



**Comments in Opposition from  
HKZ Group, LLC  
Regarding a Certificate of Need Application  
Submitted by Roberson Herring Enterprises, LLC  
dba AssistedCare of the Carolinas in Response to a Need  
Determination for One Home Health Agency in the Wake County  
Service Area Submitted April 16, 2012 for May 1, 2012 Review Cycle**

## **I. Introduction**

In accordance with N.C.G.S. Section 131E-185(a1)(1), HKZ Group, LLC submits the following comments regarding a Certificate of Need Application submitted by Roberson Herring Enterprises, LLC dba AssistedCare of the Carolinas in response to a need determination for one Home Health Agency in the Wake County Service Area for the May 1, 2012 review cycle.

The following five CON applications were submitted in response to a need determination for one home health agency in the Wake County Service Area in the *2012 State Medical Facilities Plan (2012 SMFP)*:

- J-8813-12 Hillcrest Home Health of the Triangle, LLC
- J-8814-12 HKZ Group, LLC
- J-8817-12 Roberson Herring Enterprises, LLC dba AssistedCare of the Carolinas
- J-8819-12 Maxim Healthcare Services, Inc.
- J-8821-12 Oakland Home Care NC, LLC.

## **II. Comparative Analysis**

The Comparative Analysis in Attachment 1 shows that **HKZ** is the most effective alternative for a new Medicare-certified home health agency in Wake County.

## **III. CON Application of Roberson Herring Enterprises, LLC dba Assisted Care of the Carolinas**

Roberson Herring Enterprises, LLC dba AssistedCare of the Carolinas (AssistedCare) proposes to develop a Medicare-certified home health agency in Raleigh.

Robeson Herring Enterprises, LLC is a joint venture with two managing members: Russell Herring and C. Saunders Roberson, Jr.

Russell Herring is CEO of AssistedCare Home Health, Inc., a Medicare-certified home health agency in Leland (Brunswick County). AssistedCare operates only this one Medicare-certified home health agency.

C. Saunders Roberson, Jr. owns and operates related corporations that provide home care and inpatient hospice services under a common d/b/a Community Home Care and Hospice (Community). Messrs. Herring and Roberson each own 50% membership interests in Robeson

Herring Enterprises, LLC. Community does not operate a Medicare-certified home health agency.

The proposed agency will be managed by AssistedCare Management Group, Inc. AssistedCare Management Group, Inc. also provides contracted management services for AssistedCare Home Health, Inc. in Brunswick County.

#### **IV. CON Review Criteria**

The following comments are submitted based upon the CON Review Criteria found at G.S.131E-183. While some issues impact multiple Criteria, they are discussed under the most relevant review Criteria and referenced in others to which they apply.

#### **G.S. 131E-183 (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.*

There is one *State Medical Facilities Plan (SMFP)* Policy applicable to the review of Wake County Home Health Agencies:

- Policy GEN-3: Basic Principles.

As will be discussed in the context of CON Review Criteria (3), (4), (5), (6), (7), (8), (13c), and (18a), AssistedCare does not demonstrate:

- A need for the proposed project;
- That the proposed project will promote equitable access; and
- That the proposed project will maximize health care value for resources expended.

As a result, the AssistedCare CON Application does not conform to Policy GEN-3 and CON Review Criterion (1).

## **G.S. 131E-183 (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, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.*

### **A. Need Determination in Wake County for a Medicare-certified Home Health Agency Providing Comprehensive Services**

In its effort to distinguish itself from other applicants, AssistedCare “believes there is a need for behavioral health home health care and would like to provide this specialized care in Wake County.”<sup>1</sup>

AssistedCare’s leadership team believes its behavioral health program is different from those of most home health agencies in that AssistedCare does not simply have a psychiatric nurse that is available to do psychiatric assessments.

AssistedCare’s behavioral health service is a distinct psychiatric home care *program* that is able to receive referrals not only for patients that have psychiatric diagnoses secondary to medical diagnoses but also is able to receive referrals for patients whose *primary diagnoses are psychiatric*. [*Emphasis in the original.*]<sup>2</sup>

As will be discussed in the context of CON Review Criterion (4), AssistedCare’s focus on psychiatric home health services does not lead to a low cost model. Further, there is no need in Wake County for additional psychiatric home health services. Wake County is served sufficiently by existing Medicare-certified home health agencies providing psychiatric home health services, as will be discussed in the context of CON Review Criterion (6).

Furthermore, AssistedCare does not need a CON to provide psychiatric home services. Those services are provided by a Medicaid-certified agency called a Critical Access Behavioral Health Agency. CONs are not required. Therefore, Saunders/Herring, or any provider that believes there is a need for additional home psychiatric services in Wake County, could provide this service absent a CON. In fact, Assisted Care operates a Critical Access Behavioral Health Agency in Brunswick County. Therefore, AssistedCare can pursue independent certification to provide psychiatric services and allow another CON applicant to meet the needs of those patients in need of home health care services in Wake County.

### **B. AssistedCare Fails to Document Referrals Necessary to Reach its Projected Number of Patients**

AssistedCare’s projected unduplicated patients in Project Year 1 equal the revised patient deficit of 464 in the 2012 SMFP for Wake County. AssistedCare makes no allowance for a ramp up period in Project Year 1, which is expected in a new certified agency in a new market. That means that from day one, staff will be working at maximum capacity. That is an unrealistic

<sup>1</sup> CON Application J-8817-12 at page 28.

<sup>2</sup> CON Application J-8817-12 at pages 31-32.

assumption. Every new business requires some level of start up. In fact, when AssistedCare began in Brunswick County, it took six years to reach an unduplicated patient count of 400 patients in Brunswick County, as shown in the following table.

**AssistedCare - Brunswick County Patients**

	1997	1998	1999	2000	2001	2002	2003
Patients	0	79	153	273	273	295	423

Source: 1999-2005 SMFPs

Therefore, revenues for Project Year 1 are overstated resulting in understated initial operating expenses necessary to develop the proposed project. Therefore, the CON Section cannot determine if the project is financially feasible or if in fact, AssistedCare’s projections are reasonable, based upon AssistedCare’s actual historical experience.

AssistedCare projects the highest number of unduplicated patients in Project Year 1 of all applicants, as shown in the following table.

**Wake County Medicare-certified Home Health Agency CON Applications  
Projected Unduplicated Patients  
Project Year 1**

CON Application	Applicant	Total Unduplicated Patients Project Year 1
J-8817-12	AssistedCare	464
J-8821-12	Oakland*	354
J-8814-12	HKZ	348
J-8819-12	Maxim**	189
J-8813-12	Hillcrest	121

\*Please see HKZ’s Comments in Opposition to Oakland Home Care NC, LLC CON application in which HKZ asserts that no Chatham County and only 1 Durham County unduplicated patient should have been included in the Project Year 1 total. When 15 Chatham County and 3 Durham County unduplicated patients are subtracted from Project Year 1 projection of 372, Oakland proposes to serve 354 patients..

\*\* Please see HKZ’s Comments in Opposition to Maxim Healthcare Services CON application in which HKZ asserts that home care patients served by Maxim’s non-certified agency must be subtracted from its Medicare-certified agency projected patients. When 250 existing patients are subtracted from Project Year 1 projection of 439 patients, Maxim proposes to serve 189 unduplicated patients in Project Year 1.

AssistedCare fails to document that it will receive sufficient referrals to reach its projected number of unduplicated patients in Project Year 1 or Project Year 2. As discussed above, it took the AssistedCare’s Brunswick County Agency five years to reach a patient volume of 400 patients in its home county.

As discussed in the context of CON Review Criterion (8), AssistedCare does not include a letter of support from any acute care hospital in Wake County. Generally, hospitals make 50% of all referrals to certified home health agencies. The CON Criteria and Standards for Home Health Agencies require documentation of attempts made to establish working relationships with the sources of referrals at 10A NCAC 14C .2002 (a)(10). AssistedCare does not provide the required documentation for Wake County hospitals.

AssistedCare fails to provide any evidence of referrals of patients in need of psychiatric home health services, the focal point of its CON application. AssistedCare does not provide any explanation regarding how those patients will be referred. It is likely those patients will be referred by psychiatrists and behavioral health programs. The CON Criteria and Standards for Home Health Agencies require documentation of attempts made to establish working relationships with the sources of referrals at 10A NCAC 14C .2002 (a)(10). AssistedCare does not provide the required documentation for Wake County psychiatrists and behavioral health programs.

For the reasons set forth above, the AssistedCare CON Application does not conform to CON Review Criterion (3) and should be denied.

### **G.S. 131E-183 (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.*

#### **A. AssistedCare's Focus on Psychiatric Home Health Services does not Lead to a Low Cost Model**

The centerpiece of AssistedCare's CON Application is the provision of psychiatric home health services.

##### **1. Psychiatric Home Health Care – Medicare Requirements**

Psychiatric home health care is a clinical specialty of home health services in which psychiatric nurses, social workers, home health aides, and occupational therapists visit the patient with a primary psychiatric diagnosis in the patient's own home.

Medicare requires that psychiatric home health recipients have a pre-existing psychiatric diagnosis in order to receive financial reimbursement for services rendered. CMS excludes coverage for the delivery of psychiatric home health services for individuals who are non-compliant, forgetful or difficult to manage.

Patients who receive psychiatric home health services must receive active treatment from a qualified physician who identifies the patient with acute psychiatric symptoms. The patient must be under the care and direction of a physician when he/she receives home health services. Patients who take psychoactive drugs for non-psychiatric diagnoses or who have stabilized psychiatric symptoms do not qualify for Medicare home health services reimbursement.

The patient is not required to have a medical diagnosis to be eligible for Medicare reimbursement for psychiatric home health services; however, he/she must be home-bound to meet the requirements of CMS.

## **2. Psychiatric Home Health Care – Specially Trained RNs Required**

Psychiatric home health services may include skilled assessment, evaluation, psychotherapy, teaching, and counseling by a qualified psychiatric nursing professional, and the services must be under the direction and in collaboration with a physician. Nurses must have specialized psychiatric nurse training and experience that extends beyond standard registered nursing requirements. The nurse and physician must work together to create an effective care plan based on the patient's condition.

On pages 28-29, AssistedCare states that it will provide a significant level of home health psychiatric care training for their nursing staff.

The CMS Publication 100-2, Chapter 7, §40.1.2.14, states, "Psychiatrically trained nurses are nurses who have special training and/or experience beyond the standard curriculum required for a registered nurse." Medicare Administrative Contractors (MACs) can establish the special training and experience required. A home health agency should contact its MAC and look at the MAC website for any special qualifications needed.<sup>3</sup>

## **3. Psychiatric Home Health Care – Time Intensive and Complex Patients**

CMS has recognized psychiatric home care as a reimbursable service since 1979, but nationwide, proportionately fewer home health agencies actually provide this service. The exact number of agencies that include psychiatric home care is unknown. There has been a reluctance of agencies to implement psychiatric programs, and there are many reasons for these decisions.<sup>4</sup>

First, the skills of a psychiatric nurse are required and this specialist is usually more difficult to find. Second, the psychiatric patient is frequently more disorganized and needy than other patients causing the case management responsibilities to become time consuming and complex. Third, the psychiatric patient is frequently homebound questionable.<sup>5</sup>

## **4. CareAnywhere Home Health Software Lacks Functionality for Psychiatric Home Health Care**

On page 37, AssistedCare states that it will use CareAnywhere home health software.

On May 17, 2012, an Inside Sales Partner of CareAnywhere told a representative of HKZ that: "Unfortunately, CareAnyware currently does not have a Psychiatric note." In response to a follow up question from a representative of HKZ, the Inside Sales Partner of CareAnywhere said that CareAnywhere does not have plans at this time to add functionality for home health psychiatric care because there has not been demand for that functionality.

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<sup>3</sup> Select Data University, Psychiatric Nursing in Home Health, article posted on Wednesday, May 25, 2011 at 3:51 pm. Article available on line at: <http://www.selectdata.com/psychiatric-nursing-in-home-health>

<sup>4</sup> Id.

<sup>5</sup> Id.

Consequently, AssistedCare will have to research, purchase, and its employees will have to be trained to use software specific to psychiatric home health services. None of these expenditures are included in its Proformas.

## **B. More Costly to Add a Second Agency than AssistedCare Acknowledges**

HKZ will be managed by HealthKeeperz, Inc. which operates three Medicare-certified home health agencies in south central North Carolina. The following comments are based upon HealthKeeperz, Inc.'s experience as owner and manager of three different agencies with separate offices and one central home office.

### **1. Brunswick County is not Contiguous to Wake County**

Wake County is not contiguous to Brunswick County, the county in which AssistedCare Home Health, Inc. operates. In fact, Brunswick County is more than two hours away from the proposed AssistedCare home health agency in Wake County. AssistedCare operates only one home health agency and has never operated an agency at a distance. The distance between the two locations will make it more difficult to utilize combined services or realize any economies of scale.

Further, AssistedCare's proformas do not include any travel expense for management personnel that must travel between the two locations.

### **2. Brunswick County Home Health Administrator**

AssistedCare does not plan to employ a home health administrator from Wake County but proposes to share the existing home health administrator from Brunswick County. That will make it considerably more difficult to penetrate the Wake County market. Leadership staff must be from the community in which a new agency operates. The home health administrator, in particular, should be from that community.

AssistedCare does not include a full time salaried administrator for the Wake County agency yet AssistedCare assumes maximum utilization in Project Year 1. It is unreasonable to assume that AssistedCare will achieve maximum utilization in Project Year 1 in the competitive Raleigh market without a full time home health administrator developing contacts and reaching out to hospital discharge planners, physicians, and other referral sources in the market.

Further, AssistedCare's proformas do not include any travel expense for management personnel that must travel between the two locations.

### **3. Brunswick County – Wake County – Each Community is Different**

On page 54, AssistedCare assumes that the same culture and principles that exist in its one home health office will automatically take root in a new office. Each community served is very different. AssistedCare's process will inherently lengthen its learning curve and increase its cost.

For those reasons, AssistedCare fails to demonstrate that it is the least costly or most effective alternative proposed, which demonstrates non-conformity with CON Review Criteria (4).

**G.S. 131E-183 (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.*

**A. Analysis of Financial Projections**

AssistedCare failed to include all necessary capital and operational expenditures and therefore is non-conforming to CON Review Criterion (5). The following table shows items which should have been included in AssistedCare’s financial projections, in addition to those already discussed, to reflect true expenses necessary for the development of the proposed Wake County Medicare-certified home health agency.

<b>Financial Projection/Cost</b>	<b>Page Reference</b>	<b>Comment</b>
The new agency will be accredited by the Joint Commission.	Pages 19, 48	<ul style="list-style-type: none"> <li>• There is significant cost in JCAHO accreditation.</li> <li>• Joint Commission accreditation expense is not included in the Management Services Agreement</li> <li>• <b>There is no expense for Joint Commission accreditation in Form B.</b></li> </ul>
The new agency will offer telemonitoring	Page 22	<ul style="list-style-type: none"> <li>• A telemonitoring system is very expensive.</li> <li>• Telemonitoring equipment is not included in capital expenditure is Section VIII.</li> <li>• Telemonitoring equipment is not included in the Management Services Agreement</li> <li>• <b>There is no expense for telephone/communications included in Form B</b></li> </ul>
Training of staff to service home infusion patients and home telemonitoring patients.	Pages 21-22	<ul style="list-style-type: none"> <li>• Training of staff to service home infusion patients and telemonitoring patients not included in the Management Services Agreement</li> <li>• <b>There is no expense for training of staff to service home infusion patients and telemonitoring patients included in Form B.</b></li> </ul>
AssistedCare will provide a significant level of behavioral health training for their nursing staff.	Pages 28-29, 31	<ul style="list-style-type: none"> <li>• <b>There is no expense for a RN who focuses on behavioral health treatment included in Form B</b></li> <li>• <b>There is no expense for physicians, training, specialized nurses, medication to respond to patients in crisis included in Form B</b></li> </ul>
Five management personnel: Herring, Weeks, Mitchell, Colombo and Miles	Page 35	<ul style="list-style-type: none"> <li>• Management fee is not broken out.</li> <li>• Management Services Fee of \$128,000 appears too low to cover the services of five management personnel and all other support staff</li> </ul>
HR, quality management, and billing will be web based and administered through the corporate office	Page 35	<ul style="list-style-type: none"> <li>• <b>There is no expense for central office expenses included as a line item in Form B</b></li> </ul>
AssistedCare indicates that it has a	Page 124	<ul style="list-style-type: none"> <li>• Generally, recruiting firms charge 20-30% of the</li> </ul>



contractual arrangement with a recruiting firm for staff		<ul style="list-style-type: none"> <li>first year salary for each FTE.</li> <li>• <b>There is no expense included in Form B for a contractual arrangement with recruiting firm for staff</b></li> </ul>
Consulting, CON Preparation	Page 134	<ul style="list-style-type: none"> <li>• <b>These expenses are not included in Capital Expenditure of \$31,874</b></li> </ul>
Central office overhead, Telephone/Communications, Insurance, Data Processing, Office supplies, minor equipment, Maintenance, Property taxes, and charitable contributions	?	<ul style="list-style-type: none"> <li>• <b>These expenses are not included as line items in Form B</b></li> </ul>
Insurance	Page 155 Form B and Page 171, Section 7	<ul style="list-style-type: none"> <li>• Management Services Agreement states “Insurance is a cost of owner”</li> <li>• <b>There is no expense item for insurance in Form B</b></li> </ul>

The items set forth in the previous table demonstrate that AssistedCare’s financial projections are incomplete and not based upon reasonable projections of the costs for providing Medicare-certified home health services. Therefore, AssistedCare should be denied.

### **B. Funding for Joint Venture Certified Agency to be Provided Solely by Mr. Roberson**

On page 134, Mr. Roberson is the only member of the limited liability company to provide operating funds for the proposed agency. The other member, Russell Herring, is not providing any capital. The limited liability company is owned 50% by Messrs. Roberson and Herring, respectively. On page 139, Mr. Roberson is funding start-up expenses. On page 152, AssistedCare does not recognize any of the capital provided by Mr. Roberson as a liability or equity. There is no evidence of a repayment plan or accrued interest on his funds.

On page 490, Mr. Roberson commits to provide \$518,760 in start-up capital. He provides a personal financial statement. Some of the cash and investments on Mr. Robertson’s personal financial statement represent assets allocated to his wife.

### **C. Alternative Proformas**

AssistedCare provides alternative Proformas on pages 495-508 of the Exhibits using different assumptions. AssistedCare does not explain differences or a need for alternative Proformas.

Total revenue and net income are lower in the alternative Proformas. In the 2010 Wake County home health review, SunCrest provided two different sets of Proformas and did not provide an explanation. The analyst was unable to reconcile the inconsistencies and determined the Suncrest CON application was non-conforming to CON Review Criterion (5).

As discussed above AssistedCare neglected to include considerable expense for items discussed in the CON Application, therefore, the impact of these additional expenses on the alternative Proformas, which have lower net income, would be greater.

## **D. Projections are Net of Any LUPA, PEP, and Outliers**

On page 158, Assisted Care states that its projections are net of any LUPA, PEPs, and Outliers. AssistedCare contends that there is no way to predict those trends. That statement contradicts AssistedCare's use of its experience owning and operating a Medicare-certified home health agency in Brunswick County as a basis for its proposal for a Wake County agency.

AssistedCare and Community each included projections for LUPA, PEP, and Outliers in its Wake County application submitted in 2010.

Furthermore, in the 2010 Wake County home health review, three applicants were found to be non-conforming to CON Review Criterion (5). The project analyst determined that Medicare revenue projections were unsupported and unreliable due to the lack of detailed assumptions related to LUPA, PEP, and Outliers such that the project analyst could determine how the Medicare adjustments were derived for SunHealth, 3HC, and Continuum.

Finally, at a pre-application conference with the CON analyst for HSA IV and the CON analyst who performed the 2010 Wake County home health review, HKZ was instructed regarding the importance of LUPA, PEP, and Outlier assumptions and the need to include those assumptions in the CON Application.

AssistedCare failed to include key assumptions related to the determination of Medicare adjustments and revenue and should be found non-conforming to CON Review Criterion (5).

## **E. No Contingency Included in Financial Projections**

AssistedCare has not included a 5% contingency in its financial projections as directed by the CON Application form. Therefore, total costs are not comparable to HKZ that did include a 5% contingency as instructed.

For the reasons set forth above, the AssistedCare CON Application does not conform to CON Review Criterion (5).

## **G.S. 131E-183 (6)**

*The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.*

HKZ echoes astute comments made by Community Home Health of North Carolina in its Comments in Opposition to AssistedCare's 2010 CON application, which was not filed as a joint venture with Community:

[...] AssistedCare [does not] mention in [its application] that home health psychiatric care is currently available in Wake County. Medi Home Health has a certified psychiatric nurse and offers home health psychiatric care in Wake County. Amedisys has certified RNs and offers psychiatric services to Wake County. Heartland is starting a home health psychiatric care program and will

have a certified RN on staff as of June 17 [2010]. Given the small number of home health patients in Wake County who would need home health psychiatric care and the specialized staff necessary to provide it, not every HHA in Wake County should provide it. There has been no showing by any applicant that persons qualifying for home health psychiatric care whose physicians have requested it are not being adequately served. **It would be an unnecessary duplication of services for a third HHA to provide home health psychiatric care in Wake County, assuming a start-up HHA could actually do so.**<sup>6</sup>

Community is a joint venture partner with AssistedCare in the 2012 CON application. There is no discussion in the AssistedCare Application regarding why Community now believes there is a need for an additional psychiatric nursing home health program in Wake County in 2012.

In the 2010 Review, the CON Section approved the CON application of United Home Care, which proposed a home health psychiatric care program. There are now four home health agencies providing home health psychiatric care in Wake County. AssistedCare's focus on home health psychiatric care is duplicative of existing health service capabilities in Wake County, and is therefore non-conforming with CON Review Criterion (6) today as it was in 2010, when Community (AssistedCare's partner in this review) stated there was no need for an additional psychiatric home health program in Wake County. Furthermore, the need for home health services identified in the 2012 SMFP is for general home health services across the entire spectrum of care. Therefore, a home health agency providing an entire spectrum of services, such as HKZ, should be approved.

### **G.S. 131E-183 (7)**

*The applicant shall show some evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.*

#### **A. AssistedCare does not Project Adequate Staff for Home Health Psychiatric Care in addition to Full Range of Home Health Services**

HKZ again echoes astute comments made by Community Home Health of North Carolina in its Comments in Opposition to AssistedCare's 2010 CON application, which was not filed as a joint venture with Community:

It is impractical for a start-up HHA to employ the staff necessary to offer home health psychiatric care in addition to the full range of non-psychiatric home health services. During the initial years of operation all of the applicants propose to employ two or three RNs, including the manager. To provide home health psychiatric care 24 hours a day, 7 days a week, all RNs would have to be dually trained and experienced in psychiatric and medical surgical nursing. [...] AssistedCare [did not explain] in its application how it would actually provide home health psychiatric care with the number of RNs it specified and budgeted.<sup>7</sup>

<sup>6</sup> Comments on Behalf of Community Home Health of North Carolina, May 25, 2010, page 14 of 31.

<sup>7</sup> Comments on Behalf of Community Home Health of North Carolina, May 25, 2010, pages 13 and 14 of 31

Consistent with its 2010 CON application, AssistedCare projects that it will hire 3 RNs (or 3.4 RN FTEs) in Project Year 2. On page 122, AssistedCare projects an average of 5 RN visits per day, or 1.6 hours per visit which includes travel time and documentation. Both the number of RNs and the average number of RN visits per day are low for the intensity of services required to provide home health psychiatric care in addition to the full range of non-psychiatric home health services.

**B. AssistedCare PT Salary is Very Low**

AssistedCare projects annual salary for PT staff is the second lowest of the four competing applications in which a PT is an employee of the home health agency, as shown in the following table.

**Wake County Home Health Agency CON Applications  
PT Annual Salary – Project Year 2**

CON Application	Applicant	PT Annual Salary
J-8819-12	Maxim	\$103,525
J-8814-12	HKZ	\$103,000
<b>J-8817-12</b>	<b>AssistedCare</b>	<b>\$83,945</b>
J-8813-12	Hillcrest Home Health of the Triangle , LLC	\$76,345

Salary is a significant contributing factor in recruitment and retention of PT staff. PT services are crucial to the profitability of a Medicare-certified home health agency. With the PT salary proposed by AssistedCare it will be difficult to recruit necessary personnel. Therefore, AssistedCare will not be able to achieve PT volumes projected in Project Year 2, which will negatively impact its Proformas.

**C. AssistedCare did not Include a Pay Differential for Weekends and On-Call Staff**

On pages 126-127, AssistedCare does not appear to project sufficient staff to cover 24 hour call services with more than 500 patients in Project Year 2. Further, AssistedCare did not include a pay differential for weekends and on-call staff. It is very probable that AssistedCare will experience a staffing problem because its 3 full-time staff RNs are expected to maintain a 1 out of every 3 weeks call schedule without any pay differential. Therefore, salaries are understated which will negatively impact its Proformas.

For those reasons, the AssistedCare CON Application does not conform to CON Review Criterion (7).

## **G.S. 131E-183 (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.*

### **A. No Support Letters from an Acute Care Hospital**

**AssistedCare does not include a letter of support from any acute care hospital in Wake County.**

Generally, hospitals make 50% of all referrals to certified home health agencies.

AssistedCare does not include a letter of support from any acute care hospital in Brunswick County or the counties served by AssistedCare Home Health, Inc. or from any acute care hospital in Wake County.

Similarly, AssistedCare does not include a letter of support from any acute care hospital in the counties served by Community's home care and hospice agencies.

### **B. No Letters of Support from Providers that will Refer Psychiatric Home Health Patients to Assisted Care**

**AssistedCare fails to provide any evidence of referrals of patients in need of psychiatric home health services, the centerpiece of its CON application.** Most likely those patients will be referred by psychiatrists and behavioral health programs.

For those reasons, AssistedCare fails to demonstrate coordination with the existing health care system in Wake County. The AssistedCare CON Application does not conform to CON Review Criterion (8).

## **V. North Carolina Criteria and Standards for Home Health Services**

### **10A NCAC 14C .2002(a)(3), (4), (5), and (10)**

Projections are based on flawed and undocumented assumptions. Please see discussion in the context of CON Review Criteria (3), (5), and (8).

### **10A NCAC 14C .2003**

Projections are based on flawed and undocumented assumptions. Please see discussion in the context of CON Review Criteria (3) and (5).

## **VI. Conclusion**

The AssistedCare CON Application has not demonstrated conformity with multiple CON Review Criteria and should be denied.

**HKZ Group  
Wake County Medicare-certified Home  
Health Agency CON Review**

**COMPARATIVE ANALYSIS**

Pursuant to N.C.G.S. 131E-183(a)(1) and the *2012 State Medical Facilities Plan (2012 SMFP)*, no more than one new home health agency may be approved for Wake County in this review. Because each applicant proposes to develop a new home health agency in Wake County, all five applicants cannot be approved.

The following comparative analysis of the proposals documents the reasons that **HKZ Group, LLC (HKZ)** should be approved, and the applications submitted by the other four applicants should be denied.

**Access by Underserved Groups**

The following table compares the percentage of total visits provided to Medicaid recipients in the second year of operation as projected by each applicant in Section VI.12. of the application.

**Percentage of Total Visits to Medicaid Recipients – PY 2**

CON Application	Applicant	% of Visits
J-8814-12	HKZ	14.8%
J-8813-12	Hillcrest	13.1%
J-8821-12	Oakland	12.99%
J-8817-12	AssistedCare	10.2%
J-8819-12	Maxim	7.4%

Please note that Hillcrest projects no Medicaid patients and visits in its first year of operation. The application submitted by Hillcrest is non-conforming with multiple CON Review Criteria. Please see **HKZ's** Comments in Opposition to the Hillcrest CON application.

As shown in the previous table, **HKZ** projects the highest percentage of total visits provided to Medicaid recipients. Maxim projects the lowest percentage of total visits provided to Medicaid recipients. Therefore, the application submitted by **HKZ** is the most effective alternative with regard to access by Medicaid patients.

The following table compares the percentage of total visits provided to Medicare beneficiaries in the second year of operation as projected by each applicant in Section VI.12. of the application.

**Percentage of Total Visits to Medicare Beneficiaries – PY 2**

CON Application	Applicant	% of Visits
J-8819-12	Maxim	84.8%
J-8821-12	Oakland	79.99%
<b>J-8814-12</b>	<b>HKZ</b>	<b>69.7%</b>
J-8813-12	Hillcrest	67.4%
J-8817-12	AssistedCare	65.4%

As shown in the previous table, Maxim projects the highest percentage of total visits provided to Medicare beneficiaries. Oakland projects the second highest percentage of total visits provided to Medicare beneficiaries. AssistedCare projects the lowest percentage of total visits provided to Medicare beneficiaries.

Please note that the applications submitted by Maxim and Oakland are non-conforming with multiple CON Review Criteria, so that neither of those applications is approvable. Please see **HKZ's** Comments in Opposition to the Maxim and Oakland CON applications.

**HKZ** projects the third highest percentage of total visits provided to Medicare beneficiaries. Therefore, the application submitted by **HKZ** is the most effective alternative with regard to access by Medicare beneficiaries.

The following table compares the percentage of total visits provided to Medicaid recipients and Medicare beneficiaries in the second year of operation as projected by each applicant in Section VI.12 of the application.

**Percentage of Total Visits to Medicaid Recipients and Medicare Beneficiaries – PY 2**

CON Application	Applicant	% of Visits
J-8819-12	Maxim	92.2%
J-8821-12	Oakland	93.0%
<b>J-8814-12</b>	<b>HKZ</b>	<b>84.5%</b>
J-8813-12	Hillcrest	80.5%
J-8817-12	AssistedCare	75.6%

As shown in the previous table, Maxim projects the highest percentage of total visits provided to Medicaid recipients and Medicare beneficiaries. Oakland projects the second highest percentage of total visits provided to Medicaid recipients and Medicare beneficiaries. AssistedCare projects the lowest percentage of total visits provided to Medicaid recipients and Medicare beneficiaries.

Please note that the applications submitted by Maxim and Oakland are non-conforming with multiple CON Review Criteria, so that neither of those applications is approvable. Please see **HKZ's** Comments in Opposition to the Maxim and Oakland CON applications.



**HKZ** projects the third highest percentage of total visits provided to Medicaid recipients and Medicare beneficiaries. Therefore, the application submitted by **HKZ** is the most effective alternative with regard to access by Medicaid recipients and Medicare beneficiaries.

### Average Number of Visits per Unduplicated Patient

The following table shows the average number of visits per unduplicated patient projected by each applicant in the second year of operation of the proposed home health agency.

**Average Number of Visits per Unduplicated Patient – PY 2**

CON Application	Applicant	Unduplicated Patients	Unduplicated Patient Visits	Average Visits per Unduplicated Patient
J-8821-12	Oakland*	532	11,331	19.8
J-8813-12	Hillcrest	538	9,303	17.3
J-8819-12	Maxim	516	8,537	16.5
<b>J-8814-12</b>	<b>HKZ</b>	<b>493</b>	<b>8,028</b>	<b>16.3</b>
J-8817-12	AssistedCare	500	7,885	15.8

\* Please see HKZ's Comments in Opposition to Oakland Home Care NC, LLC CON application in which HKZ asserts that only 7 Chatham County and no Durham County unduplicated patient should have been included in the Project Year 2 total. When 12 Chatham County and 8 Durham County unduplicated patients are subtracted from Project Year 2 projection of 552, Oakland proposes to serve 532 patients.

As shown in the previous table, Oakland projects the highest average number of visits per unduplicated patient. AssistedCare projects the lowest average number of visits per unduplicated patient.

Oakland's average number of visits per unduplicated patient of 19.8 exceeds both the average and median visits per unduplicated patient of Wake County certified agencies in FY 2011, as shown in the following table.

**Wake County Medicare-certified Home Health Agency  
Unduplicated Patient Visits  
October 1, 2010 – September 30, 2011**

Agency	Unduplicated Patients	Total Visits	Visits per Unduplicated Patients	Avg Total Visits per Unduplicated Patient	Median Visits per Unduplicated Patient
Rex Home Services	2,643	37,174	14.1		
WakeMed Home Health	2,191	34,231	15.6		
Liberty Home Care	1,753	23,603	13.5		
Tar Heel Home Health	1,459	34,320	23.5		
Intrepid USA Healthcare Services	971	17,245	17.8		
Heartland Home Health Care	720	14,400	20.0		
Medi Home Health Agency	623	10,556	16.9		
At Home Quality Care	513	6,370	12.4		
Horizons Home Care	228	7,255	31.8		
Bayada Nurses	225	5,282	23.5		
Professional Nursing Service and Home Health	27	757	28.0		
Pediatric Services of America	27	158	5.9		
United Home Care of Wake	0	0	0.0		
<b>Total</b>	<b>11,380</b>	<b>191,351</b>		<b>16.8</b>	<b>17.4</b>

Please note that the applications submitted by Maxim, Oakland, AssistedCare, and Hillcrest are non-conforming with multiple CON Review Criteria, so that none of those applications is approvable. Please see **HKZ's** Comments in Opposition to the Maxim, Oakland, AssistedCare, and Hillcrest CON applications.

Therefore, the application submitted by **HKZ** is the most effective alternative with regard to projected number of visits to be provided per unduplicated patient.

**Net Revenue per Visit**

Net revenue per visit in the second year of operation was calculated by dividing projected net revenue from Form B by the projected number of visits from Section IV., as shown in the following table.

**Net Revenue per Visit – PY 2**

CON Application	Applicant	Total Visits Duplicated Patients	Net Revenue	Net Revenue per Visit
<b>J-8814-12</b>	<b>HKZ</b>	<b>8,028</b>	<b>\$1,315,622</b>	<b>\$164</b>
J-8813-12	Hillcrest	9,303	\$1,364,283	\$147
J-8817-12	AssistedCare	7,885	\$1,156,057	\$147
J-8821-12	Oakland	11,331	\$1,639,140.35	\$145
J-8819-12	Maxim	11,013	\$1,553,615	\$141

As shown in the previous table, **HKZ** projected the highest net revenue per visit. Maxim projects the lowest net revenue per visit.

Please note that the applications submitted by Maxim, Oakland, AssistedCare, and Hillcrest are non-conforming with multiple CON Review Criteria, so that none of those applications is approvable. Please see **HKZ's** Comments in Opposition to the Maxim, Oakland, AssistedCare, and Hillcrest CON applications.

**HKZ** adequately demonstrated that the financial feasibility of its proposal is based on reasonable and supported projections of operating costs and revenues. Therefore, the application submitted by **HKZ** is the most effective alternative with regard to net revenue per visit.

### Average Total Operating Cost per Visit

The average total operating cost per visit in the second operating year was calculated by dividing projected operating costs from Form B by the total number of home health visits from Section IV., as shown in the following table.

**Average Total Operating Cost per Visit – PY 2**

CON Application	Applicant	Total Visits Duplicated Patients	Total Operating Costs	Average Total Operating Cost per Visit
J-8819-12	Maxim	11,013	\$1,172,376	\$106
J-8817-12	AssistedCare	7,885	\$1,080,382	\$137
J-8813-12	Hillcrest	9,303	\$1,290,118	\$139
J-8821-12	Oakland	11,331	\$1,616,215.26	\$143
J-8814-12	<b>HKZ</b>	<b>8,028</b>	<b>\$1,291,039</b>	<b>\$161</b>

As shown in the previous table, Maxim projects the lowest average operating cost per visit in the second operating year. **HKZ** projects the highest average operating cost per visit in the second operating year. However, as noted in the comments in opposition submitted by **HKZ**, all of the competitors in the review have neglected to include costs required to operate a Medicare-certified home health agency. Therefore, this comparison is not comparable.

Further, please note that the applications submitted by Maxim, Oakland, AssistedCare, and Hillcrest are non-conforming with multiple CON Review Criteria, so that none of those applications are approvable. Please see **HKZ's** Comments in Opposition to the Maxim, Oakland, AssistedCare, and Hillcrest CON applications.

**HKZ** adequately demonstrated that the financial feasibility of its proposal is based on reasonable and supported projections of operating costs and revenues. Therefore, the application submitted by **HKZ** is the most effective alternative with regard to average operating cost per visit.

### Average Direct Care Cost per Visit

The average direct care cost per visit in the second operating year was calculated by dividing projected direct care expenses from Form B by the total number of home health visits from Section IV., as shown in the following table.

**Average Direct Care Cost per Visit – PY 2**

CON Application	Applicant	Total Visits Duplicated Patients	Total Direct Care Costs	Average Direct Care Cost per Visit
J-8819-12	Maxim	11,013	\$843,042	\$77
J-8813-12	Hillcrest	9,303	\$776,267	\$83
<b>J-8814-12</b>	<b>HKZ</b>	<b>8,028</b>	<b>\$704,504</b>	<b>\$88</b>
J-8821-12	Oakland	11,331	\$996,556.34	\$88
J-8817-12	AssistedCare	7,885	\$731,758	\$93

As shown in the table above, Maxim projects the lowest average direct care cost per visit in the second operating year. Hillcrest projects the second lowest average direct care cost per visit in the second operating year. AssistedCare projected the highest average direct care cost per visit.

Please note that the applications submitted by Maxim, Oakland, AssistedCare, and Hillcrest are non-conforming with multiple CON Review Criteria, so that none of those applications is approvable. Please see **HKZ's** Comments in Opposition to the Maxim, Oakland, AssistedCare, and Hillcrest CON applications.

**HKZ** adequately demonstrated that the financial feasibility of its proposal is based on reasonable and supported projections of operating costs and revenues. Therefore, the application submitted by **HKZ** is the most effective alternative with regard to average direct care cost per visit.

### Average Administrative Cost per Visit

The average administrative cost per visit in the second operating year was calculated by dividing projected administrative expenses from Form B by the total number of home health visits from Section IV.1, as shown in the following table.

**Average Administrative Cost per Visit – PY 2**

CON Application	Applicant	Total Visits Duplicated Patients	Total Administrative Costs	Average Administrative Cost per Visit
J-8819-12	Maxim	11,013	\$329,334	\$30
J-8817-12	AssistedCare	7,885	\$348,624	\$44
J-8813-12	Hillcrest	9,303	\$513,851	\$55
J-8821-12	Oakland	11,331	\$619,658.42	\$55
<b>J-8814-12</b>	<b>HKZ</b>	<b>8,028</b>	<b>\$586,535</b>	<b>\$73</b>

As shown in the table above, Maxim projects the lowest average administrative cost per visit in the second operating year. AssistedCare projects the second lowest average administrative cost per visit in the second operating year. **HKZ** projects the highest average administrative cost per visit. However, other competitors did not reflect all administrative costs in their application as discussed in the individual comments in opposition. Therefore, this cannot be utilized as a comparative factor.

Please note that the applications submitted by Maxim, Oakland, AssistedCare, and Hillcrest are non-conforming with multiple CON Review Criteria, so that none of those applications is approvable. Please see **HKZ**'s Comments in Opposition to the Maxim, Oakland, AssistedCare, and Hillcrest CON applications.

**HKZ** adequately demonstrated that the financial feasibility of its proposal is based on reasonable and supported projections of operating costs and revenues. Therefore, the application submitted by **HKZ** is the most effective alternative with regard to average administrative cost per visit.

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

The ratio in the following table is calculated by dividing the net revenue per visit by the average total operating cost per visit.

**Ratio of Net Revenue per Visit: Average Total Operating Cost per Visit – PY 2**

CON Application	Applicant	Total Visits Duplicated Patients	Net Revenue per Visit	Average Total Operating Cost per Visit	Ratio of Net Revenue to Average Total Operating Cost per Visit
J-8821-12	Oakland	11,331	\$145	\$143	1.01
<b>J-8814-12</b>	<b>HKZ</b>	<b>8,028</b>	<b>\$164</b>	<b>\$161</b>	<b>1.02</b>
J-8813-12	Hillcrest	9,303	\$147	\$139	1.06
J-8817-12	AssistedCare	7,885	\$147	\$137	1.07
J-8819-12	Maxim	11,013	\$141	\$106	1.33

As shown in the previous table, Oakland projected the lowest ratio of net revenue to the average total operating cost per visit in the second operating year. Please note that the application submitted by Oakland is non-conforming with multiple CON Review Criteria, so that application is not approvable. Please see **HKZ**'s Comments in Opposition to the Oakland CON application.

The application submitted by **HKZ** is the most effective alternative with regard to the lowest ratio of net revenue per visit to the average total operating cost per visit.

**Number of Owned, Operated, and/or Managed Medicare-certified Home Health Agencies in North Carolina**

Experience in the ownership, operation, and/or management of Medicare-certified home health agencies in North Carolina is a key factor in the success of a proposed new agency in Wake County.

The following table shows number of owned, operated, and/or managed Medicare-certified home health agencies in North Carolina of each applicant.

**Number of Owned, Operated, and/or Managed Medicare-certified Home Health Agencies in North Carolina**

CON Application	Applicant	Owned	Operated	Managed	Total NC Medicare Home Health
J-8813-12	Hillcrest	0	0	0	0
<b>J-8814-12</b>	<b>HKZ</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>
J-8817-12	AssistedCare	1	0	0	1
J-8819-12	Maxim	0	0	0	0
J-8821-12	Oakland	0	0	0	0

**HKZ** owns three Medicare-certified home health agencies in North Carolina, which is the largest number of all applicants. In addition, HealthKeeperz, Inc. existing service area is contiguous to Wake County. Thus, the application submitted by **HKZ** is the most effective alternative with regard to experience.

**Letters of Support for Application**

**Wake County Acute Care Hospitals**

Generally, hospitals make 50% of all referrals to Medicare-certified home health agencies.

As shown in the following table, only **HKZ** has letters of support from two Wake County acute care hospitals.

**Letter of Support from Wake County Acute Care Hospital(s)**

CON Application	Applicant	WakeMed	Duke Raleigh	Rex Hospital
J-8813-12	Hillcrest	N	N	N
<b>J-8814-12</b>	<b>HKZ</b>	<b>Y</b>	<b>Y</b>	<b>N</b>
J-8817-12	AssistedCare	N	N	N
J-8819-12	Maxim	N	N	N
J-8821-12	Oakland	N	N	N

As shown in the previous table, none of the applicants has a letter of support from Rex Hospital. Maxim and Oakland have a letter of support from Rex Rehabilitation and Healthcare Center of Apex, which is a letter of support from a nursing facility, not Rex Hospital.

**Acute Care Hospitals in Counties Served by Related Entity of Applicant**

As shown in the following table, **HKZ** has letters of support from three acute care hospitals in counties served by its related entity, HealthKeeperz, Inc., which owns three Medicare-certified home health agencies in Cumberland, Robeson, and Scotland counties.

**Letter of Support from Acute Care Hospital(s) in Counties Served by Related Entity of Applicant**

CON Application	Applicant	Duke Hospital	Scotland	CFVMC	Southeastern Regional
J-8813-12	Hillcrest	Y	N	N	N
<b>J-8814-12</b>	<b>HKZ</b>	<b>N</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>
J-8817-12	AssistedCare	N	N	N	N
J-8819-12	Maxim	N	N	N	N
J-8821-12	Oakland	N	N	N	N

As shown in the previous table, Hillcrest has a letter of support from Duke Hospital, which is in the same county as Hillcrest Convalescent Center, which is the sole member of Hillcrest.

None of the three other applicants has a letter from an acute care hospital in a county served by a related entity of the applicant.

## Unique Services Proposed by Applicants

Each applicant's response to Section II., Question 2. is summarized in the following table.

### Unique Services Proposed by Applicants

CON Application	Applicant	How will agency differ from existing services in service area?
J-8813-12	Hillcrest	Medication adherence through MedMinder and Maya Med Mgmt System
J-8814-12	HKZ	<b>HealthSync Pharmacy Program, North Carolina's only Native American-owned multi-disciplinary post acute community health system focusing on home health agency services; Veterans Administration</b>
J-8817-12	AssistedCare	SHP to manage patient outcomes; CareAnywhere electronic medical record; ability to combine behavioral health care with home health patients; pilot site for research study conducted by Martha Bruce, PhD, to train home health staff to provide behavioral health services; CCNC
J-8819-12	Maxim	No specific programs discussed - generic response about experience, quality, clinical services delivery, patient-centered care, quality improvement, technology, accreditation, employee engagement and corporate support, Maxim Charitable Foundation provides financial assistance to employees in personal crisis
J-8821-12	Oakland	No specific programs discussed - generic response about case management, medication management, home safety, health literacy/education, social networks/cultural adaptation; relationship with Waltonwood Cary (senior community)

### HealthSync Pharmacy Program

HealthSync Pharmacy Program was developed by HealthKeeperz, Inc. in 2009 based on its recognition of a growing problem among its home health patients known as Polypharmacy, the concurrent use of multiple prescription or over-the-counter medications by a single patient.

Pharmacists affiliated with HealthKeeperz, Inc. will review and synchronize each patient's medication to be delivered (free of charge) on one day each month, eliminating multiple trips to the pharmacy. Patients enrolled in the HealthSync Pharmacy Program will have their prescriptions reviewed monthly by a licensed HealthKeeperz, Inc. pharmacist.

**HKZ** will provide a free delivery program for patients who have eight or more medications. Patients will receive a HealthKeeperz monthly updated pocket card that lists medications and a free item from the HealthKeeperz "Healthy Choice Program." A HealthSync Medication Report will be sent to the patient's physician every three months or sooner as requested. Every time a patient calls the HealthSync Pharmacy Program, he/she will talk with the same pharmacist and technician.

HealthSync pharmacists and technicians have documented that patients who participate in the HealthSync Pharmacy Program are more compliant with their drug regimen, have greater



communication with their physicians regarding medications prescribed, and are more likely to report adverse reactions and other issues encountered with drugs prescribed. HealthSync pharmacists review each patient's medication regimen for duplicate therapy and/or contraindications. Often, HealthSync pharmacists work with the patient and physician to utilize generic medication where appropriate. In instances where a patient has experienced an adverse reaction or other issue, HealthSync pharmacists and technicians will follow up with that patient's physician. Physicians whose patients participate in the HealthSync Pharmacy Program have expressed their satisfaction with the Program, and often contact HealthSync pharmacists and technicians about patient compliance with prescriptions.

**HKZ** reached out to all Wake County hospitals during the preparation of its application to discuss opportunities to work together to improve the transition of patients from acute care settings to home care and strategies to decrease the readmission of home health patients to inpatient settings. The HealthKeeperz HealthSync Pharmacy Program, which serves to improve medication compliance and help to reduce medication costs, is one program which can have a positive impact on decreasing hospital inpatient readmissions. HealthSync pharmacists and technicians have documented that patients who participate in the HealthSync Pharmacy Program are more compliant with their drug regimen, have greater communication with their physicians regarding medications prescribed, and are more likely to report adverse reactions and other issues encountered with drugs prescribed. Representatives of **HKZ** discussed the HealthKeeperz HealthSync Pharmacy Program with area hospitals (Rex, WakeMed, Duke Raleigh, and WakeMed Rehab), CCNC (Torlen Wade and Dr. Rob Morrell), the North Carolina Academy of Family Physicians (Greg Griggs), the Novant Triangle Medical Group and Windsor Point CCRC. Hospital leaders through Wake County clearly and immediately recognized the value of the HealthSync Pharmacy program as a great tool, combined with home health, to improve clinical outcomes and reduce the risk of patient readmissions.

### **Veterans Administration**

HealthKeeperz, Inc. works with the Veterans Administration Medical Center in Fayetteville to meet the home health care needs of veterans in southeastern North Carolina. **HKZ** intends to pursue a similar arrangement with the Durham Veterans Administration Medical Center under which it will provide home health care services to veterans who are residents of Wake County. **HKZ** will provide the services that Durham VA Medical Center requests, based on a service plan that each veteran, his/her family, and his/her VA health care provider develop. Representatives of **HKZ** have an ongoing relationship with the VA in Fayetteville and will be meeting with it at the end of April to discuss opportunities to serve veterans in Wake County.

## Services to “Other Underserved Population” Proposed by Applicants

Basic Assumption 8. of the Medicare-certified Home Health Need Methodology reads as follows:

8. The North Carolina State Health Coordinating Council encourages home health applicants to:
  - [...]
  - d. address special needs populations.

Each applicant’s response to Section VI., Question 3(g). is summarized in the following table.

**Availability of Proposed Home Health to “Other Underserved Populations”**

CON Application	Applicant	Availability of Existing and Proposed Home Health to "Other Underserved Population"
J-8813-12	Hillcrest	No specific population identified
<b>J-8814-12</b>	<b>HKZ</b>	<b>Native American population</b>
J-8817-12	AssistedCare	No specific population identified
J-8819-12	Maxim	No specific population identified
J-8821-12	Oakland	No specific population identified

As shown in the previous table, **HKZ** is the only applicant to identify an “underserved population” to which it will provide Medicare-certified home health services.

HealthKeeperz, Inc. is North Carolina’s only Native American-owned multi-disciplinary post acute community health system focusing on home health agency services. With three existing locations, HealthKeeperz, Inc. is experienced in dealing with the health disparities and cultural differences of minority populations. **HKZ** also will be a Native American-owned home health agency, and will utilize the experience of HealthKeeperz, Inc. to address Native American and other minority populations in Wake County.

According to the 2008 US Census, North Carolina has the largest American Indian population east of the Mississippi River and the sixth largest American Indian population in the nation.

According to a report published in July 2010 by the North Carolina Commission of Indian Affairs found that American Indians in North Carolina experience substantially worse health problems than whites. For many health measures, American Indians experience problems similar to those for African Americans in this state. The July 2010 Report made the following findings:

- American Indian death rates were at least twice that of whites for diabetes, HIV disease, motor vehicle injuries, and homicide.

- American Indians were more likely than whites or African Americans to report that they had no health insurance and that they could not see a doctor due to cost.
- American Indians were significantly more likely than whites to smoke, not engage in leisure-time physical exercise, and to be overweight or obese.

The North Carolina American Indian Health Task Force was created in 2004 by the North Carolina Commission of Indian Affairs and the Secretary of the North Carolina Department of Health and Human Services. The purpose of the Task Force was to identify and study American Indian health issues in North Carolina, and to evaluate and strengthen programs and services for American Indians in the state.

**HKZ** is committed to providing home health services to American Indians and other minority populations in Wake and surrounding counties. Thus, the application submitted by **HKZ** is the most effective alternative with regard to special needs populations.

**Registered Nurse, Home Health Aide, and Licensed Practical Nurse Salaries in Year Two**

Salaries are a significant contributing factor in recruitment and retention of staff. The following three tables compare the proposed annual salary for nurses and home health aides in the second operating year.

AssistedCare projects the highest annual salary for a registered nurse, as shown in the following table. For comparison purposes, in its 2010 CON application for a Wake County home health agency, AssistedCare Home Health, Inc. projected an annual salary of \$56,650 for a registered nurse, which was the lowest annual salary for a registered nurse<sup>1</sup>.

**Annual Salary for Registered Nurse – PY 2**

CON Application	Applicant	Annual Salary
J-8817-12	AssistedCare	\$71,070
J-8821-12	Oakland	\$69,360
J-8813-12	Hillcrest	\$68,690
J-8819-12	Maxim	\$67,650
<b>J-8814-12</b>	<b>HKZ</b>	<b>\$66,950</b>

As shown in the previous table, **HKZ** projects the lowest annual salary for a registered nurse.

Maxim projects the highest annual salary for a home health aide, as shown in the following table.

<sup>1</sup> 2010 Competitive Wake County Home Health Review, Findings dated October 1, 2010, pages 158-159.

**Annual Salary for Home Health Aide – PY 2**

CON Application	Applicant	Annual Salary
J-8819-12	Maxim	\$32,800
<b>J-8814-12</b>	<b>HKZ</b>	<b>\$30,900</b>
J-8821-12	Oakland	\$30,090
J-8817-12	AssistedCare	\$29,240
J-8813-12	Hillcrest	\$24,426

As shown in the previous table, **HKZ** projects the second highest annual salary for a home health aide.

Oakland projects the highest annual salary for a licensed practical nurse, as shown in the following table.

**Annual Salary for Licensed Practice Nurse – PY 2**

CON Application	Applicant	Annual Salary
J-8821-12	Oakland	\$55,080
<b>J-8814-12</b>	<b>HKZ</b>	<b>\$48,410</b>
J-8813-12	Hillcrest	\$44,534
J-8817-12	AssistedCare	\$42,848
J-8819-12	Maxim	no LPN in staffing plan

As shown in the previous table, **HKZ** projects the next highest annual salary for a licensed practical nurse.

**Physical Therapist, Occupational Therapist, and Speech Therapist Salaries in Year Two**

Physical therapy drives the profitability of a Medicare-certified home health agency. Maxim and **HKZ** project the highest annual salaries for a physical therapist among the four applicants that will employ a physical therapist, as shown in the following table.

**Annual Salary for Physical Therapist – PY 2**

CON Application	Applicant	Annual Salary
J-8819-12	Maxim	\$103,525
<b>J-8814-12</b>	<b>HKZ</b>	<b>\$103,000</b>
J-8817-12	AssistedCare	\$83,945
J-8813-12	Hillcrest Home Health of the Triangle , LLC	\$76,345

As shown in the previous table, Hillcrest projects the lowest annual salary for a physical therapist.

Maxim projects the lowest annual salary for an occupational therapist among the three applicants that will employ an occupational therapist, as shown in the following table.

**Annual Salary for Occupational Therapist – PY 2**

CON Application	Applicant	Annual Salary
J-8817-12	AssistedCare	\$79,001
J-8813-12	Hillcrest Home Health of the Triangle , LLC	\$70,633
J-8819-12	Maxim	\$67,650

As shown in the previous table, Hillcrest projects the second lowest annual salary for an occupational therapist.

Maxim projects the lowest annual salary for a speech therapist among the three applicants that will employ a speech therapist, as shown in the following table.

**Annual Salary for Speech Therapist – PY 2**

CON Application	Applicant	Annual Salary
J-8819-12	Maxim	\$65,600
J-8813-12	Hillcrest Home Health of the Triangle , LLC	\$70,973
J-8817-12	AssistedCare	\$77,765

As shown in the previous table, Hillcrest projects the second lowest annual salary for a speech therapist.