Number PAC <sup>†</sup> : Home Health Users |
| Wake                                                              | 83,586                 | 77.50                      | 17.30                    | 1.71             | 3.48                  | 13.99                         | 7,183                                       |
| North Carolina                                                    | 1,260,910              | 77.62                      | 18.88                    | 1.14             | 2.35                  | 22.07                         | 103,446                                     |
| Centers for Medicare & Medicaid Services, CMS.gov; Data Year 2012 |                        |                            |                          |                  |                       |                               |                                             |
| † Post Acute Care                                                 |                        |                            |                          |                  |                       |                               |                                             |

Based on 1.71 percent Hispanic population, the total number of Hispanic Medicare Beneficiaries living in Wake County in 2013 was 1,429 as reflected in Table 3.

| <b>Table 3: Extrapolated Number of Hispanic Beneficiaries, Wake County</b> |                  |                        |
|----------------------------------------------------------------------------|------------------|------------------------|
| Count of Beneficiaries                                                     | Percent Hispanic | Hispanic Beneficiaries |
| 83,586                                                                     | 1.71             | 1,429                  |
| Centers for Medicare & Medicaid Services, CMS.gov; Data Year 2012          |                  |                        |

Table 4 shows the number of Post-Acute Care (PAC) home health users that were Hispanic Medicare Beneficiaries living in Wake County in 2013 was 123.

| <b>Table 4: Extrapolated Number of Hispanic Home Health Users, Wake County</b> |                  |                        |
|--------------------------------------------------------------------------------|------------------|------------------------|
| Number PAC <sup>†</sup> : Home Health Users                                    | Percent Hispanic | Hispanic Beneficiaries |
| 7,183                                                                          | 1.71             | 123                    |
| Centers for Medicare & Medicaid Services, CMS.gov; Data Year 2012              |                  |                        |
| † Post Acute Care                                                              |                  |                        |

The CMS 2013 Cost Report for Home Health facilities provides information that 83,586 Wake County residents were Medicare beneficiaries in 2013 and of those residents 7,183 were Post-Acute home health users and only 123 of those were Hispanic. However, what cannot be determined is whether or not there are Hispanic-Latino residents in Wake County who need home health services and are not receiving them. The 123 Hispanic Post-Acute home health users residing in Wake County in 2013 is less than what is needed if the projected unmet need in a single county is 325 patients or more by way of the current standard methodology.

Based on data available to the agency, there cannot be determined to be sufficient need among the Hispanic-Latino population (325 patient threshold) to support one additional Medicare-certified home health agency or office in Wake County.

***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.