COMMENTS SUBMITTED BY PRUITTHEALTH HOME HEALTH, INC.
JUNE 1, 2021
2021 MECKLENBURG COUNTY HOME HEALTH REVIEW

In Opposition to:
- **Project ID # F-12053-21 BAYADA Home Health Care, Inc.**
- **Project ID # F-12061-21 Personal Home Care of North Carolina, LLC**
- **Project ID # F-12071-21 Well Care TPM, Inc.**
- **Project ID # F-12058-21 Aldersgate Home Health, Inc.**

Pursuant to North Carolina Gen. Stat. § 131E-185, PruittHealth Home Health, Inc. ("PruittHealth Home Health") submits these comments in opposition to the applications filed to develop a Medicare-certified home health agency in Mecklenburg County, in response to the need determination in the *2021 SMFP*, Table 12E, page 254, by the following:

- BAYADA Home Health Care, Inc. ("BAYADA")
- Personal Home Care of North Carolina, LLC ("PHC")
- Well Care TPM, Inc. ("Well Care")
- Aldersgate Home Health, Inc. ("Aldersgate")

As discussed below, the applicants' projects are non-conforming with multiple applicable certificate of need ("CON") criteria and should therefore be denied. PruittHealth Home Health's application conforms to all applicable review criteria and is therefore approvable. A comparative analysis also shows that the PruittHealth Home Health project is the superior alternative to meet the need identified in the 2021 SMFP. Based on the information provided in the PruittHealth Home Health application, and as demonstrated in these comments, the CON Section ("CON Section" or the "Agency") should approve the PruittHealth Home Health application.

UNNECESSARY DUPLICATION OF EXISTING AND COSTLY HEALTH CARE RESOURCES IS CONTRARY TO THE PURPOSE OF THE CON LAW.

As the first sentence of the Background statement of the CON Section website declares: "[t]he fundamental premise of the CON law is that increasing health care costs may be controlled by governmental restrictions on the unnecessary duplication of medical facilities." *See* Certificate of Need website, available at https://info.ncdhhs.gov/dhsr/coneed/index.html (last visited May 31, 2021).

When it enacted the CON Law, the North Carolina General Assembly made several Findings of Fact to explain the purposes of the CON Law. *See* N.C. Gen. Stat. §§ 131E-175 (1)-(12). As these Findings demonstrate, cost control and avoidance of unnecessary duplication of health care resources are two of the cardinal principles of CON.

- That the increasing cost of health care services offered through health service facilities threatens the health and welfare of the citizens of this State in that citizens need assurance of economical and readily available health care.
- That the proliferation of unnecessary health service facilities results in costly duplication and underuse of facilities, with the availability of excess capacity leading to unnecessary use of expensive resources and overutilization of health care services.
- That excess capacity of health service facilities places an enormous economic burden on the public who pay for the construction and operation of these facilities as patients, health insurance subscribers, health plan contributors, and taxpayers.

N.C. Gen. Stat. §§ 131E-175 (2), (4) and (6). At the same time, the CON Law explicitly recognizes the need for competition in health care because competition increases choice, leads to lower costs and improves quality. *See, e.g.*, N.C. Gen. Stat. § 131E-183(a)(18a) ("Criterion (18a)").

Three of the applicants in this review, Well Care, BAYADA and PHC, have proposed projects that run afoul of these basic principles. Each of these applicants already has a CON that allows it to serve the entirety of Mecklenburg County. *See* 2021 SMFP, pp. 223-224. Well Care was most recently awarded a CON to develop a new home health agency in Mecklenburg County in 2018, which it developed in 2019. As a new provider, Well Care's agency is underutilized with plenty of room to take on additional patients without spending the resources needed to develop an additional CON. *See* 2021 SMFP, Table 12A p. 224 (Well Care served zero patients in FFY 2019); Draft Table 12A for Proposed 2022 SMFP (Well Care served 72 patients in FFY 2020), available at https://info.ncdhhs.gov/dhsr/mfp/pdf/2021/committeemeet.html#ltbh (lasted visited May 31, 2021).

Awarding an additional CON to any of these three existing providers would be duplicative and entirely inconsistent with the fundamental purpose of the CON Law to control costs, avoid unnecessary duplication and enhance competition. The obvious risk if the Agency approves any of these three applicants is that the Agency has opened the door to that applicant not developing the second CON. The applicant may attempt to sell the second CON for a significant profit through a good case transfer pursuant to N.C. Gen. Stat. § 131E-189(c)[1], or simply hold on to the CON for as long it can in order to prevent additional competition in Mecklenburg County. Either way, patients pay the price by not getting access to needed home health care services from a high quality provider such as PruittHealth Home Health, who can offer differentiation of services, beneficial choice, and competition.

A home health CON is awarded based upon service areas that are defined as the county in which the agency is located. Thus, the need determination at issue in this review is for the entirety of Mecklenburg County (the defined service area). The existing providers of home health services through previously-awarded CONs are already authorized to provide services to all of Mecklenburg County, and in fact, they ***already*** provide services to all of Mecklenburg County. Their existing CONs have no capacity constraints and are not limited to specific areas of

[1] The fair market value of North Carolina home health CONs is estimated to be in the millions of dollars.

Mecklenburg County. For example, Well Care's stated objective of serving western and southern Mecklenburg County can already be met through its existing CON.

Home health care is rather unique in that the service travels to the patient rather than the patient travelling to the service. Unlike other "brick and mortar"-type health care services such as hospitals, ASCs and diagnostic centers, the only real capacity constraint in home health is human resources, *i.e.*, hiring more people. Hiring people does not require a CON. A home health provider can simply hire more people to meet increased patient volume or different geographies.[2] Travelling and the associated traffic issues are rarely a concern in regard to placement of the central office as most clinicians only the visit the office for team meetings, an occurrence that typically only happens 2-3 times per month. Therefore, home health providers regularly hire clinicians throughout a service area to ensure coverage to all patients. And, in the highly unusual case in which office location is a real barrier, a simple solution that does not require another CON is to ***move the office*** to a different location in the service area.

Other industry-standard means of limiting travel can also be employed. Supplies can be shipped to aides directly (or they can arrange to come to the office during non-peak traffic conditions). Way stations can also be dispersed throughout an area so that aides can retrieve supplies and complete paperwork. In some situations, certain supplies can be shipped directly to the patient. Thus, without obtaining a second CON, an existing provider can reach all patients and all areas. There is no reason why a CON provider who already has a CON to serve Mecklenburg County needs another CON to serve Mecklenburg County or adjacent areas.

Opening a new agency requires substantial indirect expenses, including administrative, business, lease, staff and other startup costs and expenses as well as the Licensure and Medicare Certification processes, where providers do not generate any revenue, and only incur the aforementioned expenses, for up to nine months. These additional costs to existing home health providers would ultimately be passed on to patients, thereby increasing the financial burden on patients due to the proliferation of these additional and unnecessary resources, rather than decreasing costs to patients. Thus, allowing the same or affiliated applicants to hold multiple home health CONs for the same county defeats the purpose of the CON Law.

Moreover, the CON process is substantially more time consuming than the hiring of additional personnel. The CON review process lasts months, and if litigation ensues, the entire process can last years. Additionally, the intense and time-consuming Medicare certification process for a new agency itself typically takes up to nine months following all approvals. Such time-consuming efforts are not required for hiring more people.

Tellingly, the existing provider applicants in this review do not address the specific option of hiring more people as an alternative means by which they could expand their services. This raises the

[2] While there is nothing wrong with a Mecklenburg County-based home health provider serving patients outside of Mecklenburg County, the need determination in this review is for Mecklenburg County. The fact that an existing provider claims it needs a second CON to serve adjacent areas is not a relevant consideration in this review.

obvious question of why each applied in 2021 and whether these providers actually intend to invest such resources into a new CON. This is a particularly salient question for Well Care which just opened its first office in Mecklenburg County in 2019. It makes no financial or practical sense for an existing home health provider to seek an additional CON in the same county rather than hire more people. As such, there is a real danger that a true need in Mecklenburg County will go unmet or be considerably delayed while a recipient leverages this hard-to-obtain asset on the open market.

This issue of unnecessary duplication of existing resources leading to increased cost and limiting competition permeates the entirety of the existing providers' applications, including their inability to be found conforming with Review Criteria (3), (4), (5), (6) and (18a), as detailed below. Awarding a valuable, scarce resource such as a home health CON to an existing provider capable of expanding its footprint at any time by adding additional people would further allow these providers to control the home health market and ultimately suppress access and choice for patients while increasing their own costs. These providers are attempting to use the CON process to prevent expansion of other competitors in the Mecklenburg County home health market, which in turn leads to stifled competition, patient choice and access. This is exactly the opposite of the purpose of the CON Law, including Criterion (18a) which addresses competition. Choice and competition are essential to protect North Carolina patients who are supposed to benefit from CON. The purpose of the CON Law is *not* to protect the interests of individual providers. Allowing such behavior leads to abuse of the CON process and its purpose.

The importance of expanding patient choice and enhancing competition among quality providers cannot be understated in this current environment. PruittHealth Home Health offers the opportunity to expand the pool of home health providers in a way that will promote quality care and efficient, cost-effective services. As the Agency reviews the applications submitted in this review, it should keep competition squarely in mind and not award additional CONs to providers who will do nothing to enhance competition. Thus, three of the five applicants should not be approved because they do not enhance competition and only duplicate their own resources.

The fourth applicant, Aldersgate, proposes to serve mostly its own CCRC patients and therefore will not serve the greater population in Mecklenburg County. *See* Aldersgate App. at p. 67. Only PruittHealth Home Health conforms to all the CON criteria, is comparatively superior to the other applicants, and fosters beneficial competition. The PruittHealth Home Health application should therefore be approved.

Each applicant also suffers from multiple non-conformities under the review criteria, which are discussed in the next section of these comments. The third section of these comments will address the comparative analysis and demonstrate why PruittHealth Home Health is the superior applicant in the 2021 Mecklenburg County home health review.

NON-CONFORMITIES OF THE APPLICANTS WITH THE APPLICABLE REVIEW CRITERIA

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

(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

Because the competing applications submitted by BAYADA, PHC, Well Care and Aldersgate are not approvable under Criteria (3), (4), (5), (6) and (18a) as described herein below, they are also non-conforming with Criterion (1).

(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.

An applicant may not rely solely upon the fact that a need determination exists in the SMFP in order to gain approval for its proposed project. Rather, an applicant must expressly demonstrate that the population it proposes to serve specifically needs the service at issue and that the applicant can meet that need. The existing CON holders, BAYADA, PHC and Well Care, are already approved to provide home care services to patients in any part of Mecklenburg County. These providers are already providing services to patients throughout Mecklenburg County and beyond. These applicants are not proposing to do anything that their current CONs do not allow them to do. They cannot, therefore, demonstrate a need for a second CON in their proposed project.

All applicants in this review fail to adequately identify the population to be served by their proposed projects or the need that this population has for the services proposed. The applicants' projected utilization is based on unreasonable methodologies and assumptions. The following discussion highlights the problems with the methodologies that result in unreasonable volume projections.

- **BAYADA Home Health Care, Inc. ("BAYADA" or "the applicant")**

In Step 3. of the utilization methodology, BAYADA provides the following table:

	SMFP Projected	Assumption	2022
New BAYADA Agency	Deficits	% of Deficit served by new BAYADA Office	YR 1
Mecklenburg	524	90%	472
Union	245	60%	147
Cabarrus	83	10%	8
Total Unduplicated Patients			627

In the Step 3. discussion, the applicant states:

In 2022, the first year of operation, the new BAYADA office will be focused on serving the numbers of unduplicated patients based on the projected deficits identified in the SMFP. The assumptions of 90% for Mecklenburg, 60% for Cabarrus and 10% for Union patients are based on the location of the proposed office and BAYADA having extensive existing referral relationships through its existing home health and home care offices

Notably, BAYADA already has a home health agency in Cabarrus County, and its existing Mecklenburg County agency also serves Cabarrus and Union. Its Rowan County agency also serves residents of Cabarrus County. BAYADA is therefore already able to serve the population it proposes to serve *without* obtaining a second Mecklenburg CON. *See* Chapter 12, Home Health Data by County of Patient Origin – 2020 Data, available at https://info.ncdhhs.gov/dhsr/mfp/pdf/2021/committeemeet.html#ltbh (last visited May 31, 2021). BAYADA does not need a second CON to serve the population it proposes to serve in the 2021 application. It can, and is actually serving these patients, right now.

The applicant mentions that the "% of Deficit served by new BAYADA Office" is "based on the location of the proposed office and BAYADA having extensive existing referral relationships" but provides no basis to support any of the lofty percentages projected. BAYADA does not explain how location and referral network result in "% of Deficit served" nor how it calculated the percentages it did. Nowhere in its discussion does the applicant provide any support that these percentages are reasonable or based upon any supported assumptions.

Because the applicant relies on this unsupported and unreasonable "% of Deficit served" in projecting the Year 1 home health patients by county in Step 3 in Section Q, the applicant's projected utilization is not reasonable and is not adequately supported.

In Step 8. the applicant calculates the expected shift of patients from its existing Mecklenburg Office to the new office and provides the following table:

	2022	25% Shift	2023	35% Shift	2024	45% Shift
Mecklenburg	1,799	450	1,841	644	1,884	848
Union	394	99	406	142	418	188
Cabarrus	357	89	365	128	374	168
Totals	2,550	638	2,612	914	2,676	1,204

In the Step 8. discussion, the applicant states:

Calculate the expected shift of patients to the new BAYADA office for Year 2 (2023) and Year 3 (2024).
For Year 2022 assume that 25% of the patients that could be served by BAYADA HC0355 will shift to the new office in Matthews.
For 2022 (Year 2) assume 35% expected shift of patients from the existing BAYADA office to the proposed new office.
For 2023 (Year 3) assume 45% expected shift of patients from the existing BAYADA office to the new office.
These percentages of the patients that are expected to shift are more conservative that the historical percentage of patients for the target zip codes calciated in Step 7.

The applicant states that "[t]hese percentages of the patients that are expected to shift are more conservative that the historical percentage of patients for the target zip codes calculated in Step 7" but provides no basis to support any of the projected percentages. In fact, zip codes 28163 and 28097, which the applicant identifies as being in Cabarrus County, are for Stanfield, NC (28163) and Locust, NC (28097), *both of which are located in Stanly County*. The applicant does not identify Stanly County as being in its service area in Section C.3. Nowhere in its discussion does the applicant provide any support that these percentages are reasonable or supported with adequate, credible assumptions.[3]

Since the applicant relies on "shifting" home health patients from Stanly County, a county not identified in its service area, the applicant's projected utilization is not reasonable and is not adequately supported.

BAYADA's application should be found non-conforming with Criterion (3). An applicant cannot rely merely on the fact that a need determination exists in the SMFP—an applicant must demonstrate the need that its proposed population has for the applicant's services. BAYADA already provides services to Mecklenburg County and beyond with its existing CON, as well as other existing CONs, and therefore demonstrates no need for a second CON to do the same thing.

- **Personal Home Care of North Carolina, LLC ("PHC" or "the applicant")**

In Step 8: Projected PHC Market Share of Unmet Need from 2022 to 2025 of its utilization methodology, PHC provides the following table:

[3] According to Chapter 12, Bayada's Rowan agency is already serving residents of Stanly County. *See* https://info.ncdhhs.gov/dhsr/mfp/pdf/2021/committeemeet.html#ltbh (last visited May 31, 2021).

Table 8 - Projected PHC Market Share of Unmet Need, 2022-2025

Notes		2022	2023	2024	2025
a	Mecklenburg	15.0%	20.0%	25.0%	30.0%
b	Cabarrus	4.0%	6.0%	8.0%	10.0%
c	Iredell	2.0%	3.0%	4.0%	5.0%

Notes:
a) Estimated Mecklenburg County Market Share
b) Estimated Cabarrus County Market Share
c) Estimated Iredell County Market Share

In the Step 8 discussion, the applicant states,

> The applicant does not expect all patients from Table 7 to be served by PHC and is aware that other home health agency offices will serve some of the projected unduplicated patients. To estimate a conservative number of patients that will be served by PHC, the methodology involves a market share of 15 percent applied in the interim project year, 20 percent in the first full project year, 25 percent in the second full project year, and 30 percent in the third full project year for Mecklenburg County. For Cabarrus County, the applicant projects a market share of 4 percent applied in the interim project year, 6 percent in the first full project year, 8 percent in the second full project year, and 10 percent in the third full project year. For Iredell County, the applicant projects a market share of 2 percent applied in the interim project year, 3 percent in the first full project year, 4 percent in the second full project year, and 5 percent in the third full project year. The market shares are reasonable. Table 5 shows projected market share for both counties.

Similar to Bayada, PHC already serves the population it proposes to serve in its 2021 CON Application. In addition to Mecklenburg County residents, PHC'S Mecklenburg agency serves patients in Cabarrus County and Iredell County. *See* Chapter 12, Home Health Data by County of Patient Origin – 2020 Data, available at https://info.ncdhhs.gov/dhsr/mfp/pdf/2021/committeemeet.html#ltbh (last visited May 31, 2021). PHC is not proposing to offer any services it cannot already offer through its existing CON.

The applicant mentions that the market shares are "conservative" and "reasonable" but provides no basis to support any of the projected market shares. The applicant could have used any number of different market share percentages and made the same statements that the market shares were "conservative" and "reasonable." Nowhere in its discussion does the applicant provide any support to validate that these percentages are "conservative" and "reasonable."

In the Assumptions to Step 8, the applicant states:

Assumptions:

1) Utilization is low initially, as the project begins in April 2022 and involves only three calendar quarters.
2) Market share takes into account the aging of the service area and use is higher in Mecklenburg than the state amongst the older age groups. See Exhibit C.4.
3) Unmet need is conservative, for it assumes more than 70 percent of the unmet need will be served by existing agencies within Mecklenburg County or elsewhere by 2025.

None of these assumptions provides a basis to support the projected marketed shares: 1) refers to utilization being initially low but does not explain how that supports the 2022 market shares; 2) states that the market shares "take[s] into account" data provided in Exhibit C.4. Exhibit C.4. includes a Mecklenburg County Profile, Health Trends for Mecklenburg County, Mecklenburg County Geoportal Community Metrics, and Mecklenburg County traffic count and drive-time maps. The applicant fails to discuss how any of this data is accounted for in the projected market shares and does not provide any data for Cabarrus or Iredell counties. Drive time and traffic are not relevant to home health because the service comes to the patient; and 3) states that the Year 3 market share is conservative because 100% - 30% = 70%. This statement provides no basis to support that the Year 3 market shares are "conservative" and "reasonable."

Since the applicant relies on these unsupported and unreasonable projected market shares in projecting the Project Unduplicated Patients to be Served by PHC in Step 9 in Section Q, the applicant's projected utilization is not reasonable and is not adequately supported.

PHC cites traffic congestion as a justification for adding a second agency in Northern Charlotte so that staff can have easier access to this region. *See* PHC App. at p. 52. However, PHC later states in its application that it has been serving significant portions of Mecklenburg County with its existing CON and has done so efficiently by utilizing a system of "zone" staffing. *See* PHC App. at pp. 107-08. PHC has no actual problem reaching northern Mecklenburg County with its existing CON. Because PHC has already demonstrated its ability to reach patients throughout Mecklenburg County and beyond with its existing CON, and perhaps more importantly has not demonstrated an *inability* to effectively serve those same patients, there is no reason to award a second CON to PHC so that PHC can continue reaching the same patients. There is no reason that PHC could not hire more people in different parts of the service area or set up more efficient distribution of supplies if this would make its provision of services more efficient. The existing CON owned by PHC is for the entirety of Mecklenburg County and therefore does not limit PHC's geographic service area. Continuing to serve all areas of Mecklenburg County – including Northern Mecklenburg County - is not a problem for PHC. The application submitted by PHC is a solution in search of a problem and there is simply no problem here that awarding an additional CON to PHC can solve.

PHC's application should be found non-conforming with Criterion (3). An applicant cannot rely merely on the fact that a need determination exists in the SMFP—an applicant must demonstrate the need that its proposed population has for the applicant's services. PHC already provides services to Mecklenburg County and beyond with its existing CON and therefore demonstrates no need for a second CON to do the same thing.

- **Well Care TPM, Inc. ("Well Care" or the "applicant")**

At the outset, the Agency should recognize that just because Well Care chose Well Care TPM, Inc. to be the applicant in the 2021 review, instead of Well Care Home Health of the Piedmont, Inc., this does not mean that these are unrelated entities. Both companies are owned and controlled by the same parent and have the same CEO. All the Well Care agencies use the same policies and procedures and have the same infrastructure. The Agency should see this ploy for what it is – an unsuccessful attempt to avoid the fact that Well Care is seeking a second Mecklenburg CON to do what it is already allowed to do as part of the CON it received in 2018. In fact, it would be error for the Agency not to consider the existing Well Care agency in Mecklenburg County. Not only does Well Care tout its experience in Mecklenburg County and other areas of the state, the Agency *must* consider all of Well Care's experience in relation to Criterion (20). The Agency simply cannot put on blinders as Well Care asks it to do.

The Agency should also note that the applicant in the 2021 review, Well Care TPM, does not propose to offer any services that Well Care Home Health of the Piedmont does not offer. The proposed "new" agency is a mirror image of the existing agency.

Well Care was just awarded a CON to develop a new home health agency in Mecklenburg County in 2018 resulting from the 2017 Mecklenburg County home health review. That CON awarded to Well Care was just operationalized in 2019 and has not yet had the opportunity to demonstrate its full utilization potential. In fact, Well Care notes in its application that the COVID-19 pandemic artificially suppressed utilization of the facility. Thus, Well Care has an admittedly underutilized, new resource that it can leverage to meet what it purports to be its further unmet need for home health services in Mecklenburg County.

Well Care cites its own experience in Wake County as an example of the Agency awarding the same applicant in the same county two CONs for a home health agency. *See* Well Care App. at p. 56. However, this is a misstatement. Well Care ***acquired*** its first home health agency in Wake County (App. at p. 52); it was not awarded its first home health CON in Wake County in a competitive review like the present review. Moreover, even if there were "precedent" where the Agency has in the past awarded two CONs to the same home health agency provider in the same county, the Agency is not required to do so here. In fact, the Agency must review each situation on its own facts and reach an independent conclusion. The notion of "precedent" in a CON review is a false narrative. Agency findings do not have the binding effect of case law or statutes.

As is the case with the other existing provider applicants, two scenarios are likely present regarding Well Care's 2021 application: 1) Well Care is attempting to stockpile state-regulated resources in order to suppress competition and obtain an artificially high market share; or 2) Well Care is hoping to sell CON #2 for a significant profit. Well Care's failure to maximize its brand new, existing resource before attempting to develop another CON in the same service area speaks volumes of its true intentions and its lack of actual need.

Furthermore, in Step 4 of its methodology, the applicant infers that a new licensed Medicare-certified home health agency "enhances access to home health services located in western and southern Mecklenburg County." Well Care estimates that the population of western and southern Mecklenburg County to be 47% of Mecklenburg County and that it projects to serve 752 home health patients from that service area.

As previously noted, Well Care began operating a Medicare-certified home health agency in 2019 and its approved CON application (CON ID# F-11341-17) projected that it would serve 1,012 home health patients from Mecklenburg County (page 58). Based on Well Care's own estimate of 47% of the Mecklenburg County population in western and southern Mecklenburg County results in 476 (1,012 x 47.0% = 476) home health patients projected to be served by Well Care's existing Medicare-certified home health agency from western and southern Mecklenburg County in the applicant's previous CON application should now be served by the proposed Medicare-certified home health agency.

Essentially, Well Care proposes to "shift" 63.3% of its projected home health patients from its existing Medicare-certified home health agency not just the 46 home health patients identified in the table on page 137. Well Care believes "[t]his shift of market share will not have a negative impact on the existing home health agency." This statement is not credible. Shifting market share from a barely open and significantly underutilized agency can only have the effect of negatively impacting the existing agency.

Well Care's application should be found non-conforming with Criterion (3). An applicant cannot rely merely on the fact that a need determination exists in the SMFP—an applicant must demonstrate the need that its proposed population has for the applicant's services. Well Care already provides services to Mecklenburg County and beyond with its existing CON and therefore demonstrates no need for a second CON to do the same thing.

- **Aldersgate Home Health, Inc. ("Aldersgate" or "the applicant")**

Aldersgate is an existing continuing care retirement community ("CCRC") in Charlotte. Aldersgate proposes to primarily serve its own CCRC patients. Its projections focus on what it has identified as an "internal need" for existing patients discharged to home health care. *See* Aldersgate App. at p. 67. Thus, the project proposed will not meet the need for home health services for the Mecklenburg County community as a whole that the need determination is intended to address.

In Subset 1 of the utilization methodology Aldersgate references Table 16:

Table 16
Project Utilization for Aldersgate Home Health

	Historical and Interim			Operation of HHA			
	Actual FFY	Interim FFY	Interim Part Year	Partial Year	1st FFY	2nd FFY	3rd FFY
	2020	2021	1/1/22-3/31/22	4/1/22-12/31/22	1/1/2023 - 12/31/2023	1/1/2024 - 12/31/2024	1/1/2025 - 12/31/2025
Affiliated SNF Discharges to HHA	302	334	84	251	334	334	334
Percent Capture by Aldersgate HHA				50%	75%	80%	80%
Patients Served by Aldersgate HHA				***125***	***251***	***267***	***267***

In the Subset 1 discussion, the applicant states,

> Using 334 as a conservative projection for total SNF discharges with home health orders from Asbury Health & Rehabilitation for each of the project years, the applicant applied a conservative percentage of the total that would be referred internally to Aldersgate Home Health. This percentage is 50% in the partial year, 75% in the first full Year 1, and 80% in Years 2 and 3. The resulting totals of 125, 251, 267, and 267 are the estimated projected home health patients originating from this pool for each of the project years.

The applicant mentions "the applicant applied a conservative percentage of the total that would be referred internally to Aldersgate Home Health" but provides no basis to support any of the projected percent captures. Nowhere in its discussion does the applicant provide any support that these percentages are reasonable or even conservative, as stated.

In Subset 3 of the utilization methodology Aldersgate again refers to Table 16:

Table 16
Project Utilization for Aldersgate Home Health

	Historical and Interim			Operation of HHA			
	Actual FFY	Interim FFY	Interim Part Year	Partial Year	1st FFY	2nd FFY	3rd FFY
	2020	2021	1/1/22-3/31/22	4/1/22-12/31/22	1/1/2023 - 12/31/2023	1/1/2024 - 12/31/2024	1/1/2025 - 12/31/2025
Projected Overall Market Net Need				393	881	1,491	1,790
Percent Capture of Need				10.0%	10.0%	12.5%	15.0%
Patients Served by Aldersgate HHA				***39***	***88***	***186***	***268***

In the Subset 3 discussion, the applicant states,

> The SMFP methodology results in a net need for 524 patients in 2022 increasing to 1,790 patients by 2025, driven primarily by the rapid population growth and aging in Mecklenburg County coupled with the failure of existing providers to keep pace with this growth in demand. Aldersgate projects to capture a reasonable market share of this projected net need as shown in **Table 22**.

The applicant states that "Aldersgate projects to capture a reasonable market share of this projected need as shown in Table 22," but provides no data or basis to support any of the projected Percent Capture of Need. Nowhere in its discussion does the applicant provide any support that these percentages are reasonable, as stated, or the factors or bases utilized by the applicant in deriving this share.

(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.

The following applicants already have the capability to serve the entire Mecklenburg County service area, as well as adjacent and further counties, because they are, or are associated with, existing Medicare-certified home health agencies licensed in Mecklenburg County:

BAYADA Home Health Care
Personal Home Care of North Carolina
Well Care Home Health of the Piedmont

In fact, the 2021 License Renewal Application for Home Care with Home Health for each of these applicants shows that they currently provide care to home health patients up to 60 miles from Charlotte. Thus, these existing providers do not need an additional CON in order to serve the market they already serve.

As described in great detail above, the existing providers of home health services in Mecklenburg County already have the ability to expand capacity by hiring more people and by establishing more efficient distribution of supplies. They do not need a duplicate Mecklenburg CON to do these things. The current proposals will not expand their current service footprint or offerings and are not additive to this market in either population to be served or by adding a new provider to enhance competition and patient choice. The least costly or most effective alternative for these three applicants is to use their existing CONs and hire more people if needed. If location of the office is a genuine problem, they can always move their office. Obtaining a second CON is not the solution to any of the problems these existing providers claim to have.

- **BAYADA Home Health Care**

FY2020 Patient Origin

County	**Patients**
Cabarrus	340
Iredell	1
Mecklenburg	1,718
Union	372
Total	**2,431**

Source: 2021 License Renewal Application for Home Care with Home Health

BAYADA Home Health Care's existing Medicare-certified home health agency (HC0355) in Mecklenburg County served 2,431 home health patients in four counties, thus providing home health services in a service area of 2,091 square miles in size. The applicant can adequately serve patients in Mecklenburg County if it is already able to provide care in a service area this large. The applicant would like the analyst to believe that opening an additional Medicare-certified

home health agency 15.6 miles from its existing home health agency in Mecklenburg County is crucial for its ability to serve patients in Mecklenburg, Cabarrus, and Union counties. However, there is no evidence presented to the Agency to suggest that BAYADA cannot continue to adequately provide services to its patients in Mecklenburg, Cabarrus or Union County without developing a second home health agency office in Mecklenburg. BAYADA already serves these two counties, and more. See Home Health Data by County of Patient Origin – 2020 Data, available at https://info.ncdhhs.gov/dhsr/mfp/pdf/2021/committeemeet.html#ltbh (last visited May 31, 2021). BAYADA can solve its so-called problem by using its existing CON and hiring more people. Maintaining the status quo is BAYADA's most effective alternative in this review.

- **Personal Home Care of North Carolina**

FY2020 Patient Origin

County	**Patients**
Cabarrus	97
Cleveland	16
Gaston	96
Iredell	28
Lincoln	25
Mecklenburg	612
Rowan	17
Union	51
Total	**942**

Source: 2021 License Renewal Application for Home Care with Home Health

Personal Home Care of North Carolina's existing Medicare-certified home health agency (HC3966) in Mecklenburg County served 942 home health patients in eight counties, thus providing home health services in a service area of 3,721 square miles in size. The applicant can adequately serve patients in Mecklenburg County if it is able to provide care in a service area this large. The applicant would like the analyst to believe that opening an additional Medicare-certified home health agency 14.0 miles from its existing home health agency in Mecklenburg County is crucial for its ability to serve patients in Mecklenburg, Cabarrus, and Iredell counties. However, Personal Home Care's current utilization demonstrates its ability to continue serving Mecklenburg, Cabarrus and Iredell patients without the need to develop a second agency location. See also Home Health Data by County of Patient Origin – 2020 Data, available at https://info.ncdhhs.gov/dhsr/mfp/pdf/2021/committeemeet.html#ltbh. Maintaining the status quo is the most effective alternative for Personal Home Care in this review.

- **Well Care**

FY2020 Patient Origin

County	**Patients**
Cabarrus	11

Catawba	1
Gaston	3
Iredell	4
Lincoln	3
Mecklenburg	38
Rowan	3
Stanly	3
Union	6
Total	**72**

Source: 2021 License Renewal Application for Home Care with Home Health

Well Care Home Health of the Piedmont's existing Medicare-certified home health agency (HC5130) in Mecklenburg County served 72 home health patients in nine counties, thus providing home health services in a service area 4,050 square miles in size. The applicant can adequately serve patients in Mecklenburg County if it can provide care in a service area this large. The applicant would like the analyst to believe that opening an additional Medicare-certified home health agency 14.8 miles from its existing home health agency in Mecklenburg County is crucial for its ability to serve patients in western Mecklenburg, Lincoln, and Union counties.

The applicant attempts to proactively address the obvious and unnecessary duplication of services by explaining why it chose not to develop a Workstation/Waystation/Satellite Office include:

- No signage
- No listed phone number
- No referrals accepted
- Not fully staffed

None of these reasons is persuasive. Because patients do not travel to the home health office for services, signage is irrelevant and for that reason, most home health agencies have minimal signage. Most home health agencies also have a central referral number, which can easily be advertised via the internet, billboards, buses and other means. "Not fully staffed" is also meaningless because the service travels to the patients. Most home health agencies can manage to supervise staff working up to 60 miles away from the home health office. For example, Well Care's Davie County agency served patients in Mecklenburg County. *See* Home Health Data by County of Patient Origin – 2020 Data, available at https://info.ncdhhs.gov/dhsr/mfp/pdf/2021/committeemeet.html#ltbh. Again, the critical distinction between home health and most other health care services is that home health travels to the patient; a brick and mortar location is essentially irrelevant. Like the other applicants with existing Medicare-certified home health agencies in Mecklenburg County, Well Care is either attempting to limit new home health providers from entering the Mecklenburg County home health market or trying to obtain an asset it can sell later for a significant provider. It does not need another Mecklenburg CON to do what it already does.

The most effective alternative for Well Care is to operate its existing and approved CON that it was previously awarded and that has just recently become operational and still attempting to ramp up its utilization. Well Care fails to address why it needs another home health agency at this time and appears only to draw a distinction between Well Care Home Health of the Piedmont and the proposed application by Well Care TPM by stating the current applicant, Well Care TPM, Inc., is a different legal entity from Well Care Home Health of the Piedmont, Inc. However, both of these entities are controlled by Well Care Health, LLC and its related entities, and therefore this argument lacks credibility. (See Well Care App. at p. 21)

Well Care alleges in its application that the proposed additional agency will not unnecessarily duplicate this existing facility; however, it provides no substantive information as to why that is the case. Well Care merely relies upon the existence of a need determination to support its second application and that it will lead to operational efficiencies. These "reasons" do not support a finding that the proposal by Well Care will not unnecessarily duplicate its existing services.

Therefore, maintaining the status quo is the most effective alternative for Well Care.

- **Aldersgate**

The Aldersgate application fails to address any thoughtful or credible alternatives to its proposed project. Aldersgate states only that one alternative would have been to maintain the status quo; however, Aldersgate rejected that alternative purportedly because of the need determination in the 2021 SMFP. Aldersgate provides no support to demonstrate that its proposed alternative to establish a new home health agency in Mecklenburg County is the most effective alternative.

(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.

As discussed above and in Criterion (3), the applicants fail to demonstrate that their projected home health patient volumes are reasonable, credible, or supported. Thus, the applicants must also be found non-conforming with Criterion (5) because the projects will not be financially feasible. As discussed below, there are additional problems with the applications under Criterion (5).

- **BAYADA Home Health Care, Inc. ("BAYADA or "the applicant")**

Because the BAYADA application is not approvable under Criteria (3) as described herein, it is also non-conforming with Criterion (5).

In addition, based on home health costs per visit at its existing Mecklenburg County Medicare-certified home health agency, BAYADA is not including all costs necessary to provide adequate home health services to county residents and therefore its projected costs are artificially low. Form F.5 in Section Q requests the applicant to list costs per visit by staff discipline and the applicant provided the following costs:

Form F.5 Home Health Charges, Costs and Reimbursement Rates per Visit	1st Full FY F: 01/01/2023 T: 12/31/2023	2nd Full FY F: 01/01/2024 T: 12/31/2024	3rd Full FY F: 01/01/2025 T: 12/31/2025
Costs per Visit by Staff Discipline			
Nursing	$99.85	$93.38	$101.44
Physical Therapy	$82.45	$83.23	$85.32
Speech Therapy	$81.64	$83.69	$85.80
Occupational Therapy	$79.47	$80.37	$82.39
Medical Social Work	$107.16	$109.85	$112.62
Home Health Aide	$36.98	$37.92	$38.89
Other (Please Specify)	$0.00	$0.00	$0.00

However, the applicant's existing Medicare-certified home health agency (HC0355) in Mecklenburg County reported the following average costs per visit by staff discipline:

Staff Discipline	Average Cost per Visit*	% Difference from 1st Full FY
Nursing	$176.84	77.1%
Physical Therapy	$127.63	54.8%
Speech Therapy	$153.52	88.1%
Occupational Therapy	$127.54	60.5%
Medical Social Work	$99.91	-6.8%
Home Health Aide	$41.67	12.7%

* 2021 License Renewal Application for Home Care with Home Health, Page 11, Average Cost per Visit Table.

The actual average cost per visit for the applicant's existing Medicare-certified home health agency (HC0355) in Mecklenburg County in most disciplines on average is **47.7% higher** than the applicant proposes in its application. This difference calls into question the validity of the applicant's financial feasibility. Common sense also indicates that the applicant's numbers are simply made up: nursing, physical therapy, speech therapy and occupational therapy costs surely are not going to decrease in 2023 from their present levels. If anything, one expects these costs to increase.

Moreover, developing a duplicative CON in Mecklenburg County will result in increased costs as described in detail above, which costs will ultimately be passed on to patients. BAYADA's application should be found non-conforming with Criterion (5).

- **Personal Home Care of North Carolina, LLC ("PHC" or "the applicant")**

Because the PHC application is not approvable under Criteria (3) as described herein, it is also non-conforming with Criterion (5).

There is another serious problem with the PHC application under Criterion (5). PHC has significantly misstated its average net revenue per patient, thereby causing a non-conformity under Criterion (5) and rendering PHC a less effective alternative with respect to two comparative factors. The following chart, which uses information directly from the applicants' applications, plainly shows that PHC is an extreme outlier relative to the other applicants' revenue per visit:

		Project Year Net Revenue per Visit Comparison		
Rank	**Agency**	**# of Visits**	**Net Patient Revenue**	**Average Net Patient Revenue per Visits**
1	PHC	19,052	$2,143,964	$112.53
2	PruittHealth Home Health	19,218	$2,938,473	$152.90
3	BAYADA	44,703	$7,192,298	$160.89
4	Well Care	15,002	$2,646,687	$176.42
5	Aldersgate	10,076	$2,001,790	$198.67

PHC proposes the lowest Average Net Revenue per Visit at $112.53, with the next closest applicant to PHC, PruittHealth Home Health, projecting $152.90 or 36% higher than PHC. The other three applicants range between $160.89 and $198.67. The disparity between PHC and the other applicants is not attributable to PHC being a more efficient provider. Rather, the difference is due to an error that PHC made in its financial projections.

Because of a misunderstanding of the 2020 change in Medicare home health reimbursement related to a single "30-day Period" versus an "Episode," with an Episode being equal to two (2) "30-day Periods," PHC significantly underestimated its patient revenue. The current version of the CON application requires an applicant to provide revenue per episode, although most Medicare-certified home health agencies since 2020 no longer track revenue per episode but by period. PruittHealth Home Health, BAYADA and Well Care each provided Medicare reimbursement by Episode, equal to two (2) 30-day periods. PHC, however, projected Medicare reimbursement by a single 30-day period. This was incorrect. The error is exposed simply by comparing each applicant's Medicare reimbursement by Episode amount, as shown in the following table[4]:

Applicant	**Medicare Reimbursement by Episode in Year 3**
PruittHealth Home Health	$3,045.89
Aldersgate	$ 2,388.70 – Form F.5
BAYADA	$ 3,153.35 – Form F.5
PHC	$1,935– Form F.5
Well Care	$ 3,080- Form F.5

[4] It appears Aldersgate may have made the same error that PHC made.

In Exhibit F.4, pages 12-19, PHC provides a Home Health Prospective Payment System (HH PPS) Rate Update for Calendar Year (CY) 2021 memo. On page 2 of this document (page 13 of Exhibit F.4) Table 1, it clearly states that the CY 2021 National Standardized 30-Day Period Payment is $1,901.12, which is nearly identical to PHC's Year 3 Medicare reimbursement rate of $1,935.

Medicare	Episodes	2025 Reimb	Revenue
Full Episodes	819	$ 1,935	$ 1,583,990
Full Episodes w/Outliers	5	$ 2,092	$ 9,729
LUPA Visits	97	$ 157	$ 15,170
Partial Episodes	10	$ 967	$ 9,900
Total	930		$ 1,618,789

It is apparent that PHC has 1) confused the term Episode with Period, 2) provided a Medicare reimbursement rate for a single (1) 30-day period and not for an Episode, which, as stated earlier, is equal to two (2) 30-day periods, and 3) has under-reported its patient revenue.

Furthermore, because of this reimbursement under-reporting, it is impossible for the Agency to make any type of reimbursement adjustment which would allow the Agency to make a reasonable comparison of PHC's application in the competitive comparison for Average Net Patient Revenue per Visit or Average Net Revenue per Unduplicated Patient.

From PHC Exhibit F.4, p. 13:

National, Standardized 30-Day Period Payment

As the Centers for Medicare & Medicaid Services (CMS) finalized in the CY 2020 HH PPS final rule, the unit of HH payment changed from a 60-day episode to a 30-day period effective for those 30-day periods beginning on or after January 1, 2020. The CY 2021 national, standardized 30-day period payment rate beginning January 2021 is a 2.0-percent increase. For HHAs that do not submit the required quality data for CY 2021, the HH payment update would be 0.0 percent (2.0 percent minus 2 percentage points). These 30-day payment rates are shown in Tables 1 and 2. The CY 2021 national, standardized 30-day period payment rate is further adjusted by the individual period's case-mix weight and by the applicable wage index.

Table 1 – CY 2021 National, Standardized 30-Day Period Payment Amount

CY 2020 30-Day Budget Neutral (BN) Standard Amount	Wage Index Budget Neutrality Factor	CY 2021 HH Payment Update	CY 2021 National, Standardized 30-Day Period Payment
$1,864.03	X 0.9999	X 1.020	$1,901.12

A copy of Exhibit F.4 is attached to these comments for ease of reference.

PHC's error means the project is not financially feasible. The applicant cannot amend its application to correct this error, nor should the Agency try to correct it for the applicant by attempting to re-do the math. This is not a simple matter of multiplying the period reimbursement by 2 or some other number. The number of visits go down in the second period,

so it is simply impossible to know what the correct number is for PHC. This is a fatal error which renders the PHC application unapprovable under Criterion (5) and also makes it a less effective alternative for any comparative factor that uses this metric. Please see comparative analysis section for further discussion.

- **Well Care TPM, Inc. ("Well Care" or "the applicant")**

Because the Well Care application is not approvable under Criteria (3) as described herein, it is also non-conforming with Criterion (5).

Based on home health costs per visit at its existing Mecklenburg County Medicare-certified home health agency, Well Care is not including all costs necessary to provide adequate home health services to county residents, and therefore its projected costs are artificially low. Form F.5 in Section Q requests the applicant to list costs per visit by staff discipline and the applicant provided the following costs:

Form F.5 Home Health Charges, Costs and Reimbursement Rates per Visit	1st Full FY FFY2023 F: 10/01/2022 T: 09/30/2023	2nd Full FY FFY2024 F: 10/01/2023 T: 09/30/2024	3rd Full FY FFY2025 F: 10/01/2024 T: 09/30/2025
Costs per Visit by Staff Discipline			
Nursing	$51.60	$54.32	$52.88
Physical Therapy	$64.67	$63.63	$62.44
Speech Therapy	$86.99	$83.59	$77.48
Occupational Therapy	$69.28	$66.74	$67.83
Medical Social Work	$141.82	$137.26	$84.87
Home Health Aide	$27.72	$27.18	$25.22
Other (Please Specify)			

However, the applicant's existing Medicare-certified home health agency (HC5130) in Mecklenburg County reported the following average costs per visit by staff discipline:

Staff Discipline	Average Cost per Visit*	% Difference from 1st Full FY
Nursing	$108.72	110.7%
Physical Therapy	$130.11	101.2%
Speech Therapy	$178.11	104.8%
Occupational Therapy	$122.75	77.2%
Medical Social Work	$164.97	16.3%
Home Health Aide	$50.67	82.8%

* 2021 License Renewal Application for Home Care with Home Health, Page 11, Average Cost per Visit Table.

The actual average cost per visit for the applicant's existing Medicare-certified home health agency (HC5130) in Mecklenburg County in most disciplines on average is **82.2% higher** than the applicant proposes in its application. This difference calls in question the validity of the applicant's financial feasibility. Well Care's numbers are an even more extremely example of BAYADA's inexplicable deflation of key expenses; every reported category is projected to decrease in cost in the future. This is simply not credible.

- **Aldersgate Home Health, Inc. ("Aldersgate" or "the applicant")**

Because the Aldersgate application is not approvable under Criteria (3) as described herein, it is also non-conforming with Criterion (5). It also appears that Aldersgate may have made the same error that PHC made by using Medicare reimbursement per period rather than Medicare reimbursement per episode.

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

The applicants fail to adequately demonstrate the need for their proposed projects. *See* Criterion (3) for discussion. Consequently, the applicants did not adequately demonstrate that their proposals will not result in unnecessary duplication of existing or approved health service capabilities or facilities. In fact, the existing providers propose a service that would duplicate their own existing services and facilities. Please refer to the discussion above and in Criterion (4). Therefore, the applications should be found non-conforming with Criterion (6).

As noted above, three of the applicants (Well Care, BAYADA and Personal Home Care), are existing home health providers in Mecklenburg County. Each of these existing providers will continue to provide the same services to the same county, as their existing CONs allow them to serve *all* of Mecklenburg County. None of these existing providers proposes to do anything it cannot do under their existing CONs. Thus, allowing these providers to further expand their services by developing an additional home health agency in North Carolina will result in the duplication of their already existing services and will not further competition or provide additional patient choice to the community. They can hire more people and add workstations if needed without obtaining another CON.

These providers are experienced home health agencies who understand their options for expansion but are instead choosing to seek an additional regulated asset (a second CON), in an attempt to keep new competitors out of the market, thereby reducing competition, patient choice and access and potentially to have this valuable asset available for sale on the open market. This is not an appropriate use of CON resources or the CON process.

Well Care was issued a CON in 2018 for a new home health agency in Mecklenburg County that it just recently developed in 2019. Approving Well Care for another CON will unnecessarily duplicate Well Care's approved health service capabilities and it should not be approved for yet

another CON for the same service in the same home health service area. There is certainly no need for a single provider like Well Care (or BAYADA or Personal Home Care) to hold multiple home health agency CONs for a single county. Because home health services are not site specific, there are no advantages to having multiple brick and mortar offices. If Well Care volumes are credible once the 2019 facility establishes a strong history of utilization, it can always hire more staff and does not need another CON.

- **Aldersgate Home Health, Inc. ("Aldersgate" or "the applicant")**

Because the Aldersgate application is not approvable under Criteria (3) as described herein, it is also non-conforming with Criterion (6).

(18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

Aldersgate, BAYADA, Personal Home Care and Well Care failed to adequately demonstrate that their proposals will have a positive impact upon the cost effectiveness, access, and quality of the proposed services. *See also* Criteria (3), (4), (5), and (6) above for discussion. Accordingly, their applications should be found non-conforming with Criterion (18a).

PruittHealth Home Health, the only approvable applicant in this review, does not currently own or operate a Medicare-certified home health agency in Mecklenburg County. Approval of the PruittHealth Home Health application will enhance competition and provide patients with a new choice of provider for high quality home health services. Although Aldersgate does not own or operate a home health agency in Mecklenburg County at this time, that application proposes to serve its own patients nearly exclusively, rather than ensuring the available CON will be utilized for the benefit of the entire community. The remaining applicants, Personal Home Care, BAYADA and Well Care, are existing providers who will not increase choice or access or enhance competition because they already provide the exact services proposed to the same home health service area. Awarding an additional CON to an existing provider will not serve to lower costs for patients or otherwise incentivize existing providers to favorably impact quality or access.

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2021 SMFP, no more than one new Medicare-certified home health agency may be approved for Mecklenburg County in this review. Because each

application proposes to develop a new Medicare-certified home health agency in Mecklenburg County, all five applications cannot be approved. For the reasons set forth below and in the remainder of the findings, the application submitted by PruittHealth Home Health should be approved and all other applications should be disapproved.

Projected Access by Medicare Recipients

For each application in this review, the following table compares: a) the number of unduplicated Medicare patients in Project Year 3; and b) unduplicated Medicare patients as a percentage of total unduplicated patients. Generally, the applicant projecting the highest number or percentage of patients served is the most effective alternative with regard to these comparative factors. The applications are listed in the table below in decreasing order of effectiveness.

		Project Year 3		
Rank	**Agency**	**Unduplicated Patients**	**Unduplicated Medicare Patients**	**% of Unduplicated Medicare Patients**
1	PruittHealth Home Health	3,040	2,349	77.3%
2	PHC	1,277	931	72.9%
3	Aldersgate	675	443	65.6%
4	Well Care	2,521	844	33.5%
5	BAYADA	7,395	2,066	27.9%

As shown in the table, in Project Year 3, PruittHealth Home Health projects to serve the highest number of unduplicated Medicare patients and the highest percentage of unduplicated Medicare patients. PruittHealth Home Health is the most effective alternative with respect to this comparative factor.

Projected Access by Medicaid Recipients

For each application in this review, the following table compares: a) the number of unduplicated Medicaid patients in Project Year 3; and b) unduplicated Medicaid patients as a percentage of total patients. Generally, the applicant projecting the highest number or percentage is the most effective alternative with regard to these comparative factors. The applications are listed in the table below in decreasing order of effectiveness.

		Project Year 3		
Rank	**Agency**	**Unduplicated Patients**	**Unduplicated Medicaid Patients**	**% of Unduplicated Medicaid Patients**
1	PHC	1,277	230	18.0%
2	Well Care	2,521	315	12.5%

3	PruittHealth Home Health	3,040	176	5.8%
4	Aldersgate	675	17	2.5%
5	BAYADA	7,395	74	1.0%

As shown in the table, PHC and Well Care both project to serve a higher number of unduplicated Medicaid recipients and a higher percentage of unduplicated Medicaid patients in Project Year 3, as compared with PruittHealth Home Health.

However, PHC's and Well Care's projections of unduplicated patients are not based on reasonable, credible or supported assumptions. Please see the discussion on Criterion (3). Therefore, the unduplicated Medicaid patients shown in the table for PHC and Well Care are not reliable and therefore their applications are not approvable. The application submitted by PruittHealth Home Health is the most effective alternative with regard to projected access by Medicaid Recipients.

Average Number of Visits per Unduplicated Patient

The majority of home health care services are covered by Medicare, which does not reimburse on a per visit basis. Rather, Medicare reimburses on a per episode basis. Thus, there is a financial disincentive to providing more visits per Medicare episode. The following table shows the average number of visits per unduplicated patient projected by each applicant in Project Year 3. Generally, the application proposing the highest number of visits per unduplicated patient is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

		Project Year 3		
Rank	**Agency**	**Unduplicated Patients**	**# of Visits**	**Average # of Visits per Patient**
1	BAYADA	1,863	44,703	24.0
2	PruittHealth Home Health	888	19,218	21.6
3	PHC	1,007	19,052	18.9
4	Well Care	818	15,002	18.3
5	Aldersgate	550	10,076	18.3

As shown in the table, BAYADA projects the highest number of visits per unduplicated patient.

However, BAYADA's projections of unduplicated patients are not based on reasonable, credible or supported assumptions. Please see the discussion above on Criterion (3). Therefore, the projected number of unduplicated Medicaid patients, as well as the number of visits shown in the table for BAYADA are not reliable. The application submitted by PruittHealth Home Health is the most effective alternative with regard to average number of visits per patient.

Average Net Patient Revenue per Visit

Average net revenue per visit in Project Year 3 was calculated by dividing projected net revenue by the projected number of visits, as shown in the table below. Generally, the application proposing the lowest average net patient revenue per visit is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

		Project Year 3		
Rank	**Agency**	**# of Visits**	**Net Patient Revenue**	**Average Net Patient Revenue per Visits**
1	PHC	19,052	$2,143,964	$112.53
2	PruittHealth Home Health	19,218	$2,938,473	$152.90
3	BAYADA	44,703	$7,192,298	$160.89
4	Well Care	15,002	$2,646,687	$176.42
5	Aldersgate	10,076	$2,001,790	$198.67

As shown in the table, in Project Year 3, PHC projects the lowest average net revenue per visit. But as discussed above under Criterion (5), PHC made a significant error by conflating "period" and "episode" and the revenue number PHC reports is wrong. Therefore, the application submitted by PruittHealth Home Health is the most effective alternative with regard to average net patient revenues per visits.

Average Net Revenue per Unduplicated Patient

Average net revenue per unduplicated patient in Project Year 3 was calculated by dividing projected net revenue by the projected number of unduplicated patients, as shown in the table below. Generally, the application proposing the lowest average net revenue per unduplicated patient is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

		Project Year 3		
Rank	**Agency**	**Unduplicated Patients**	**Net Patient Revenue**	**Average Net Revenue per Unduplicated Patient**
1	PHC	1,007	$2,143,964	$2,129
2	Well Care	818	$2,646,687	$3,236
3	PruittHealth Home Health	888	$2,938,473	$3,308
4	Aldersgate	550	$2,001,790	$3,640
5	BAYADA	1,863	$7,192,298	$3,861

As shown in the table, PHC and Well Care both project a lower average net revenue per unduplicated patient in Project Year 3, as compared to PruittHealth Home Health. For the reasons discussed in the prior comparative factor and under Criterion (5), PHC's revenue number is wrong, so it is not the most effective alternative with respect to this comparative factor. Well Care's projections of unduplicated patients are not based on reasonable, credible or supported assumptions so it likewise is not more effective than PruittHealth Home Health with respect to this comparative factor. Please see the discussion on Criterion (3). The application submitted by PruittHealth Home Health is the most effective alternative with regard to projected average net revenue per unduplicated patient.

Average Total Operating Cost per Visit

The average total operating cost per visit in Project Year 3 was calculated by dividing projected operating costs by the total number of visits, as shown in the table below. Generally, the application proposing the lowest average total operating cost per visit is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

		Project Year 3		
Rank	**Agency**	**# of Visits**	**Total Operating Cost**	**Average Total Operating Cost per Visit**
1	PHC	19,052	$1,922,966	$100.93
2	Well Care	15,002	$1,642,083	$109.46
3	BAYADA	44,703	$6,489,927	$145.18
4	PruittHealth Home Health	19,218	$2,868,880	$149.28
5	Aldersgate	10,076	$1,598,027	$158.60

As shown in the table, PHC, Well Care, and BAYADA all project a lower average total operating cost per visit in Project Year 3, as compared to PruittHealth Home Health.

However, PHC's, Well Care's and BAYADA's projections of number of visits are not based on reasonable, credible or supported assumptions. Please see the discussion on Criterion (3). Therefore, the number of visits shown in the table for PHC, Well Care and BAYADA are not reliable. As discussed above, BAYADA and Well Care also significantly understated key personnel costs. The application submitted by PruittHealth Home Health is the most effective alternative with regard to projected average total operating cost per visit.

Average Direct Care Operating Cost per Visit

The average direct care operating cost per visit in Project Year 3 was calculated by dividing projected direct care expenses by the total number of home health visits, as shown in the table

below. Generally, the application proposing the lowest direct care operating cost per visit is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

		Project Year 3		
Rank	**Agency**	**# of Visits**	**Total Direct Care Cost**	**Average Direct Care Cost per Visit**
1	Well Care	15,002	$1,010,031	$67.33
2	PHC	19,052	$1,584,010	$83.14
3	BAYADA	44,703	$3,965,422	$88.71
4	Aldersgate	10,076	$939,425	$93.23
5	PruittHealth Home Health	19,218	$2,363,700	$123.00

As shown in the table, all applicants project a lower average direct care cost per visit in Project Year 3, as compared to PruittHealth Home Health.

However, the applicants' projections of number of visits are not based on reasonable, credible or supported assumptions. Please see the discussion on Criterion (3). Therefore, the number of visits shown in the table for the other applicants are not reliable. In addition, as discussed above, Well Care and BAYDA significantly understated their direct care expenses. The application submitted by PruittHealth Home Health is the most effective alternative with regard to projected average direct care cost per visit.

Average Administrative Operating Cost per Visit

The average administrative operating cost per visit in Project Year 3 was calculated by dividing projected administrative operating costs by the total number of visits, as shown in the table below. Generally, the application proposing the lowest average administrative operating cost per visit is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

		Project Year 3		
Rank	**Agency**	**# of Visits**	**Administrative Cost**	**Average Administrative Cost per Visit**
1	PHC	19,052	$338,955	$17.79
2	PruittHealth Home Health	19,218	$505,180	$26.29
3	Well Care	15,002	$632,052	$42.13
4	BAYADA	44,703	$2,524,505	$56.47
5	Aldersgate	10,076	$658,602	$65.36

As shown in the table, PHC projects a lower average administrative cost per visit in Project Year 3, as compared to PruittHealth Home Health.

However, PHC's projections of number of visits are not based on reasonable, credible or supported assumptions. Please see the discussion on Criterion (3). Therefore, the number of visits shown in the table for PHC are not reliable. The application submitted by PruittHealth Home Health is the most effective alternative with regard to projected average administrative cost per visit.

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

The ratios in the table below were calculated by dividing the average net revenue per visit in Project Year 3 by the average total operating cost per visit in Project Year 3. Generally, the application proposing the lowest ratio is the more effective alternative with regard to this comparative factor. However, the ratio must equal one or greater in order for the proposal to be financially feasible. The applications are listed in the table below in decreasing order of effectiveness.

		Project Year 3		
Rank	**Agency**	**Average Net Revenue per Visit**	**Average Total Operating Cost per Visit**	**Ratio**
1	PruittHealth Home Health	$152.90	$149.28	1.024
2	PHC	$112.53	$100.93	1.11
3	BAYADA	$160.89	$145.18	1.11
4	Aldersgate	$198.67	$158.60	1.25
5	Well Care	$176.42	$109.46	1.61

As shown in the table above, PruittHealth Home Health projects the lowest ratio of net revenue to average total operating cost per visit in Project Year 3. Therefore, the application submitted by PruittHealth Home Health is the most effective alternative with regard to the ratio of net revenue per visit to average total operating cost per visit.

Average Direct Care Operating Cost per Visit as a percentage of Average Total Operating Cost per Visit

The percentages in the table below were calculated by dividing the average direct care cost per visit in Project Year 3 by the average total operating cost per visit in Project Year 3. Generally, the application proposing the highest percentage is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

		Project Year 2		
Rank	**Agency**	**Average Total Operating Cost per Visit**	**Average Direct Care Operating Cost per Visit**	**Percentage**
1	PruittHealth Home Health	$149.28	$123.00	82.4%
2	PHC	$100.93	$83.14	82.4%
3	Well Care	$109.46	$67.33	61.5%
4	BAYADA	$145.18	$88.71	61.1%
5	Aldersgate	$158.60	$93.23	58.8%

As shown in the table above, PruittHealth Home Health and PHC project the highest percentage of average direct operating cost per visit to average total operating cost per visit in Project Year 3.

However, PHC's projections of number of visits are not based on reasonable, credible or supported assumptions. Please see the discussion on Criterion (3). Therefore, the application submitted by PruittHealth Home Health is the most effective alternative with regard to the ratio of average direct operating cost per visit to average total operating cost per visit.

Nursing and Home Health Aide Salaries in Project Year 3

All five applicants propose to provide nursing and home health aide services with staff that are employees of the proposed home health agency. The tables below compare the proposed annual salary for registered nurses, licensed practical nurses, and home health aides in Project Year 3. Generally, the application proposing the highest annual salary is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Rank	Applicant	Registered Nurse
1	Well Care	$103,487
2	PruittHealth Home Health	$98,093
3	BAYADA	$85,059
4	PHC	$84,700
5	Aldersgate	$74,533

Rank	Applicant	Licensed Practical Nurse
1	Well Care	$67,611
2	PruittHealth Home Health	$62,433
3	BAYADA	$55,683
4	PHC	$53,330
5	Aldersgate	

Rank	Applicant	Home Health Aide (CNA)
1	Well Care	$44,126
2	PruittHealth Home Health	$42,451
3	Aldersgate	$36,971
4	BAYADA	$36,835
5	PHC	$36,599

Salaries are a significant contributing factor in recruitment and retention of staff. As shown in the table above:

- PruittHealth Home Health projects the second highest annual salary for a registered nurse in Project Year 3.
- PruittHealth Home Health projects the second highest annual salary for a home health aide in Project Year 3.
- PruittHealth Home Health projects the second highest annual salary for a licensed practical nurse in Project Year 3.

Well Care projects the highest annual salary for each staff position but does not provide any support to show that its projected salaries are reasonable. In its Form H Staff Assumptions, Well Care states, “WCHH intends to hire experienced clinical staff with multiple years of previous home health experience.” However, Well Care does not provide the existing salaries paid to Well Care registered nurses, home health aides, or licensed practical nurses at its existing Mecklenburg County Medicare-certified home health agency. In addition, as discussed above, Well Care projects lower staffing costs per visit in this application as compared to the information on its existing agency’s 2021 Mecklenburg license renewal application, which raises significant questions about the credibility of its salary figures in this application. PruittHealth Home Health provides market data from a third-party to determine the appropriate salary to pay new staff.

Thus, the application submitted by PruittHealth Home Health is the most effective alternative with regard to annual salary for registered nurses, licensed practical nurses, and home health aides.

Competition

Although competition has not historically been used as a comparative factor in home health reviews, the Agency may wish to exercise its discretion to use competition as a comparative factor in this review. As earlier discussed, three of the five applicants already have CONs to do exactly what they propose to do in their 2021 applications. They clearly do not need an additional CON. The fourth applicant, Aldersgate, mainly proposes to serve its own CCRC patients. The only applicant in this review that enhances competition is PruittHealth Home Health.

SUMMARY

The following is a summary of the reasons the proposal submitted by PruittHealth Home Health is the most effective alternative in this review:

- PruittHealth Home Health projects the highest number of unduplicated Medicare patients and the highest percentage of unduplicated Medicare patients in Project Year 3.
- PruittHealth Home Health projects the third highest number of unduplicated Medicaid patients and third highest percentage of unduplicated Medicaid patients in Project Year 3. However, as stated above, the applications submitted by PHC and Well Care are not approvable.
- PruittHealth Home Health projects the second highest average number of visits per unduplicated patient in Project Year 3; second only to BAYADA, whose application is not approvable.
- PruittHealth Home Health projects the second lowest average net revenue per visit in Project Year 3; second only to PHC, whose application is not approvable.
- PruittHealth Home Health projects the second lowest average administrative operating cost per visit in Project Year 3; second only to PHC, whose application is not approvable.
- PruittHealth Home Health projects the lowest ratio of average net revenue per visit to average total operating cost per visit in Project Year 3.
- PruittHealth Home Health projects the highest average direct care operating cost per visit as a percentage of average total operating cost per visit in Project Year 3.
- PruittHealth Home Health projects the second highest annual salary for RNs, licensed practical nurses, and home health aides in Project Year 3; second only to Well Care, whose application is not approvable.
- PruittHealth Home Health is the only applicant that enhances competition.

CONCLUSION

The BAYADA, PHC, Well Care and Aldersgate applications are non-conforming with multiple CON criteria and must be disapproved. The PruittHealth Home Health application conforms to all applicable review criteria. A comparative analysis shows that the PruittHealth Home Health application is comparatively superior to all other applicants and should be approved.

PruittHealth reserves the right to rely on comments and responses to comments that others may make in this review.

Exhibit F.4

HOME HEALTH SERVICES
Effective April 1, 2020

Home Health Visits
Taxonomy: 251E00000X (Pricing Specialties: 087)

HCPCS Code	Description - Therapies	Billing Unit	Maximum Rate / Unit
RC420	Physical Therapy	1 visit	$126.59
RC424	Physical Therapy - Evaluation	1visit	$126.59
RC430	Occupational Therapy	1 visit	$126.59
RC434	Occupational Therapy - Evaluation	1 visit	$126.59
RC440	Speech Therapy	1 visit	$126.59
RC444	Speech Therapy - Evaluation	1 visit	$126.59
HCPCS Code	**Description - Skilled Nursing Visits**	**Billing Unit**	**Maximum Rate / Unit**
RC550	Skilled Nursing Home Health	1 visit	$119.35
RC551	Skilled Nursing Visit	1 visit	$119.35
RC559	Skilled Nursing - Other Visit	1 visit	$119.35
RC580	Home Health - Other Visit	1 visit	$119.35
RC581	Home Health Visit Charge	1 visit	$119.35
RC589	Home Health Visit - Other	1 visit	$119.35
HCPCS Code	**Description - Home Health Aide**	**Billing Unit**	**Maximum Rate / Unit**
RC570	Home Health Aide	1 visit	$54.61

Home Health Care Medical Supplies
Skin Care (Decubitus) Supplies

HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
E0188	Synthnetic sheepskin pad	each	$31.42
E0191	Heel or elbow protector	each	$10.09
E0199	Dry pressure pad for mattress, standard mattress length and width	each	$30.60

Home Health Care Medical Supplies
Solutions

HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
A4216	Sterile saline or water, 10 ml	10 ml	$0.47
A4217	Sterile saline or water, 500ml	500 ml	$2.99
A4244	Alcohol or Peroxide, per pint	1 pint	$1.14
A4246	Betadine or PhisoHex solution, per pint	1 pint	$6.68
A4321	Therapeutic agent for urinary catheter irrigation (acetic acid - 250 to 1,000 cc)	1 bottle	$8.03

Home Health Care Medical Supplies
Catheter Supplies

HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
A4310	Insertion tray without drainage bag and without catheter (accessories only)	each	$7.80
A4311	Insertion tray without drainage bag with indwelling catheter, Foley type, two-way latex with coating (Teflon, silicone, silicone elastomer or hydrophilic, etc)	each	$17.64
A4313	Insertion tray without drainage bag with indwelling catheter, Foley type, three-way, for continuous irrigation	each	$22.01

HOME HEALTH SERVICES
Effective April 1, 2020

Home Health Care Medical Supplies
Catheter Supplies (continued)

HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
A4314	Insertion tray with drainage bag with indwelling catheter, Foley type, two-way latex with coating (Teflon, silicone, silicone elastomer or hydrophilic, etc.)	each	$30.05
A4316	Insertion tray with drainage bag with indwelling catheter, Foley type, three-way, for continuous irrigation	each	$33.75
A4320	Irrigation tray with bulb or piston syringe, any purpose	each	$5.38
A4322	Irrigation syringe, bulb or piston	each	$3.49
A4328	Female external urinary collection device; pouch	each	$12.17
A4331	Extension drainage tubing, any type, any length, with connector/adaptor, for use with urinary leg bag or urostomy pouch	each	$3.78
A4333	Urinary Catheter anchoring device, adhesive skin attachment	each	$2.61
A4334	Urinary catheter anchoring device, leg strap	each	$5.87
A4335	Incontinence supply; miscellaneous (catheter care kit)	each	$4.70
A4338	Indwelling catheter; Foley type, two-way latex with coating (Teflon, silicone, silicone elastomer, or hydrophilic, etc.)	each	$12.91
A4340	Indwelling catheter; specialty type, (e.g., Coude, mushroom, wing, etc.)	each	$32.07
A4344	Indwelling catheter, Foley type, two-way, all silicone	each	$17.06
A4349	Male external catheter, with or without adhesive, disposable	each	$2.40
A4351	Intermittent urinary catheter; straight tip, with or without coating (Teflon, silicone, silicone elastomer, or hydrophilic, etc.)	each	$1.84
A4352	Intermittent urinary catheter; coude (curved) tip, with or without coating (Teflon, silicone, silicone elastomeric, or hydrophilic, etc.), each	each	$7.07
A4353	Intermittent urinary catheter, with insertion supplies	each	$8.32
A4354	Insertion tray with drainage bag but without catheter	each	$14.02
A4357	Bedside drainage bag, day or night, with or without anti-reflux device, with or without tube	each	$11.54
A4358	Urinary leg bag; vinyl, with or without tube	each	$7.88

Home Health Care Medical Supplies
Syringes and Intravenous / Parenteral Supplies

HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
A4206	Syringe with needle, sterile, 1 cc (or smaller)	each	$0.38
A4207	Syringe with needle, sterile, 2cc	each	$0.31
A4208	Syringe with needle, sterile, 3cc	each	$0.32
A4209	Syringe with needle, sterile, 5 cc or greater	each	$0.35
A4212	Non-coring needle or stylet with or without catheter (Huber needle)	each	$11.52
A4213	Syringe, sterile, 20 cc or greater	each	$1.28
A4215	Needle only, sterile, any size	each	$0.16
A4657	Syringe, with or without needle (less than 20 cc)	each	$0.37
B9999	NOC for parenteral supplies (IV infusion start kit)	each	$3.03
S1015	IV tubing extension set (IV administration set)	each	$4.99

HOME HEALTH SERVICES
Effective April 1, 2020

Home Health Care Medical Supplies
Dressing Supplies

HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
A4461	Surgical dressing holder, nonreusable, each	each	$3.90
A4462	Abdominal dressing holder	each	$3.65
A4550	Surgical tray (suture removal set)	each	$4.79
A6010	Collagen based wound filler, dry form, sterile, per gram of collagen	gram	$36.80
A6011	Collagen based wound filler, gel/paste, sterile, per gram of collagen	gram	$2.70
A6021	Collagen dressing, sterile, pad size 16 sq. in or less	each	$24.98
A6022	Collagen dressing, sterile, pad size more than 16 sq. in. but less than or equal to 48 in	each	$24.98
A6196	Alginate or other fiber gelling dressing, wound cover, pad size 16 sq. in. or less	each	$8.74
A6197	Alginate or other fiber gelling dressing, wound cover, pad size more than 16 sq. in. but less than or equal to 48 sq. in.	each	$19.53
A6198	Alginate or other fiber gelling dressing, wound cover, pad size more than 48 sq in	each	$21.79
A6199	Alginate or other fiber gelling dressing, wound filler, per 6 in.	each	$6.28
A6200	Composite dressing ,pad size 16 sq. in. or less, without adhesive border	each	$10.34
A6201	Composite dressing, pad size more than 16 sq. in. but less than or equal to 48 sq. in., without adhesive border	each	$22.64
A6203	Composite dressing ,pad size 16 sq. in. or less, with any size adhesive border	each	$3.98
A6204	Composite dressing, pad size more than 16 sq. in. but less than or equal to 48 sq. in., with any size adhesive border	each	$7.40
A6206	Contact layer, 16 sq. in. or less	each	$15.88
A6207	Contact layer, more than 16 sq. in but less than or equal to 48 sq. in.	each	$8.73
A6209	Foam dressing, wound cover, pad size 16 sq. in. or less, without adhesive border	each	$8.88
A6210	Foam dressing, wound cover, pad size more than16 sq. in. but less than or equal to 48 sq. in., without adhesive border	each	$23.68
A6211	Foam dressing, wound cover, pad size more than 48 sq. in. without adhesive border	each	$34.90
A6212	Foam dressing, wound cover, pad size 16 sq. in. or less, with any size adhesive border	each	$11.54
A6213	Foam dressing, wound cover, pad size more than 16 sq. in. but less than or equal to 48 sq. in., with any size adhesive border	each	$23.03
A6215	Foam dressing, wound filler, per gram	per gram	$12.75
A6216	Gauze, non-impregnated, non-sterile, pad size 16 sq. in. or less, without adhesive border	each	$0.06
A6217	Gauze, non-impregnated, non-sterile, pad size more than 16 sq. in. but less than or equal to 48 sq. in. without adhesive border	each	$0.12
A6218	Gauze, non impregnated, non-sterile, pad size more than 48 sq. in., without adhesive border	each	$0.17
A6219	Gauze, non-impregnated, pad size 16 sq. in. or less, with any size adhesive border	each	$1.13

Home Health Care Medical Supplies
Dressing Supplies (continued)

HOME HEALTH SERVICES Effective April 1, 2020			
HCPCS Code	**Description**	**Billing Unit**	**Maximum Rate / Unit**
A6220	Gauze, non-impregnated, pad size more than 16 sq. in. but less than or equal to 48 sq. in. with any size adhesive border	each	$3.07
A6222	Gauze, impregnated with other than water, normal saline, or hydrogel, pad size 16 sq. in. or less, without adhesive border	each	$2.54
A6223	Gauze, impregnated with other than water, normal saline, or hydrogel, pad size more than 16 sq. inch but less than or equal to 48 sq. inch, without adhesive border	each	$2.88
A6224	Gauze, impregnated with other than water, normal saline, or hydrogel, pad size more than 48 sq. in., without adhesive border	each	$4.29
A6228	Gauze, impregnated, water or normal saline, pad size 16 sq. in. or less, without adhesive border	each	$2.23
A6229	Gauze, impregnated, water or normal saline, pad size more than 16 sq. in. but less than 48 in., without adhesive border	each	$4.29
A6231	Gauze, impregnated, hydrogel, for direct wound contact, pad size 16 sq. in. or less	each	$5.56
A6232	Gauze, impregnated, hydrogel, for direct wound contact, pad size more than 16 sq. in. but less than 48 in.	each	$8.18
A6234	Hydrocolloid dressing, wound cover, pad size 16 sq. in. or less, without adhesive border	each	$7.77
A6235	Hydrocolloid dressing, wound cover, pad size more than 16 sq. in. but less than or equal to 48 sq. in., without adhesive border	each	$19.99
A6236	Hydrocolloid dressing, wound cover, pad size more than 48 sq. in., without adhesive border	each	$32.39
A6237	Hydrocolloid dressing, wound cover, pad size 16 sq. in. or less, with any size adhesive border	each	$9.40
A6238	Hydrocolloid dressing, wound cover, pad size more than 16 sq. in. but less than or equal to 48 sq. in., with any size adhesive border	each	$27.08
A6240	Hydrocolloid dressing, wound filler, paste, sterile, per ounce	1 oz	$14.54
A6241	Hydrocolloid dressing, wound filler, dry form, sterile, per gram	1 gm	$3.06
A6242	Hydrogel dressing, wound cover, pad size 16 sq. in. or less, without adhesive border	each	$7.21
A6243	Hydrogel dressing, wound cover, pad size more than size 16 sq. in. but less than or equal to 48 sq. in., without adhesive border	each	$14.63
A6245	Hydrogel dressing, wound cover, pad size 16 sq. in. or less, with any size adhesive border	each	$8.64
A6246	Hydrogel dressing, wound cover, pad size more than 16 sq. in. but less than or equal to 48 sq. in. , with any size adhesive border	each	$11.79
A6248	Hydrogel dressing, wound filler, gel	1 oz	$19.30
A6251	Specialty absorptive dressing, wound cover, pad size 16 sq. in. or less, without adhesive border	each	$2.37
A6252	Specialty absorptive dressing, wound cover, pad size more than 16 sq. in. but less than or equal to 48 sq. in., without adhesive border	each	$3.86
A6253	Specialty absorptive dressing wound cover, pad size more than 48 sq. in. without adhesive border	each	$7.54

Home Health Care Medical Supplies Dressing Supplies (continued)			
HCPCS Code	**Description**	**Billing Unit**	**Maximum Rate / Unit**

HOME HEALTH SERVICES
Effective April 1, 2020

A6254	Specialty absorptive dressing, wound cover, sterile, pad size 16 sq. in. or less, with any size adhesive border	each	$1.36
A6255	Specialty absorptive dressing, wound cover, sterile, pad size more than 16 sq. in. but less than or equal to 48 sq. in., with any size adhesive border	each	$3.60
A6257	Transparent film, 16 sq. in. or less	each	$1.72
A6258	Transparent film, more than 16 sq. in. but less than or equal to 48 sq. in.	each	$4.83
A6259	Transparent film, more than 48 sq. in.	each	$13.01
A6260	Wound cleansers, any type, any size	each	$29.38
A6261	Wound filler, gel paste, per fl.oz, NOC	fl. Oz.	$31.00
A6262	Wound filler, dry form, per gm, NOC	1 gm	$0.64
A6402	Gauze, non-impregnated, sterile, pad size 16 sq. in. or less, without adhesive border	each	$0.13
A6403	Gauze, non-impregnated, sterile, pad size more than 16 sq. in. but less than or equal to 48 sq. in., without adhesive border	each	$0.51
A6404	Gauze, non-impregnated, sterile, pad size more than 48 sq. in., without adhesive border	each	$0.53
A6407	Gauze packing strips, non-impregnated, up to 2 inches wide	per yard	$2.23
A6441	Padding bandage, non-elastic, non-woven/non-knitted, width greater than or equal to three inches and less than five inches	per yard	$0.80
A6442	Conforming bandage, non-elastic, knitted/woven, non-sterile, width less than three inches	per yard	$0.21
A6443	Conforming bandage, non-elastic, knitted/woven, non-sterile, width greater than or equal to 3 in. and less than 5 in.	per yard	$0.33
A6444	Conforming bandage, non-elastic, knitted/woven, non-sterile, width greater than or equal to 5 in.	per yard	$0.67
A6446	Conforming bandage, non-elastic, knitted/woven, sterile, width greater than or equal to 3 in. and less than 5 in.	per yard	$0.49
A6447	Conforming bandage, non-elastic, knitted/woven, sterile, width greater than or equal to 5 in.	per yard	$0.80
A6448	Light compression bandage, elastic, knitted/woven, width less than three inches	per yard	$1.39
A6449	Light compression bandage, elastic, knitted/woven, width greater than or equal to 3 in. and less than 5 in.	per yard	$2.08
A6450	Light compression bandage, elastic, knitted/woven, width greater than or equal to 5 in.	per yard	$1.16
A6453	Self- adherent bandage, elastic, non-knitted/non-woven, width less than 3 in. (Dynaflex elastic bandage, Coban)	per yard	$0.73
A6454	Self-adherent bandage, elastic, non-knitted/non-woven, width greater than or equal to 3 in. and less than 5 in. (Dynaflex elastic bandage, Coban)	per yard	$0.91
A6455	Self adherent bandage, elastic, non-knitted/non-woven, width greater than or equal to 5 in. (Dynaflex elastic bandage, Coban)	per yard	$1.65
A6456	Zinc paste impregnated bandage, non-elastic, knitted/woven, width greater than or equal to 3 in. and less than 5 in.	per yard	$1.51

Home Health Care Medical Supplies
Dressing Supplies (continued)

HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
A6457	Tubular dressing with or without Elastic, any width, per linear yard	per yard	$1.36

HOME HEALTH SERVICES Effective April 1, 2020			
A9999	Miscellaneous DME supply, not otherwise specified (Dynaflex, Profore, etc. layered cohesive kit)	each	$30.23

Home Health Care Medical Supplies
Ostomy Supplies

HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
A4361	Ostomy faceplate	each	$20.58
A4362	Skin Barrier; Solid, 4 X 4 or equivalent	each	$4.11
A4364	Adhesive (for ostomy or catheter), liquid, or equal, any type	1 ounce	$6.76
A4367	Ostomy Belt	each	$7.43
A4368	Ostomy Filter	each	$0.29
A4369	Ostomy skin barrier, liquid (spray, brush, etc.)	1 ounce	$4.48
A4371	Ostomy skin barrier, powder	1 ounce	$7.84
A4372	Ostomy skin barrier, solid 4X4 or equivalent, with built-in convexity	each	$4.97
A4373	Ostomy skin barrier, with flange (solid, flexible or accordion), with built-in convexity, any size	each	$7.46
A4375	Ostomy pouch, drainable, with faceplate attached, plastic	each	$20.42
A4376	Ostomy pouch, drainable, with faceplate attached, rubber	each	$53.31
A4377	Ostomy pouch, drainable, for use on faceplate, plastic	each	$5.09
A4378	Ostomy pouch, drainable, for use on faceplate, rubber	each	$34.45
A4379	Ostomy pouch, urinary, with faceplate attached, plastic	each	$17.84
A4380	Ostomy pouch, urinary, with faceplate attached, rubber	each	$41.82
A4381	Ostomy pouch, urinary, for use on faceplate, plastic	each	$5.47
A4382	Ostomy pouch, urinary, for use on faceplate, heavy plastic	each	$27.58
A4383	Ostomy pouch, urinary, for use on faceplate, rubber	each	$31.59
A4384	Ostomy faceplate equivalent, silicone ring	each	$10.78
A4385	Ostomy skin barrier, solid 4X4 or equivalent, extended wear, without built-in convexity	each	$6.06
A4388	Ostomy pouch, drainable, with extended wear barrier attached, (1 Piece)	each	$5.19
A4389	Ostomy pouch, drainable, with barrier attached, with convexity (1 piece)	each	$6.96
A4390	Ostomy pouch, drainable, with extended wear barrier attached, with built in convexity (1 piece)	each	$11.42
A4391	Ostomy pouch, urinary, with extended wear barrier attached, (1 Piece)	each	$7.91
A4392	Ostomy pouch, urinary, with standard wear barrier attached, with built-in convexity, (1 Piece)	each	$9.17
A4393	Ostomy pouch, urinary, with extended wear barrier attached, with built-in convexity, (1 piece)	each	$10.13
A4394	Ostomy Deodorant, with or without lubricant, for use in ostomy pouch	fl. Oz.	$3.07
A4395	Ostomy deodorant for use in ostomy pouch, solid	per tablet	$0.06
A4396	Ostomy belt with peri-stomal hernia support	each	$48.11
A4397	Irrigation supply; sleeve	each	$4.61

Home Health Care Medical Supplies
Ostomy Supplies (continued)

HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
A4398	Ostomy irrigation supply; bag	each	$16.41
A4399	Ostomy irrigation supply; cone/catheter, including brush	each	$14.44
A4400	Ostomy irrigation set	each	$49.36

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A4402	Lubriant	1 ounce	$1.52
A4404	Ostomy rings	each	$1.70
A4405	Ostomy skin barrier, non pectin based, paste	1 ounce	$4.82
A4406	Ostomy skin barrier, pectin-based, paste	1 ounce	$7.13
A4407	Ostomy skin barrier, with flange (solid, flexible, or accordion), extended wear, with built-in convexity, 4X4 in. or smaller	each	$9.98
A4408	Ostomy skin barrier, wtih flange (solid, flexible or accordion), extended wear, with built-in convexity, larger than 4 x 4 inches	each	$11.72
A4409	Ostomy skin barrier, with flange (solid, flexible or accordion), extended wear, without built-in convexity, 4 x 4 inches or smaller	each	$7.39
A4410	Ostomy skin barrier, with flange (solid, flexible, or accordion), extended wear, without built-in convexity, larger than 4X4 in.	each	$10.23
A4411	Ostomy skin barrier, solid 4x4 or equivalent, extended wear, with built-in convexity	each	$6.06
A4412	Ostomy pouch, drainable, high output, for use on a barrier with flange (2 Piece system), without filter	each	$3.21
A4413	Ostomy pouch, drainable, high output, for use on a barrier with flange (2 Piece system)	each	$6.54
A4414	Ostomy skin barrier, with flange (solid, flexible or accordion), without built-in convexity, 4 x 4 inches or smaller	each	$5.87
A4415	Ostomy skin barrier, with flange (solid, flexible or accordion), without built-in convexity, larger than 4x4 inches, each	each	$7.13
A4416	Ostomy pouch, closed, with barrier attached, with filter (one piece)	each	$3.27
A4417	Ostomy pouch, closed, with barrier attached, with built-in convexity, with filter (one piece)	each	$4.42
A4418	Ostomy pouch, closed; without barrier attached, with filter (one piece)	each	$2.15
A4419	Ostomy pouch, closed; for use on barrier with non-locking flange, with filter (two piece)	each	$2.07
A4422	Ostomy absorbent material (sheet, pad, crystal packet) for use in ostomy pouch to thicken liquid stomal output	each	$0.15
A4423	Ostomy pouch, closed; for use on barrier with locking flange, with filter (two piece)	each	$2.21
A4424	Ostomy pouch, drainable, with barrier attached, with filter (one piece)	each	$5.65
A4425	Ostomy pouch, drainable; for use on barrier with non-locking flange, with filter (two piece system)	each	$4.25
A4426	Ostomy pouch, drainable; for use on barrier with locking flange (two piece system)	each	$3.25
A4427	Ostomy pouch, drainable; for use on barrier with locking flange with filter (two piece system)	each	$3.30

Home Health Care Medical Supplies Ostomy Supplies (continued)			
HCPCS Code	**Description**	**Billing Unit**	**Maximum Rate / Unit**
A4428	Ostomy pouch, urinary, with extended wear barrier attached, with faucet-type tap with valve (one piece)	each	$7.74
A4429	Ostomy pouch, urinary, with barrier attached, with built-in convexity, with faucet-type tap with valve (one piece)	each	$9.81
A4430	Ostomy pouch, urinary, with extended wear barrier attached, with built-in convexity, with faucet-type tap with valve (1 piece)	each	$10.13

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A4431	Ostomy pouch, urinary; with barrier attached, with faucet-type tap with valve (one piece)	each	$7.39
A4432	Ostomy pouch, urinary; for use on barrier with non-locking flange, with faucet-type tap with valve (2 piece)	each	$4.26
A4433	Ostomy pouch, urinary; for use on barrier with locking flange (two piece)	each	$3.97
A4455	Adhesive remover or solvent (for tape, cement or other adhesive)	1 ounce	$4.34
A4456	Adhesive remover wipes, any type	1 each	$0.29
A4558	Conductive paste or gel	1 jar	$6.48
A5051	Ostomy pouch, closed; with barrier attached (one piece)	each	$3.12
A5052	Ostomy pouch, closed; without barrier attached (one piece)	each	$1.93
A5053	Ostomy pouch, closed; for use on faceplate	each	$1.66
A5054	Ostomy pouch, closed; for use on barrier with flange (two piece)	each	$1.95
A5055	Stoma cap	each	$1.49
A5061	Ostomy pouch, drainable; with barrier attached (one piece)	each	$4.78
A5062	Ostomy pouch, drainable; without barrier attached (one piece)	each	$2.83
A5063	Ostomy pouch, drainable; for use on barrier with flange (two piece system)	each	$3.48
A5071	Ostomy pouch, urinary; with barrier attached (one piece)	each	$5.42
A5072	Ostomy pouch, urinary; without barrier attached (one piece)	each	$3.93
A5073	Ostomy pouch, urinary; for use on barrier with flange (two piece)	each	$3.60
A5093	Ostomy Accessory; convex insert	each	$1.86
A5102	Bedside drainage bottle with or without tubing, rigid or expandable	each	$25.29
A5120	Skin barrier, wipes or swabs, each	each	$0.29
A5121	Skin barrier; solid, 6 X 6 or equivalent (wafer)	each	$10.15
A5122	Skin barrier; solid, 8 X 8 or equivalent (wafer)	each	$14.19
A5126	Adhesive or non-adhesive; disk or foam pad	each	$1.27
A5131	Cleaner, incontinence and ostomy appliances, per 16 oz.	16 ounce	$16.20

Home Health Care Medical Supplies
Tracheostomy Supplies

HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
A4623	Tracheostomy, inner cannula (replacement only)	each	$6.26
A4624	Tracheal suction catheter, any type	each	$2.52
A4625	Tracheostomy care kit for new tracheostomy	each	$6.62
A4628	Oropharyngeal suction catheter	each	$4.20
A4629	Tracheostomy care kit for established tracheostomy	each	$5.20
A7520	Tracheostomy/laryngectomy tube, non-cuffed, polyvinylchloride (PVC), silicone or equal	each	$53.34

Home Health Care Medical Supplies
Tracheostomy Supplies (continued)

HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
A7521	Tracheostomy/laryngectomy tube, cuffed, polyvinylchloride (PVC), silicone or equal	each	$52.85
A7522	Tracheostomy/laryngectomy tube, stainless steel or equal (sterilizable and reusable)	each	$50.73
A7525	Tracheostomy mask	each	$2.32
A7526	Tracheostomy tube collar/holder	each	$3.78
A7527	Tracheostomy/laryngectomy tube plug/stop	each	$4.25
S8189	Tracheostomy supply, not otherwise classified	each	$0.33

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Home Health Care Medical Supplies
Miscellaneous Supplies

HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
A4250	Urine test or reagent strips	100/box	$29.86
A4320	Irrigation tray with bulb or piston syringe, any purpose	each	$5.38
A4322	Irrigation syringe, bulb or piston	each	$3.49
A4450	Tape, non-waterproof, per 18 sq. in.	18 sq in	$0.10
A4452	Tape, waterproof, per 18 sq. in.	18 sq in	$0.43
A4458	Enema bag with tubing, reusable	each	$3.68
A4490	Surgical stockings, above the knee	each	$17.07
A4495	Surgical stockings, thigh length	each	$21.51
A4500	Surgical stockings, below the knee	each	$17.07
A4670	**Automatic blood pressure monitor *(eff 3/30/2020)***	**each**	**$66.13**
A4927	Non-sterile exam gloves	100/box	$13.04
A4928	**Surgical Mask (eff 3/13/2020)**	**20/box**	**$17.01**
A4930	Sterile surgical gloves	1 pair	$1.02
B4081	Nasogastric tubing with stylet	each	$25.84
B4082	Nasogastric tubing without stylet	each	$19.23
B4083	Stomach tubing - Levine type	each	$2.95
B4087	Gastrostomy/jejunostomy tube, any material, any type	each	$20.47
B4088	Gastrostomy/jejunostomy tube, low profile, any material, any type	each	$156.99
E1639	**Scale**	**each**	**$80.55**
S5199	Personal care items (Fleet Enemas)	each	$1.62
T1999	Miscellaneous therapeutic Item	each	***

Home Health Care Medical Supplies
Incontinence Supplies

HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
A4554	Disposable underpads, all sizes (e.g. Chux's)	each	$0.50
T4521	Adult sized disposable incontinence product, brief/diaper, small	each	$0.85
T4522	Adult sized disposable incontinence product, brief/diaper, medium	each	$0.90
T4523	Adult sized disposable incontinence product, brief/diaper, large	each	$0.99
T4524	Adult sized disposable incontinence product, brief/diaper, extra large	each	$0.99
T4525	Adult sized disposable incontinence product, protective underwear/pull on, small size	each	$0.88

Home Health Care Medical Supplies
Incontinence Supplies (continued)

HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
T4526	Adult sized disposable incontinence product, protective underwear/pull on, medium size	each	$0.90
T4527	Adult sized disposable incontinence product, protective underwear/pull on, large size	each	$0.99
T4528	Adult sized disposable incontinence product, protective underward/pull on, extra large size	each	$0.99
T4529	Pediatric sized disposable incontinence product, brief/diaper, small/medium size	each	$0.57
T4530	Pediatric sized disposable incontinence product, brief/diaper, large size	each	$0.64

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T4531	Pediatric sized disposable incontinence product, protective underwear/pull on, small/medium sized	each	$0.81
T4532	Pediatric sized disposable incontinence product, protective underwear/pull on, large size	each	$0.98
T4533	Youth-sized disposable incontinence product, brief/diaper	each	$0.77
T4534	Youth-sized disposable incontinence product. Protective underwear/pull on	each	$0.97
T4543	Disposable incontinence product, brief/diaper, bariatric, XXL	each	$1.49

Home Health Care COVID-19 Infusion Effective November 2020			
HCPCS Code	Description	Billing Unit	Maximum Rate / Unit
M0239	Intravenous infusion, bamlanivimab (Includes infusion and administration monitoring)	1	$309.60
M0243	Intravenous infusion, casirivimab and imdevimab (includes infusion and post administration monitoring)	1	$309.60

Note: Brand names are given only as an example of items similar in purpose and function. Providers are reminded to bill their usual and customary rates as per Policy. Do not automatically bill the established maximum reimbursement rate listed.

Home Health Prospective Payment System (HH PPS) Rate Update for Calendar Year (CY) 2021

MLN Matters Number: MM12017 Revised | Related Change Request (CR) Number: 12017
Related CR Release Date: November 20, 2020 | Effective Date: January 1, 2021
Related CR Transmittal Number: R10488CP | Implementation Date: January 4, 2021

Note: We revised this article to reflect an updated Change Request (CR 12017) that revised the Policy section (page 4 in this article) and updated the Payment Rate Tables to include information on the cost per-unit table for outlier payments (Table 6). All references to Table 6 in the previous CR (and article) were changed to Table 7. The CR release date, transmittal number and link to the CR were also changed. All other information remains the same.

PROVIDER TYPES AFFECTED

This MLN Matters Article is for Home Health Agencies (HHAs) billing Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

PROVIDER ACTION NEEDED

This article informs you of updates of several facets related to payments made under the Home Health (HH) Prospective Payment System (PPS). Please make sure your billing staffs are aware of these updates.

BACKGROUND

Medicare updates the HH PPS rates it pays to HHAs for providing HH services annually as Section 1895(b)(3)(B) of the Social Security Act (the Act) requires. The CY 2021 HH PPS rate update includes changes to:

- The 30-day base payment rates
- The national per-visit amounts
- The cost-per-unit payment amounts used for calculating outlier payments under the HH PPS

This rate update will increase the CY 2021 30-day base payment rates by the appropriate rural add-on percentage prior to applying any case-mix and wage index adjustments, as required by Section 421(b) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), as amended by Section 50208(a) of the Bipartisan Budget Act (BBA) of 2018. Finally, in CY 2021, the Office of Management and Budget (OMB) statistical areas and the 5-percent cap

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on wage index decreases under the statutory discretion afforded to the Secretary of the Department of Health and Human Services (HHS) under Sections 1895(b)(4)(A)(ii) and (B)(4)(C) of the Act will be updated.
Section 1895(b)(3)(B) of the Act requires that standard prospective payment amounts for CY 2021 be increased by a factor equal to the applicable HH market basket update for those HHAs that submit quality data as required by the Secretary. Section 1895(b)(3)(B)(v) of the Act requires that the HH update be decreased by 2 percentage points for those HHAs that do not submit quality data as required by the Secretary.

Section 1886(b)(3)(B)(xi)(II) of the act defines the productivity adjustment to be equal to the 10-year moving average of change in annual economy-wide private nonfarm business Multi-Factor Productivity (MFP). The MFP is projected by the Secretary for the 10-year period ending with the applicable Fiscal Year (FY), CY, cost-reporting period, or other annual period. Sections 1895(b)(4)(A)(ii) and (b)(4)(C) of the Act require the Secretary to provide appropriate adjustments to the proportions of the payment amount under the HH PPS that account for area wage differences, using adjustment factors that reflect the relative level of wages and wage-related costs applicable to the provision of HH services.

Market Basket Update

Based on IHS Global Insights Inc.'s third-quarter 2020 forecast (with historical data through second-quarter 2020), the HH market basket percentage increase for CY 2021 is 2.3 percent. The CY 2021 HH market basket percentage of 2.3 percent is then reduced by an MFP adjustment, as mandated by Section 3401 of the Affordable Care Act, currently estimated to be 0.3 percentage points for CY 2021.

National, Standardized 30-Day Period Payment

As the Centers for Medicare & Medicaid Services (CMS) finalized in the CY 2020 HH PPS final rule, the unit of HH payment changed from a 60-day episode to a 30-day period effective for those 30-day periods beginning on or after January 1, 2020. The CY 2021 national, standardized 30-day period payment rate beginning January 2021 is a 2.0-percent increase. For HHAs that do not submit the required quality data for CY 2021, the HH payment update would be 0.0 percent (2.0 percent minus 2 percentage points). These 30-day payment rates are shown in Tables 1 and 2. The CY 2021 national, standardized 30-day period payment rate is further adjusted by the individual period's case-mix weight and by the applicable wage index.

Table 1 – CY 2021 National, Standardized 30-Day Period Payment Amount

CY 2020 30-Day Budget Neutral (BN) Standard Amount	Wage Index Budget Neutrality Factor	CY 2021 HH Payment Update	CY 2021 National, Standardized 30-Day Period Payment
$1,864.03	X 0.9999	X 1.020	$1,901.12

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Table 2 – CY 2021 National, Standardized 30-Day Period Payment Amount for HHAs that Do Not Submit Quality Data

CY 2020 National, Standardized 30-Day Period Payment	Wage Index Budget Neutrality Factor	CY 2021 HH Payment Update Minus 2 Percentage Points	CY 2021 National, Standardized 30-Day Period Payment
$1,864.03	X 0.9999	X 1.000	$1,863.84

National Per-Visit Rates

To calculate the CY 2021 national per-visit, CMS started with the CY 2020 national per-visit rate. CMS applies a wage index budget neutrality factor of 0.9997 to ensure budget neutrality for Low-Utilization Payment Adjustment (LUPA) per-visit payments after applying the CY 2021 wage index. The per-visit rates are then updated by the CY 2021 HH payment update of 2.0 percent for HHAs that submit the required quality data and by 0.0 percent for HHAs that do not submit quality data. The per-visit rates are show in Tables 3 and 4.

Table 3 – CY 2021 National Per-Visit Payment Amounts

HH Discipline	CY 2020 Per-Visit Payment	Wage Index Budget Neutrality Factor	CY 2021 HH Payment Update	CY 2021 Per-Visit Treatment
Home Health Aide	$67.78	X 0.9997	X 1.020	$69.11
Medical Social Services	$239.92	X 0.9997	X 1.020	$244.64
Occupational Therapy	$164.74	X 0.9997	X 1.020	$167.98
Physical Therapy	$163.61	X 0.9997	X 1.020	$166.83
Skilled Nursing	$149.68	X 0.9997	X 1.020	$152.63
Speech-Language Pathology	$177.84	X 0.9997	X 1.020	$181.34

Table 4 – CY 2020 National Per-Visit Payment Amounts for HHAs that Do Not Submit Required Quality Data

HH Discipline	CY 2020 Per-Visit Payment	Wage Index Budget Neutrality Factor	CY 2021 HH Payment Update Minus 2 Percentage Points	CY 2021 Per-Visit Treatment
Home Health Aide	$67.78	X 0.9997	X 1.000	$67.76
Medical Social Services	$239.92	X 0.9997	X 1.000	$239.85
Occupational Therapy	$164.74	X 0.9997	X 1.000	$164.69
Physical Therapy	$163.61	X 0.9997	X 1.000	$163.56
Skilled Nursing	$149.68	X 0.9997	X 1.000	$149.64
Speech-Language Pathology	$177.84	X 0.9997	X 1.000	$177.79

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Non-Routine Supply Payments

Payment for Non-Routine Supplies (NRS) is now part of the national, standardized 30-day period rate. Durable Medical Equipment (DME) provided as an HH service (as defined in Section 1861(m) of the Act) is paid the fee schedule amount and is not included in the national, standardized 30-day period payment amount.

Rural Add-On Provision

In the CY 2019 HH PPS final rule (83 FR 56443), CMS finalized policies for the rural add-on payments for CYs 2019-2022, in accordance with Section 50208 of the BBA of 2018. The CY 2019 HH PPS proposed rule (83 FR 32373) described the provisions of the rural add-on payments, the methodology for applying the new payments, and outlined how CMS categorized rural counties (or equivalent areas) based on claims data, the Medicare Beneficiary Summary File and Census data.

The HH PRICER module, located within CMS' claims processing system, will increase the CY 2021 30-day base payment rates by the appropriate rural add-on percentage prior to applying any case-mix and wage index adjustments. The CY 2019-2022 rural add-on percentages outlined in law are shown in Table 5.

Table 5 – HH PPS Rural Add-On Percentages, CYs 2021-2022

Category	CY 2019	CY 2020	CY 2021	CY 2022
High utilization	1.5%	0.5%	None	None
Low population density	4.0%	3.0%	2.0%	1.0%
All other	3.0%	2.0%	1.0%	None

Outlier Payments

The Fixed Dollar Loss (FDL) ratio and the loss-sharing ratio used to calculate outlier payments must be selected so that the estimated total outlier payments do not exceed the 2.5-percent aggregate level (as required by Section 1895(b)(5)(A) of the Act). Historically, CMS has used a value of 0.80 for the loss-sharing ratio, which CMS believes preserves incentives for agencies to attempt to provide care efficiently for outlier cases.

With a loss-sharing ratio of 0.80, Medicare pays 80 percent of the additional estimated costs above the outlier threshold amount. CMS made no changes to the loss-sharing ratio of 0.80 for CY 2021. CMS finalized that the FDL ratio for 30-day periods of care in CY 2020 would need to be set at 0.56 for 30-day periods of care. Given that CY 2020 is the first year of the Patient-Driven Groupings Model (PDGM) and the change to a 30-day unit of payment, for CY 2021, CMS maintained the FDL ratio of 0.56, as finalized for CY 2020.

In the CY 2019 HH PPS final rule with comment period (83 FR 56521), CMS finalized a policy to maintain the current methodology for payment of high-cost outliers upon implementation of the PDGM beginning in CY 2020 and that CMS will calculate payment for high-cost outliers based upon 30-day periods of care. The per-visit rates are shown in Table 6.

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TABLE 6: COST-PER-UNIT PAYMENT RATES FOR THE CALCULATION OF OUTLIER PAYMENTS

		For HHAs that DO Submit the Required Quality Data	For HHAs that DO Submit the Required Quality Data	For HHAs that DO NOT Submit the Required Quality Data	For HHAs that DO NOT Submit the Required Quality Data
HH Discipline	**Average Minutes Per-Visit**	**CY 2021 Per-Visit Payment**	**Cost-per-unit (1 unit= 15 minutes)**	**CY 2021 Per-Visit Payment**	**Cost-per-unit (1 unit= 15 minutes)**
Home Health Aide	63.0	$ 69.11	$16.45	$67.76	$16.13
Medical Social Services	56.5	$244.64	$64.95	$239.85	$63.68
Occupational Therapy	47.1	$167.98	$53.50	$164.69	$52.45
Physical Therapy	46.6	$166.83	$53.70	$163.56	$52.65
Skilled Nursing	44.8	$152.63	$51.10	$149.64	$50.10
Speech-Language Pathology	48.1	$181.34	$56.55	$177.79	$55.44

HH Wage Index

On September 14, 2018, the OMB issued OMB Bulletin No. 18-04, announcing revisions to the delineation of Metropolitan Statistical Areas (MSAs), Micropolitan Statistical Areas, and Combined Statistical Areas, and guidance on uses of each particular area. These revisions will be incorporated into the HH PPS wage index for CY 2021.

For CY 2021, as a transition to help mitigate any significant negative impacts that HHAs may experience due to CMS' proposal to adopt the revised OMB delineations, CMS applied a 5-percent cap on any decrease in a geographic area's wage index value from CY 2020 to CY 2021. Due to the way that the transition wage index is calculated, some Core-Based Statistical

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Areas (CBSAs) and statewide rural areas will have more than one wage index value associated with that CBSA or rural area. For example, some counties that change OMB designation will have a wage index value that is different than the wage index value associated with the CBSA or rural area they are moving to because of the transition. However, each county will have only one wage index value.

For counties that correspond to a different transition wage index value, the CBSA number will not be used for CY 2021 claims. These counties are listed in Table 7. In these cases, a number other than the CBSA number will be needed to identify the appropriate wage index value for claims for HH care provided in CY 2021. These five-digit numbers begin with "50." These special 50xxx codes are shown in the last column of the CY 2021 HH PPS wage index file, located at https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HomeHealthPPS/Home-Health-Prospective-Payment-System-Regulations-and-Notices. For counties that do not correspond to a different transition wage index value, the CBSA number will still be used.

Table 7 – List of Counties that Must Use 50XXX Codes for CY 2021 Due to the Wage Index Transition

FIPS County Code	County Name	CBSA FY 2020	CBSA Name CY 2020	Alternate IDs	Name CY 2021
17039	De Witt	14010	Bloomington, IL	50001	Illinois
18143	Scott	31140	Louisville/Jefferson County, KY-IN	50002	Indiana
20149	Pottawatomie	31740	Manhattan, KS	50003	Manhattan, KS
20161	Riley	31740	Manhattan, KS	50003	Manhattan, KS
20095	Kingman	48620	Wichita, KS	50004	Kansas
21223	Trimble	31140	Louisville/Jefferson County, KY-IN	50005	Kentucky
25011	Franklin	99922	Massachusetts	50006	Springfield, MA
26159	Van Buren	28020	Kalamazoo-Portage, MI	50007	Michigan
27143	Sibley	33460	Minneapolis-St. Paul-Bloomington, MN-W	50008	Minnesota
28009	Benton	32820	Memphis, TN-MS-AR	50009	Mississippi
30037	Golden Valley	13740	Billings, MT	50010	Montana
31081	Hamilton	24260	Grand Island, NE	50011	Nebraska
34023	Middlesex	35614	New York-Jersey City-White Plains, NY-	50012	New Brunswick-Lakewood, NJ
34025	Monmouth	35614	New York-Jersey City-White Plains, NY-	50012	New Brunswick-Lakewood, NJ
34029	Ocean	35614	New York-Jersey City-White Plains, NY-	50012	New Brunswick-Lakewood, NJ
36071	Orange	35614	New York-Jersey City-White Plains, NY-	50013	Poughkeepsie-Newburgh-Middletown, NY
37051	Cumberland	22180	Fayetteville, NC	50014	Fayetteville, NC
37093	Hoke	22180	Fayetteville, NC	50014	Fayetteville, NC

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FIPS County Code	County Name	CBSA FY 2020	CBSA Name CY 2020	Alternate IDs	Name CY 2021
45087	Union	43900	Spartanburg, SC	50015	South Carolina
46033	Custer	39660	Rapid City, SD	50016	South Dakota
47081	Hickman	34980	Nashville-Davidson-Murfreesboro-Fran	50017	Tennessee
48007	Arkansas	18580	Corpus Christi, TX	50018	Texas
48221	Hood	23104	Fort Worth-Arlington, TX	50019	Texas
48425	Somervell	23104	Fort Worth-Arlington, TX	50019	Texas
51029	Buckingham	16820	Charlottesville, VA	50020	Virginia
51033	Caroline	40060	Richmond, VA	50021	Virginia
51063	Floyd	13980	Blacksburg-Christiansburg-Radford, VA	50022	Virginia
53051	Pend Oreille	44060	Spokane-Spokane Valley, WA	50023	Washington
54003	Berkeley	25180	Hagerstown-Martinsburg, MD-WV	50024	Hagerstown-Martinsburg, MD-WV
24043	Washington	25180	Hagerstown-Martinsburg, MD-WV	50024	Hagerstown-Martinsburg, MD-WV
72083	Las Marias	99940	Puerto Rico	50025	Mayaguez, PR
01065	Hale	46220	Tuscaloosa, AL	50026	Tuscaloosa, AL
01107	Pickens	46220	Tuscaloosa, AL	50026	Tuscaloosa, AL
01125	Tuscaloosa	46220	Tuscaloosa, AL	50026	Tuscaloosa, AL
01127	Walker	13820	Birmingham-Hoover, AL	50027	Alabama
13007	Baker	10500	Albany, GA	50028	Georgia
22119	Webster	43340	Shreveport-Bossier City, LA	50029	Louisiana
29119	Mc Donald	22220	Fayetteville-Springdale-Rogers, AR-MO	50030	Missouri
45027	Clarendon	99942	South Carolina	50031	Sumter, SC

CMS reminds providers of the following:

- To submit the CBSA code or special wage index code corresponding to the state and county of the beneficiary's place of residence in value code 61 on home health Request for Anticipated Payments (RAPs) and claims
- When serving beneficiaries in areas where there is more than one unique CBSA due to the wage index transition, use the codes in the range 50xxx in the Table 7 transition wage index table to determine the code to report in value code 61.

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ADDITIONAL INFORMATION

The official instruction, CR 12017, issued to your MAC regarding this change is available at https://www.cms.gov/files/document/r10488cp.pdf.

If you have questions, your MACs may have more information. Find their website at http://go.cms.gov/MAC-website-list.

DOCUMENT HISTORY

Date of Change	Description
November 20, 2020	We revised this article to reflect an updated CR 12017 that revised the Policy section (page 4 in this article) and updated the Payment Rate Tables to include information on the cost per-unit table for outlier payments (Table 6). All references to Table 6 in the previous CR (and article) were changed to Table 7. The CR release date, transmittal number and link to the CR were also changed. All other information remains the same.
November 9, 2020	Initial article released.

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