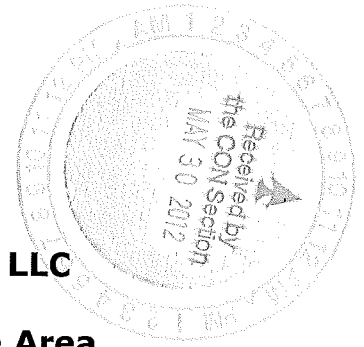


**Comments in Opposition from  
HKZ Group, LLC  
Regarding a Certificate of Need Application  
Submitted by Hillcrest Home Health of the Triangle, LLC  
in Response to a Need Determination for  
One Home Health Agency in the Wake County Service Area  
Submitted April 16, 2012 for May 1, 2012 Review Cycle**



**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 Hillcrest Home Health of the Triangle, LLC 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. Hillcrest Lacks Experience and Knowledge Critical to Operating a Medicare-certified Home Health Agency**

**A. Experience Operating a Skilled Nursing Facility Only**

Hillcrest is a wholly-owned subsidiary of Hillcrest Convalescent Center in Durham, which is the sole member of the new Hillcrest Home Health of the Triangle, LLC.

The following table illustrates the key differences between operation of a skilled nursing facility and a Medicare-certified home health agency.

**Comparison of Key Differences between Operation of a Skilled Nursing Facility and a Medicare-certified Home Health Agency**

Skilled Nursing Facility	Medicare-certified Home Health Agency
Institutional care in a controlled environment	Care provided in the patient's home
Clinical back-up is always nearby. A nurse can always ask the advice of another nurse who is also on duty	Home health clinicians must be more independent. Often, they have to make decisions without consultation of other staff members
Nurses and therapists who work in the skilled nursing facility setting generally prefer a controlled environment	Nurses and therapists who work in a home health setting are willing to manage uncertainty with each patient visit
Less focused on training and education	One of the primary goals is training and education
Patients often become permanent residents of the skilled nursing facility	Discharge is always the goal
Works primarily through its medical director	Works through the patient's primary care provider. Home health agencies must have great relationships with every physician
Has significant real estate costs	Does not have significant real estate costs
Patients really do not want to go to skilled nursing facilities	Patients prefer to be at home
Focuses on physical presentation of the facility	Focuses on patient outcomes
The cost of the facility exist whether a patient bed is occupied or not	Home health agency does not have such facility costs
May have difficulty developing partnerships within the community as skilled nursing facilities are largely independent	Developing community partnerships is a key to success. Without them, an agency is unsuccessful
	There is a difficult learning curve

Hillcrest believes that operating a Medicare-certified skilled nursing facility in Durham County equips it to operate a Medicare-certified home health agency in Wake County. That is not the case at all.

**B. No Experience Operating a Medicare-certified Home Health Agency**

Hillcrest's representations confirm its lack of experience and knowledge critical to operating a Medicare-certified home health agency. The following are examples of such representations:

- On pages 13 and 60, Hillcrest states that a Medicare-certified home health agency must provide two of the six home health disciplines to meet Medicare Conditions of Participation.
  - Hillcrest could not obtain Medicare-certification if it only provided home health aide and social work as it contends on page 60.
  - Medicare patients may qualify for home health services if they require nursing, physical therapy or speech therapy services.
- On pages 42 – 43, Hillcrest does not include the use of negative pressure wound care as one of the nursing services that it will offer.

- On page 64, Hillcrest lists non-physicians as providers who will refer patients, to include a physician assistant, a licensed clinical social worker, and a provider with a BSW degree.
  - Those referral sources should not be included in Hillcrest's volume projections.
- On page 78, Hillcrest states that it cannot receive payment from Medicare during Project Year 1. It further states that Medicaid patients cannot be admitted until the agency is accredited.
  - Both statements are false.
  - Medicare-certification must be complete before an agency can show patient revenue from Medicare.
  - Medicaid can be billed as soon as an agency is certified.
- On page 85, Hillcrest states that Medicaid pays by the episode of care.
  - Medicaid does not pay by the episode of care.
  - Medicare pays by episode of care.
- On page 102, Hillcrest believes that it cannot receive Medicare payment until its agency is accredited.
  - Medicare payments are available once an agency is certified.
- On page 103, Hillcrest does not list any physicians from whom it expects referrals.
- On page 107, Hillcrest projects only 0.5 RN FTEs in Project Year 1.
- On page 108, projected annual salaries for PT, OT, and ST are very low.
- On page 110, Hillcrest projects that its RNs will make 20 visits per week.
  - That should dramatically increase the cost per visit for Hillcrest.
  - 20 RN visits per week is a very low productivity level.
- On page 126, Hillcrest refers to a "LUPA episode rate."
  - There is no such thing as a "LUPA episode rate."
  - LUPAs are paid on a per visit rate.

Equally important, none of the resumes submitted (pages 164-172) suggest any experience operating a Medicare-certified home health agency. That demonstrates evidence of a lack of availability of resources for the provision of the services proposed to be provided.

#### **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), Hillcrest 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 Hillcrest CON Application does not conform to Policy GEN-3 and CON Review Criterion (1).

**G.S. 131E-183 (3) and (13c)**

*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. Hillcrest Proposed to Serve the Fewest Unduplicated Patients in Project Year 1 of the Competing Applications**

As shown in the following table, Hillcrest proposes to serve the fewest unduplicated patients in Project Year 1 of the competing CON applications.

**Wake County Home Health Agency CON Applications  
Unduplicated Patients in Project Year 1**

CON Application	Applicant	Unduplicated Patients in Project Year 1
J-8817-12	AssistedCare	464
J-8821-12	Oakland*	354
J-8814-12	HKZ	348
J-8819-12	Maxim**	189
<b>J-8813-12</b>	<b>Hillcrest Home Health of the Triangle, LLC</b>	<b>121</b>

\* 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.

Wake County’s revised projected patient deficit shows a need for home health service for 464 additional patients in Wake County in 2013. Hillcrest’s proposed home health agency anticipates serving only 26% of the need, failing to meet the identified need in Wake County. Hillcrest is the least effective alternative of all five applicants.

**B. Hillcrest does not Propose to Serve Any Medicaid Patients in Project Year 1**

As shown in the following table, Hillcrest does not propose to serve any Medicaid patients in Project Year 1.

**Wake County Home Health Agency CON Applications  
Medicaid Patients and Visits in Project Year 1**

CON Application	Applicant	Medicaid Patients in Project Year 1
J-8819-12	Maxim*	61
J-8821-12	Oakland**	52
J-8814-12	HKZ	51
J-8817-12	AssistedCare	32
<b>J-8813-12</b>	<b>Hillcrest Home Health of the Triangle , LLC</b>	<b>0</b>

\*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. Maxim’s Medicaid patients will have to be adjusted downward to reflect change in total patients.

\*\* 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. Oakland’s Medicaid patients will have to be adjusted downward to reflect change in total patients.

Hillcrest demonstrates that low income persons will not have access in Project Year 1 to the services proposed.

**C. Hillcrest Proposes to Admit Only 14 Medicare Patients in Project Year 1**

As shown in the following table, Hillcrest proposes to admit 14 Medicare patients in Project Year 1.

**Wake County Home Health Agency CON Applications  
Medicare Patients and Visits in Project Year 1**

<b>CON Application</b>	<b>Applicant</b>	<b>Medicare Patients in Project Year 1</b>
J-8819-12	Maxim*	342
J-8817-12	AssistedCare	339
J-8821-12	Oakland**	275
J-8814-12	HKZ	243
<b>J-8813-12</b>	<b>Hillcrest Home Health of the Triangle , LLC</b>	<b>14</b>

\*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. Medicare patients will have to be adjusted downward to reflect change in total patients.

\*\*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. Medicare patients will have to be adjusted downward to reflect change in total patients.

Hillcrest demonstrates that the elderly will have extremely limited access in Project Year 1 to the services proposed.

**D. Hillcrest Fails to Document Referrals Necessary to Reach its Projected Number of Patients**

Hillcrest 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 in the context of CON Review Criterion (8), Hillcrest 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). Hillcrest does not provide the required documentation for Wake County hospitals.

For the reasons set forth above, the Hillcrest CON Application does not conform to CON Review Criterion (3).

**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.*

As discussed in detail in the context of CON Review Criterion (3), Hillcrest fails to demonstrate the need for the services proposed. As a result, Hillcrest has not demonstrated that the least costly or most effective alternative has been proposed.

In addition, Hillcrest's proposed use of MedMinder and the Maya Medication Management System is inferior -- not the most effective alternative -- to HKZ's HealthSync Pharmacy Program.

## **MedMinder and the Maya Medication Management**

On page 27, Hillcrest proposes to offer medication adherence through MedMinder and the Maya Medication Management System with patient consent. Hillcrest, however, provides no details about MedMinder or the Maya Medication Management System.

According to the Medminder website<sup>1</sup>, Medminder is a wireless pill dispenser. Pills are placed into dispenser compartments, user and caregiver preferences are set online, Medminder reminds each user when it is time to take his/her medication, and Medminder will notify caregivers when medication is not taken.<sup>2</sup> The charge to patients for a Maya Pillbox Unit with monthly subscription is \$39.00<sup>3</sup>. A set of refill trays for the Maya Pillbox Unit costs a patient \$9.95<sup>4</sup>. MedMinder is a monthly service. A patient signs up for the monthly service, uses it as long as he/she wants, and when a patient returns the Maya Pillbox Unit, he/she will no longer be charged a monthly subscription fee.<sup>5</sup>

Lacking from the MedMinder and the Maya Medication Management System are the following important elements:

- Synchronization of each patient's medication to be delivered (free of charge) on one day each month, eliminating multiple trips to the pharmacy.
- Patients will have their prescriptions reviewed monthly by a licensed pharmacist for duplicate therapy and/or contraindications.
- In instances where a patient has experienced an adverse reaction or other issue, there will be direct follow up with that patient's physician.
- Patients will receive a monthly updated pocket card that lists his/her medications.
- A Medication Report will be sent to the patient's physician every three months or sooner as requested.
- Every time a patient calls about his/her prescriptions, he/she will talk with the same pharmacist and technician.

## **HealthSync Pharmacy Program**

All of the above listed elements – and more – are available from the HealthSync Pharmacy Program – a well-established, successful program used by three HealthKeeperz, Inc. North Carolina agencies, which will be implemented by HKZ in its Wake County agency.

---

<sup>1</sup> <http://www.medminder.com/>

<sup>2</sup> <http://www.medminder.com/how-it-works/>

<sup>3</sup> <https://www.medminder.com/Buy>

<sup>4</sup> <https://www.medminder.com/Buy>

<sup>5</sup> <https://www.medminder.com/Buy>

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.

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.

Lastly, there is no charge to patients for participation in the HealthSync Pharmacy Program.

For those reasons, Hillcrest has not carried its burden to demonstrate it has proposed the least costly or most effective alternative as required by CON Review Criterion (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**

The following table shows the areas of concern in Hillcrest’s financial projections.

Financial Projection/Cost	Page Reference	Comment
Cost for access to the Hillcrest Staff pharmacists	Page 45	<ul style="list-style-type: none"> <li>• MedMinder and Maya Medication Management are part of the Management Service expense for Project Year 1 (\$30,000)</li> <li>• There is no expense for MedMinder and Maya Medication Management in Project Year 2</li> <li>• <b>There is no line item expense in Form B for Pharmacists</b></li> </ul>
Hillcrest OTs will be designing, fabricating and fitting orthotic and self-help devices.	Page 47	<ul style="list-style-type: none"> <li>• The OT average visits per day do not represent this non-visit time</li> <li>• <b>There is no separate line item in Form B for expenses associated with this designing, fabricating, and fitting of orthotic and self-help devices</b></li> </ul>
On-call service will be provided by the RN at Hillcrest Convalescent Center (SNF) in Durham.	Page 114	<ul style="list-style-type: none"> <li>• This expense is not included in Management Services</li> <li>• <b>There is no separate line item in Form B for this expense</b></li> </ul>
Hillcrest suggests that Hillcrest	Page 124	<ul style="list-style-type: none"> <li>• <b>Expense is not part of capital cost or depreciation</b></li> </ul>



Convalescent Center (SNF) in Durham may make a Toyota Prius available for use in the home health agency		(page 421) <ul style="list-style-type: none"> <li>• This expense is not included in Management Services</li> </ul>
Management Services Agreement		<ul style="list-style-type: none"> <li>• Not included in Exhibits</li> </ul>
Management Services Fee		<ul style="list-style-type: none"> <li>• Management Services expense of \$30,000 in Project Year 1 is very low</li> <li>• There is no line item for Management Services expense in Project Year 2 included in Form B</li> </ul>
Expenses not broken out and/or not included in Financial Projections		<ul style="list-style-type: none"> <li>• There are no line items for office supplies, minor equipment, maintenance, property taxes, charitable contributions included in Form B</li> </ul>

The items set forth in the previous table demonstrate that Hillcrest's financial projections are incomplete and not based upon reasonable projections of the costs for providing Medicare-certified home health services.

### **B. Analysis of Balance Sheet**

The following table shows the areas of concern raised in Notes to Financial Statements of Hillcrest Convalescent Center, Inc. by Robinson & Fairey, CPA's, P.C., independent auditors. Hillcrest Convalescent Center, Inc. is the sole member of Hillcrest. A copy of the January 16, 2012 Independent Auditor's Report is included in Exhibit U.

Balance Sheet Item	Page Reference	Comment
Cash = \$1,989,243	Pages 427-428	<ul style="list-style-type: none"> <li>• Limited cash on hand</li> </ul>
Uninsured Deposits = \$1,291,226	Page 436, Note 2	<ul style="list-style-type: none"> <li>• Risk for guarantee</li> </ul>
Long Term Debt = \$15,320,839	Pages 437-438	<ul style="list-style-type: none"> <li>• Long term debt is high</li> <li>• 82% of Total Assets</li> </ul>
Stockholders' Equity = \$2,119,638	Page 428	<ul style="list-style-type: none"> <li>• Stockholders' Equity is low</li> <li>• 11.3% of Total Assets</li> </ul>

The items set forth in the previous table do not demonstrate the availability of funds for capital and operating needs, as well as the immediate and long term financial feasibility of the proposal.

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

Hillcrest 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 Hillcrest 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.*

As discussed in detail in the context of CON Review Criterion (3), Hillcrest fails to demonstrate the need for the services proposed. As such, Hillcrest has not carried its burden to demonstrate that the proposed project will not result in unnecessary duplication of existing and approved nursing facilities and capabilities as required by CON Review Criterion (6).

**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. Hillcrest’s PT Salary is Very Low**

Hillcrest projects annual salary for PT staff is the 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
J-8817-12	AssistedCare	\$83,945
<b>J-8813-12</b>	<b>Hillcrest Home Health of the Triangle , LLC</b>	<b>\$76,345</b>

As shown in the previous table, Hillcrest’s projected PT salary is substantially lower than the others. Salary is a significant contributing factor in recruitment and retention of PT staff. PT drives the profitability of a Medicare-certified home health agency.

**B. Hillcrest’s OT and ST Salaries are Very Low**

Hillcrest projects annual salaries for OT and ST that are the second lowest of the three competing applications that propose to employ OT and ST, as shown in the following table.

**Wake County Home Health Agency CON Applications  
OT and ST Salaries – Project Year 2**

CON Application	Applicant	OT Salary	ST Salary
J-8817-12	AssistedCare	\$79,001	\$77,765
<b>J-8813-12</b>	<b>Hillcrest Home Health of the Triangle , LLC</b>	<b>\$70,633</b>	<b>\$70,973</b>
J-8819-12	Maxim	\$67,650	\$65,600

Salaries are a significant contributing factor in recruitment and retention of OT and ST staff. With the OT and ST salaries proposed by Hillcrest it will be difficult to recruit necessary

personnel. Therefore, Hillcrest will not be able to achieve volumes projected in Project Year 2, which will negatively impact its Proformas.

### **C. Hillcrest Staff Recruitment Plan**

On page 111, Hillcrest states that it will recruit staff from individuals who have filed unemployment claims with the North Carolina Division of Employment Security. While a laudable goal to the large number of unemployed persons in North Carolina, Hillcrest is short on details. Hillcrest has left unanswered, for example, how many unemployed persons are qualified health manpower and management personnel for a Medicare-certified home health agency in Wake County.

For those reasons, Hillcrest fails to demonstrate non-conformity 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. Hillcrest does not Demonstrate Arrangements for the Provision of Necessary Ancillary and Support Services**

Hillcrest does not include letters of intent and/or agreements for home medical equipment (HME), laboratory services, infusion services, dietary services, and specialty wound care services.

#### **B. Hillcrest does not Demonstrate that the Proposed Service will be Coordinated with the Existing Health Care System**

**Hillcrest 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). Hillcrest does not provide the required documentation for Wake County hospitals.

There is no demonstrated coordination by Hillcrest with the existing health care system in Wake County. For that reason, Hillcrest fails to demonstrate conformity to CON Review Criterion (8).

**G.S. 131E-183 (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 handicapped persons, 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:*

- 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*

As discussed in detail in the context of CON Review Criterion (3), Hillcrest fails to document that it will provide adequate access to the elderly and medically underserved populations, which demonstrates non-conformity to CON Review Criterion (13c).

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

**10A NCAC 14C .2002(a)(3), (4), (5), and (8)**

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 Hillcrest CON Application has not demonstrated conformity with the 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
J-8814-12	HKZ	8,028	\$1,315,622	\$164
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
<b>J-8814-12</b>	<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**

<b>CON Application</b>	<b>Applicant</b>	<b>Annual Salary</b>
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.