



**Competitive Comments on
2023 Brunswick County Home Health Agency Applications**

Submitted by:

**Novant Health Home Care – Brunswick
Project ID # O-012316-23**

March 31, 2023

Competitive Comments Regarding the CON Applications Submitted for the 2023 Need Determination for a Medicare-Certified Home Health Agency in Brunswick County

Five competing applications were submitted in response to the need determination for one additional Medicare-certified home health agency (“HHA”) in Brunswick County:

Project ID # O-012316-23 Novant Health Home Care – Brunswick (“NHHC-B”)

Project ID # O-012318-23 3HC – Brunswick (“3HC”)

Project ID # O-012324-23 BAYADA Home Health Care, Inc. (“BAYADA”)

Project ID # O-012334-23 Well Care Home Health of Brunswick County (“Well Care”)

Project ID # O-012336-23 Healthview Home Health – Brunswick (“Healthview”)

Brunswick Community Hospital, LLC, dba Novant Health Brunswick Medical Center (“NHBM”) and Novant Health, Inc. (“Novant Health”) provide these comments to address the representations in the competing applications in accordance with N.C. Gen. Stat. § 131E-185(a1)(1). The comments include a comparative analysis and a discussion of the most significant issues regarding the applicants’ conformity with the statutory and regulatory review criteria (“the Criteria”) in N.C. Gen. Stat. § 131E-183(a) and (b). Nothing contained in this document should be considered an amendment to the NHHC-B application as submitted.

Comparative Comments

The following factors were used in the most recent Medicare-certified home health agency CON review, the 2021 Mecklenburg County review.

- Conformity with Statutory and Regulatory Review Criteria
- Competition (Access to a New or Alternate Provider)
- Access by Service Area Residents
- Access by Medicare Patients
- Access by Medicaid Patients
- Average Number of Visits per Unduplicated Patient
- Average Net Revenue per Visit
- Average Net Revenue per Unduplicated Patient
- Average Operating Expenses per Visit
- Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit
- Nursing and Home Health Aide Salaries

The following analysis and tables provide Novant Health’s summary of the comparative data for the applications in this review.

Conformity with Statutory and Regulatory Review Criteria

The only application in this batch review that is conforming with all applicable review criteria and rules is the NHH-C application.

For the reasons stated elsewhere in these comments, the other four applications in this review are not conforming with all applicable review criteria and cannot be approved. An application can only be approved when it conforms or conditionally conforms with all review criteria and rules, and an application is only a more effective alternative in a comparative analysis when it conforms or conditionally conforms with all review criteria and rules. A summary of the other applicants' non-conformities follows:

3HC:

The 3HC application is nonconforming with Criteria (1), (3), (4), (5), (6), (18a), and 10 NCAC 14C.2003. In particular, 3HC's application suffers from very aggressive and completely unsubstantiated market share assumptions. In just three short years, 3HC, which has no experience in Brunswick County, projects to achieve a 9.1% market share in Brunswick County. This is unreasonable given the many well-established providers in that market, such as Well Care and Liberty. In addition, 3HC's application suffers from unreasonable patient origin assumptions, resulting in unreasonable and unsubstantiated volume and financial projections. 3HC proposes to develop its new HHA in Leland, NC, on the border of New Hanover County, far from most of the Brunswick County population and both hospitals located in the County. Two of the three existing HHAs in Brunswick County, AssistedCare Home Health ("AssistedCare") and PruittHealth @ Home – Brunswick ("PruittHealth"), are also located in Leland, NC. In 2021, only 37% of AssistedCare's patients (680/1,835) and only 47% of PruittHealth's patients (78/167) were from Brunswick County. 2023 SMFP Table 12A, p. 217. 3HC projects that 90% of patients served by its new HHA will be from Brunswick County. Given the experience of the existing providers located in Leland, 3HC's assumption is unreasonable, resulting in unreasonable and unsubstantiated volume and financial projections.

BAYADA:

The BAYADA application is nonconforming with Criteria (1), (3), (4), (5), (6), (18a), and 10 NCAC 14C.2003. In particular, BAYADA's application suffers from unreasonable patient origin assumptions, resulting in unreasonable and unsubstantiated volume and financial projections. BAYADA proposes to develop its new HHA in Leland, NC, on the border of New Hanover County, far from most of the Brunswick County population and both hospitals located in the County. Two of the three existing HHAs in Brunswick County, AssistedCare and PruittHealth, are also located in Leland, NC. As indicated above, in 2021, only 37% of AssistedCare's patients (680/1,835) and only 47% of PruittHealth's patients (78/167) were from Brunswick County. 2023 SMFP Table 12A, p. 217. BAYADA projects that 100% of patients served by its new HHA will be from Brunswick County. Given the experience of the existing providers located in Leland,

BAYADA's assumption is unreasonable, resulting in unreasonable and unsubstantiated volume and financial projections.

Well Care:

The Well Care application is non-conforming with Criteria (1), (3), (4), (5), (6), (18a) and 10A NCAC 14C.2003. Well Care already has a Medicare-certified home health agency in New Hanover County and, using that agency's license, it has "the highest home health market share in Brunswick County." Well Care Application, pp. 52. Well Care does not need a physical presence in Brunswick County to serve Brunswick residents. This review provides the Agency with an excellent opportunity to introduce a new home health agency in Brunswick County. That agency should be NHH-C-B.

Healthview:

The Healthview application is non-conforming with multiple CON criteria, including Criteria (1), (3), (4), (5), (6), (12) and (18a) as well as 10A NCAC 14C.2003. The Healthview application relies on unreasonable and unsupported assumptions and, most notably, it fails to identify a specific office location in Brunswick County. This failure causes the application to be nonconforming with Criterion (12). The Agency should not condition Healthview's application on subsequently identifying an office location because it would merely be rewarding an applicant who could not be bothered with completing a relatively simple requirement.

Competition (Access to a New or Alternate Provider)

At present, there are three Medicare-certified home health agencies located within Brunswick County: Liberty HomeCare, AssistedCare Home Health, and PruittHealth @ Home – Brunswick. PruittHealth is the newest entrant in Brunswick County, having opened its agency in 2018. None of these existing home health agencies in Brunswick County submitted an application for another agency in this review cycle.

Although none of the applicants have an existing home health agency in Brunswick County, one of them, Well Care, assuredly cannot be considered a new provider in Brunswick County.

In 2021, Well Care's existing HHA in New Hanover County served 1,506 Brunswick County residents, representing a 32.9% market share, the highest share of any provider serving Brunswick County patients, including the three HHAs that are located in Brunswick County. See Well Care Application, pp. 52-53. In fact, in its application, Well Care's own data show its dominant market position in each of the markets it serves (ranging from 33% to 51% market share in almost all of those markets), even in markets where it currently does not have a HHA. Approving Well Care's application in Brunswick County will only allow Well Care to further exploit its market dominance and stifle competition. See Well Care Application, p. 53. This dominance harms patients, employees, payors, and referral sources. Diminished competition

leads to higher prices, lower quality, lack of options for employees, and other problems that are harmful to North Carolina citizens and inconsistent with the policies of the SMFP.

In addition, although Well Care states that it will not shift all of the Brunswick County patients it currently serves from New Hanover to the new HHA, it will certainly not abandon them. Based on Well Care's so-called "conservative" projections, it is projecting that its market share of Brunswick County home health patients will increase from 32.9% in 2021 to more than 38% in 2026. Allowing the already dominant provider in Brunswick County to increase its market share, especially when there is a viable and qualified new entrant (NHHC-B) in this batch review, is contrary to the goals of the CON Law and the SMFP.

Accordingly, WellCare is the least effective alternative with respect to this factor. 3HC and BAYADA are existing home health providers. *See, e.g.,* 2023 SMFP, Table 12A, pp. 217-222. NHHC-B is a new home health agency that is supported by the resources of NHBMC and Novant Health. NHHC-B will provide high-quality, cost-effective care to residents of Brunswick County and surrounding areas. As a new home health agency, it will introduce beneficial choice and competition and is, therefore, the most effective alternative with respect to this factor. Novant Health also offers one of the most generous charity care policies in North Carolina. An uninsured patient with household income under 300% of the Federal Poverty Level is eligible for a 100% write-off of charges from Novant Health. *See* Novant Health Application, p. 55 and Exhibit L.4, p. 3.

Recent reviews show that the Agency has become increasingly mindful of the dangers of allowing existing providers to expand when there are other providers ready, willing, and able to meet the need in the SMFP. The most recent Mecklenburg County home health review in 2021 illustrates this perfectly. BAYADA, PHC, and Well Care were already existing home health providers in Mecklenburg County. Their applications were deemed to be less effective alternatives regarding competition. The applications of PruittHealth and Aldersgate, both new entrants, were more effective alternatives, and the PruittHealth application was ultimately approved. Another prominent recent example is the 2022 Buncombe/Graham/Madison/Yancey Acute Care Bed Review. Mission Health is the dominant provider in that market, and the Agency awarded the CON for 67 new acute care beds to a different provider. Introduction of competition was key to the Agency's decision in that review.

Access by Service Area Residents

The 2023 SMFP defines the service area for a Medicare-certified home health agency or office as the county in which the agency or office is located. Thus, the service area for this review is Brunswick County. Facilities may also serve residents of counties not included in their service area. Generally, regarding this comparative factor, the Agency considers the application projecting to serve the largest number of service area residents to be the more effective alternative based on the assumption that residents of a service area should be able to derive a

benefit from a need determination for additional Medicare-certified home health agency or office in the service area where they live.

The following table illustrates access by Brunswick County service area residents during the third full fiscal year following project completion for each applicant.

Rank	Applicant	Projected Brunswick County Residents Served in Year 3	Brunswick County Residents Served as a Percent of Total
1	Novant Health	2,017	93.5%
5	3HC	559	90.0%
3	BAYADA	1,045	100.0%
2	Well Care	1,737	100.0%
4	Healthview	1,038	92.0%

Source: Tables in Section C.3 of the respective applications.

As shown in the table above, based on Novant Health’s historical experience in the service area and reasonable and adequately supported assumptions regarding NHHHC-B’s ability to serve Brunswick County residents discharged from the Novant Health Coastal Region hospitals to home health services, Novant Health projects to serve the highest number of service area residents during the third full fiscal year following project completion. Therefore, regarding projected service to residents of the service area, Novant Health’s application is the most effective alternative.

It should be noted that, while Novant Health projects that 93.5% of NHHHC-B’s patients will reside in Brunswick County compared to 100.0% for BAYADA and Well Care, it is unreasonable to assume that a new HHA in Brunswick County would exclusively serve residents who live in that county. This unreasonable assumption is especially true for BAYADA’s proposal, which is to locate the new HHA in Leland, NC, close to the border with New Hanover County and far from most of the Brunswick County population and the hospitals serving the area. As noted above, the current experience in Brunswick County is that the providers located near the border of New Hanover and Brunswick Counties serve a higher percentage of out-of-county residents than Brunswick County residents. There is no reason to believe this experience would be different with a new provider located on the border.

Novant Health projects that it will serve the highest percentage of Brunswick County residents among those applications projecting less than 100.0% of patients from Brunswick County. Accordingly, Novant Health’s application is the most effective alternative compared to other applications with respect to this factor. The Agency should also consider Novant Health’s very robust charity care policy which ensures that patients with a household income below 300% of the Federal Poverty Level and no insurance will not receive a bill from Novant Health. See Novant Health Application, p. 55; Exhibit L.4, p. 3.

Access by Medicare Patients

For each applicant in this review, the following table compares: a) the total number of duplicated patients in the third full fiscal year of operation; b) the number of duplicated Medicare patients in third full fiscal year of operation; and c) duplicated Medicare patients as a percentage of total duplicated patients. Generally, the Agency considers the application proposing the higher number of Medicare patients to be the more effective alternative with regard to this comparative factor.

3rd Full FY				
Rank	Applicant	Total Number of Duplicated Patients	Total Number of Duplicated Medicare Patients	Duplicated Medicare Patients as a Percentage of Total Duplicated Patients
2	Novant Health	2,374	2,039*	85.9%*
4	3HC	1,324	979	73.9%
3	BAYADA	8,059	1,541	19.2%
1	Well Care	6,132	2,442	39.8%
5	Healthview	3,572	943	26.4%

Source: Form C.5 of the respective applications.

NOTE: * In Form C.5, Novant Health does not include Medicare Managed Care patients in its count of Duplicated Medicare Clients and Visits because Medicare Managed care plans reimburse HHA's on a basis similar to Commercial plans. As such, Novant Health's numbers include only projected Medicare FFS patients, which represent less than half of Novant Health's Medicare patients in the third year of operation. Novant Health projects that 85.9% of NHHC-B patients will be Medicare patients in the third year of operation. Therefore, Novant Health estimates it will have approximately 2,039 duplicated Medicare patients in the third year.

Well Care is already serving home health patients in Brunswick County. It has the highest market share of any home health provider currently serving Brunswick County patients. It has a built-in advantage that the other applicants do not. For the reasons discussed above with regard to competition, Well Care should not receive "credit" for this built-in advantage.

As shown in the table above, Novant Health projects to serve the second highest number of duplicated Medicare patients in the third full fiscal year of operation. On a percentage basis, Novant Health's application proposes to serve a much higher percentage of duplicated Medicare patients compared to the other applications. Therefore, Novant Health's application is the most effective alternative with regard to projected access by Medicare recipients.

Access by Medicaid Patients

For each applicant in this review, the following table compares a) the total number of unduplicated patients in the third full fiscal year of operation; b) the number of unduplicated Medicaid patients in the third full fiscal year of operation; and c) unduplicated Medicaid patients as a percentage of total unduplicated patients. Generally, the Agency considers the

application proposing the higher number of Medicaid patients to be the more effective alternative regarding this comparative factor.

3rd Full FY				
Rank	Applicant	Total Number of Unduplicated Patients	Total Number of Unduplicated Medicaid Patients	Unduplicated Medicaid Patients as a Percentage of Total Unduplicated Patients
3	Novant Health	2,158	91	4.2%
5	3HC	621	21	3.4%
4	BAYADA	1,041	54	5.2%
2	Well Care	1,737	174	10.0%
1	Healthview	1,128	332	29.4%

Source: The total number of unduplicated patients is from Form C.5 of the respective applications and the Medicaid percentage is from Section L.3 of the applications. The number of unduplicated Medicaid patients was calculated by applying the Medicaid percentage from the table in Section L.3 to the applicant's projections of total unduplicated patients in third full fiscal year of operation from Form C.5.

As shown in the table above, Healthview projects to serve the highest number of unduplicated Medicaid patients and Well Care projects to serve the second highest number of unduplicated Medicaid patients in the third full fiscal year of operation. As discussed earlier, the Healthview Application is not approvable. Moreover, the assumptions made by Healthview and Well Care regarding their percentage of Medicaid patients are not reasonable compared to the realities of the Brunswick County market.

Healthview projects that 29.4% of its patients will be Medicaid recipients in the third year of operation. See Healthview Application, pp. 37-38. This projection is unreasonably high for several reasons:

1. In 2022, only 4.5% of patients discharged from NHBMC to home health services were covered under Medicaid, and this percentage has decreased over the past few years. See Novant Health Application, p. 95.
2. Doshier Memorial Hospital, located in Southport, NC, is the only hospital other than NHBMC located in Brunswick County. In 2021, only 3.7% of Doshier Memorial Hospital's patient were Medicaid recipients and only 1 of its Medicaid patients were discharged to home health services. From January – September 2022, 2.6% of Doshier Memorial Hospital's patient were Medicaid recipients and, during that period, none of its Medicaid patients were discharged to home health services. January 2021 – September 2022 HIDI data for Doshier Memorial Hospital.
3. Only 3.6% of patients served by the existing HHAs in Brunswick County are Medicaid patients. See Well Care Application p. 119, from 2023 License Renewal Applications.
4. As of March 2023, 33,175 Brunswick County residents are enrolled in Medicaid (<https://medicaid.ncdhhs.gov/reports/dashboards#enroll>), representing approximately

21% of the total projected 2023 Brunswick County population of 157,535. Accordingly, Healthview is projecting that it will serve a significantly higher percentage of Medicaid patients in its new HHA than exists in the overall population of Brunswick County. That is not a reasonable assumption.

Well Care projects that 10.0% of its patients will be Medicaid recipients in the third year of operation. See Well Care Application, p. 75. This projection is also unreasonably high for several reasons:

1. In 2022, only 4.5% of patients discharged from NHBMC to home health services were covered under Medicaid, and this percentage has decreased over the past few years. See Novant Health Application, p. 95.
2. Doshier Memorial Hospital, located in Southport, NC, is the only hospital other than NHBMC located in Brunswick County. In 2021, only 3.7% of Doshier Memorial Hospital's patient were Medicaid recipients and only 1 of its Medicaid patients were discharged to home health services. From January – September 2022, 2.6% of Doshier Memorial Hospital's patient were Medicaid recipients and, during that period, none of its Medicaid patients were discharged to home health services. January 2021 – September 2022 HIDI data for Doshier Memorial Hospital.
3. Only 3.6% of patients served by the existing HHAs in Brunswick County are Medicaid patients. See Well Care Application p. 119, from 2023 License Renewal Applications.
4. In its application, Well Care points to the “dramatic” decline in Medicaid patients served by existing Brunswick County HHAs in 2022 as indicative of problems Well Care was having with initial delays in credentialing and patient authorization under the new Medicaid Managed Care plans. See Well Care Application pp. 119-121. This explanation is a mischaracterization of its own data. The decline was driven by a decrease in Medicaid patients served by AssistedCare from 90 in 2021 to 50 in 2022. However, this decrease was a continuation of a trend at AssistedCare, which served 217 Medicaid patients in 2019; 139 in 2020 (a decrease of 36%); 90 in 2021 (a further decrease of 35%); and 50 in 2022 (a decrease of 44%); for a total decrease of 77% over that period. In fact, Liberty served more Medicaid patients in 2022 (48) than it did in 2020 (46) despite the purported problems with initial delays in credentialing and patient authorization under the new Medicaid Managed Care plans, and it only served four less Medicaid patients in 2022 than it did in 2021 (52). Accordingly, while access for underserved populations remains an issue in Brunswick County, the data presented by Well Care do not support its projection that 10% of its patients will be Medicaid recipients in its third year of operation.

Actual market data for Medicaid patients for NHBMC and Doshier Memorial Hospital, the only two hospitals located in Brunswick County, demonstrates the unreasonableness of Well Care's projection.

Accordingly, based on reasonable and adequately supported assumptions, Novant Health projects to serve the highest number and the second highest percentage of unduplicated Medicaid patients among applications with reasonable assumptions and its application should be considered the most effective alternative regarding projected access by Medicaid recipients.¹

Average Number of Visits per Unduplicated Patient

The following table shows the average number of visits per unduplicated patient projected by each applicant in its third full fiscal year of operation.

3rd Full FY				
Rank	Applicant	Number of Unduplicated Patients	Projected Number of Visits	Average Number of Visits per Unduplicated Patient
4	Novant Health	2,158	31,924	14.5
3	3HC	621	11,134	17.9
1	BAYADA	1,041	22,935	22.0
2	Well Care	1,737	36,842	21.2
5	Healthview	1,128	12,384	11.0

Source: The total number of unduplicated patients and the projected number of visits are from Form C.5 of the respective applications. The number of visits per unduplicated patient was calculated by dividing the projected number of visits by the applicant’s projections of total unduplicated patients in its third full fiscal year of operation.

In past reviews, the Agency’s assessment of this comparative factor has been based on its stated premise that “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.” See Findings in 2021 Mecklenburg County Home Health Review, p. 91.

While Novant Health agrees with the first part – that the majority of home health care services are covered by Medicare – Novant Health does not agree with the rest of this premise.

Medicare beneficiaries are rapidly transitioning to Medicare Advantage plans. Some Medicare Advantage plans pay on a per visit basis, much like most commercial insurers. Under these plans, more visits per patient directly lead to higher net revenue per patient, creating a strong incentive to maximize visits per patient.

According to Medicareguide.com (<https://medicareguide.com/>), Medicare Advantage penetration rates have exploded in North Carolina since 2008, with the most explosive growth

¹ NHHB-B is aware that legislation is pending in the North Carolina General Assembly that may increase Medicaid access. See H.76, Session 2023 (NC 2023), *An Act to Provide North Carolina Citizens with Greater Access to Healthcare Options*, available at <https://www.ncleg.gov/BillLookup/2023/H76> (visited Mar. 19, 2023). This bill has not been signed into law as of the date of these comments, and its impact on home health access by Medicaid recipients is unknown. Accordingly, it cannot be used as a basis to support Healthview’s or Well Care’s Medicaid projections.

occurring in Rockingham County, which had a Medicare Advantage penetration rate of 66% as of the latest figures in December 2021. Based on those data, the average penetration rate in North Carolina in 2021 was 45%, while the Medicare Advantage Penetration rate in Brunswick County was 32%. This relatively low rate in Brunswick County suggests that Medicare Advantage penetration will likely increase substantially in Brunswick County in the future.

Based on patients discharged from NHBMC to home health services, the percentage of patients covered under traditional Medicare (for which the PDGM payment system applies) has decreased from 65% in 2018 to 50% in 2022, while the percentage of patients covered under Medicare Managed Care plans has increased from 17% in 2018 to 35% in 2022, consistent with the overall Medicare Advantage penetration rate in Brunswick County noted above. These trends are expected to continue such that, in 2026, its third year of operation, NHC-B projects that 45% of its patients will be covered by Medicare Advantage plans (equaling the average penetration rate in North Carolina in 2021) and only 41% of all patients will be covered under traditional Medicare. Thus, almost 60% of NHC-B's patients (100% - 41%) are projected to not be covered by traditional Medicare in 2026, and Novant Health would assume the same will be true for all the other applicants. For many of these patients, there will still be an incentive to increase visits per patient, thereby increasing average net revenue per patient, with neither necessarily representing more effective or better care.

In addition, Novant Health serves a variety of distinct patient populations not served by other home health agencies that drives its average visits per patient down. For instance, to the best of its knowledge, Novant Health is the only provider that takes patients from the Community Alternatives Program for Disabled Adults (the "CAP/DA" Program). The CAP/DA Program is a waiver program that provides a cost-effective alternative to institutionalization for Medicaid beneficiaries who are medically fragile and at risk for institutionalization if home- and community-based services approved in the CAP/DA waiver were not available. CAP/DA services allow the beneficiary to remain in or return to a home- and community-based setting by supplementing, rather than replacing, the formal and informal services and supports already available to an approved Medicaid beneficiary. These otherwise difficult to place patients usually get only one to two home visits per month. Serving these patients skews the average visits per patient downward.

Accordingly, Novant Health disagrees with the Agency's premise that the application proposing the highest number of visits per unduplicated patient is the more effective alternative regarding this comparative factor. Given the continuing incentive to increase the number of home health visits for some portion of the patient population and the variety of factors that could skew the average number of visits per patient in one direction or another, Novant Health does not believe that the average number of visits per unduplicated patient should be a comparative factor for review as it unfairly penalizes providers, like Novant Health, who serve more hard to place patients who, for any number of reasons, may require fewer home health visits.

Average Net Revenue per Visit

The following table compares projected average net revenue per visit in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the Agency considers the application proposing the lowest average net revenue per visit to be the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor.

3rd Full FY				
Rank	Applicant	Total Projected Visits	Total Net Revenue	Average Net Revenue per Visit
2	Novant Health	31,924	\$4,617,536	\$144.64
3	3HC	11,134	\$2,032,997	\$182.59
5	BAYADA	22,935	\$4,764,109	\$207.72
1	Well Care	36,842	\$5,102,141	\$138.49
4	Healthview	12,384	\$2,310,692	\$186.59

Source: Form C.5 and Form F.2b.

As shown in the table above, Novant Health projects the second lowest average net revenue per visit in the third full fiscal year following project completion. As these comments demonstrate, there are multiple reasons why Well Care’s application should not be approved. Regarding this comparative factor, the application submitted by Novant Health is a more effective alternative than the other three applications.

Average Net Revenue per Unduplicated Patient

Average net revenue per unduplicated patient in the third full fiscal year of operation was calculated by dividing projected net revenue (Form F.2b) by the projected number of unduplicated patients from Form C.5 of the applications, as shown in the table below. Generally, the Agency considers the application proposing the lowest average net revenue per unduplicated patient to be the more effective alternative regarding this factor.

3rd Full FY				
Rank	Applicant	Projected Unduplicated Patients	Total Net Revenue	Average Net Revenue per Unduplicated Patient
2	Novant Health	2,158	\$4,617,536	\$2,139.73
4	3HC	621	\$2,032,997	\$3,273.75
5	BAYADA	1,041	\$4,764,109	\$4,576.47
3	Well Care	1,737	\$5,102,141	\$2,937.33
1	Healthview	1,128	\$2,310,692	\$2,048.49

Source: Form C.5 and Form F.2b.

As shown in the table above, Novant Health projects the second lowest average net revenue per unduplicated patient in the third full fiscal year following project completion. The Healthview application is nonconforming with multiple criteria and cannot be approved. Therefore, regarding this comparative factor, the application submitted by Novant Health is the most effective alternative.

Average Operating Expenses per Visit

The following table compares projected average operating expense per visit in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the Agency considers the application proposing the lowest average operating expense per visit to be the more effective alternative since a lower average operating expense per visit may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

3rd Full FY				
Rank	Applicant	Total Projected Visits	Total Operating Expenses	Average Operating Expense per Visit
2	Novant Health	31,924	\$4,497,625	\$140.89
4	3HC	11,134	\$1,949,535	\$175.10
5	BAYADA	22,935	\$4,468,111	\$194.82
1	Well Care	36,842	\$4,042,773	\$109.73
3	Healthview	12,384	\$2,097,154	\$169.34

Source: Form C.5 and Form F.2b.

Well Care’s operating expenses are questionable for two reasons. First, as discussed below, at the same time Well Care is projecting the highest salaries of the five applicants, it is also projecting the lowest operating expenses. This apparent contradiction does not make sense; where the salaries are significantly higher, one would expect higher operating expenses. If Well Care’s numbers are to be believed, a logical inference is that Well Care must be cutting its other expenses, possibly in ways that do not promote patient care. The Agency should consider this possibility before determining Well Care to be the superior applicant on this factor. Second, Well Care’s projected visits result from the fact that Well Care is already the dominant provider of home health services in Brunswick County. The Agency should consider this fact carefully before it determines Well Care’s superiority on this factor. As shown in the table above, Novant Health projects the second lowest average operating cost per visit in the third full fiscal year following project completion. Therefore, regarding this comparative factor, the application submitted by Novant Health is a more effective alternative than the other three applications.

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 the third full fiscal year of operation by the average total operating expense per visit. Generally,

the Agency considers the application proposing the lowest ratio to be the more effective alternative with regard to this comparative factor.

However, the Agency notes that the ratio must equal one or greater in order for the proposal to be financially feasible.

3rd Full FY				
Rank	Applicant	Average Net Revenue per Visit (B)	Average Total Operating Cost per Visit (C)	Ratio of Average Net Revenue to Average Total Operating Cost per Visit (B / C)
1	Novant Health	\$144.64	\$140.89	1.03
2	3HC	\$182.59	\$175.10	1.04
3	BAYADA	\$207.72	\$194.82	1.07
5	Well Care	\$138.49	\$109.73	1.26
4	Healthview	\$186.59	\$169.34	1.10

As shown in the table above, Novant Health projects the lowest ratio of net revenue to average total operating cost per visit in the third full fiscal year of operation. Therefore, the application submitted by Novant Health is the most effective alternative with regard to the projected ratio of average net revenue per visit to average total operating cost per visit in third full fiscal year of operation.

Nursing and Home Health Aide Salaries

The tables below compare the proposed annual salary for registered nurses, licensed practical nurses, and home health aides in the third full fiscal year of operation, as reported by the applicants in Form H of the application. Generally, the Agency believes that salaries are a significant contributing factor in recruitment and retention of staff. Accordingly, the Agency considers the application proposing the highest annual salaries to be the more effective alternative regarding this comparative factor.

Average Annual Salaries – Third Full Fiscal Year

Rank	Applicant	Registered Nurse
3	Novant Health	\$86,089
4	3HC	\$73,047
2	BAYADA	\$94,556
1	Well Care	\$105,560
5	Healthview	\$72,800

Rank	Applicant	Licensed Practical Nurse
	Novant Health*	N/A
3	3HC	\$61,078
4	BAYADA	\$56,734
1	Well Care	\$66,763
2	Healthview	\$62,400

* Novant Health does not project that it will employ any LPNs.

Rank	Applicant	Home Health Aide
3	Novant Health	\$39,972
5	3HC	\$35,070
2	BAYADA	\$42,025
1	Well Care	\$45,619
4	Healthview	\$37,440

Source: Form H of the applications.

Well Care’s proposed salaries stand out because they are dramatically higher (especially for RNs) than salaries projected by all of the other applicants. While it is no secret that recruiting and retention of health care professionals, especially nurses, has been extremely challenging for a variety of reasons, the Agency should view Well Care’s salaries with great skepticism. For example, it is not reasonable to believe that Well Care will pay its registered nurses in Brunswick County \$11,000 (11.6%) more per year than BAYADA, an experienced home health company with 29,000 employees across the United States and internationally.² One might legitimately ask whether Well Care’s proposed salaries are presented merely to improve Well Care’s chances in a competitive review. Even if Well Care’s projected salaries are to be believed, it is also reasonable to ask how Well Care is able to have the lowest operating expenses per visit of the five applicants? The combination of highest salaries and lowest operating expenses is not necessarily a sign of operating efficiency. Rather, it may be indicative of expenses being cut in other areas that may directly impact patient care, such as supplies used to treat patients. While Well Care’s uncompensated care is *minimal* (1% charity care and zero self-pay, as shown on page 118 of the Well Care application), it is still an expense to be considered. How can the Agency reconcile these contradictory issues? The application does not answer these questions, and common sense indicates that it would be difficult for the highest salaries and lowest operating expense plus charity care to exist at the same time. Finally, Well Care’s presentation must also be viewed in the broader context: Well Care is the dominant home health provider in Brunswick County. Its presence in Brunswick County likely means it is the major employer of health care professionals who work in home health in Brunswick County. Well Care’s dominance may mean these professionals have fewer opportunities to change jobs in their chosen field, and it may also mean that other providers of home health services face

² See <https://www.bayada.com/about.asp> (visited Mar. 21, 2022).

challenges with staffing. The Agency should view Well Care’s representation skeptically and not simply accept these numbers at face value.

As shown in the tables above, Novant Health projects the third highest average annual salary for registered nurses and home health aides, the positions it plans to employ, in the third full fiscal year of operation. It should be noted that, due to the extensive recruiting resources of the Novant Health System and its experience in recruiting for similar positions, Novant Health does not anticipate having any difficulty recruiting the required staff for the new HHA.

Summary of Comparative Factors

The following table lists the comparative factors and indicates the relative ranking of the applications.

Comparative Factor	Novant Health	3HC	BAYADA	Well Care	Healthview
Conformity with Statutory and Regulatory Review Criteria	✓	✗	✗	✗	✗
Competition (Access to a New or Alternate Provider)	✓	✓	✓	✗	✓
Access by Service Area Residents	1	5	3	2	4
Access by Medicare Patients	2	4	3	1	5
Access by Medicaid Patients	1	3	2	N/A	N/A
Average Visits/Unduplicated Patient	N/A	N/A	N/A	N/A	N/A
Average Net Revenue per Visit	2	3	5	1	4
Average Net Revenue/Unduplicated Pt.	2	4	5	3	1
Average Operating Expenses per Visit	2	4	5	1	3
Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit	1	2	3	5	4
Nursing and Home Health Aide Salaries	3	4	2	1	5
Number of Factors - Most Effective	4	0	0	4	1
Number of Factors – More Effective	4	1	1	1	0
Total – Most or More Effective	8	1	1	5	1
Number of Factors – Least Effective	0	3	4	3	3

Novant Health is the only applicant in this batch review that can be approved on a stand-alone basis.

As shown in the table above, based on reasonable assumptions, the proposal submitted by Novant Health is the most or more effective alternative compared to the other approvable applications for the following factors:

- Competition
- Access by Service Area Residents
- Access by Medicare Patients
- Access by Medicaid Patients
- Average Net Revenue per Visit
- Average Net Revenue per Unduplicated Patient
- Average Operating Expenses per Visit
- Ratio of Net Revenue per Visit to Operating Cost per Visit

Accordingly, the application submitted by Novant Health, Project ID # O-012316-23, to develop NHHC-B should be approved as submitted since Novant Health is the superior applicant.

Additional Comments Regarding 3HC-Brunswick, Project # O-012318-23

Novant Health offers the following additional comments for consideration regarding the application submitted by 3HC. For the reasons stated below, the 3HC application is nonconforming with Criteria (1), (3), (4), (5), (6), (13)c, (18a) and 10A NCAC 14C.2003.

1. The site of the proposed new agency, in Leland, NC, is on the border with New Hanover County and far from most of the Brunswick County population and the hospitals serving the area. While office location is not important for patients who receive care in their homes, it is an important factor for staff recruitment and retention which, in turn, impacts patient volumes. An agency that has difficulty attracting and retaining staff will not be able to attract and retain patients. Clinicians in the field are often supported by personnel located in the home health agency office and have to travel to the office for a variety of reasons, including their initial interview and orientation (for those applying for a position), regular team and interdisciplinary conference meetings, and to pick up supplies that may be needed for patient care. Staff residing across Brunswick County, particularly the far west portions of Brunswick County and beyond, will have a long drive to get to the office in Leland, which can be exacerbated during peak commuting hours. This extended drive time will reduce the time they have for providing direct patient care and create unnecessary inefficiencies in care delivery to patients in Brunswick County.

In addition, many, if not most home health patients are referred for home health care following discharge from an acute care hospital. The distance of the proposed new HHA in Leland from the acute care hospitals in Brunswick County will eliminate the potential for a warm handoff from the discharging hospital to the agency, which will serve as an impediment to a smooth transition and continuity of care. Finally, the current experience in Brunswick County is that the providers located near the border of New

Hanover and Brunswick Counties serve a higher percentage of out-of-county residents than Brunswick County residents. 2023 SMFP Table 12A, p. 217. There is no reason to believe this experience would be different with a new provider located on the border in Leland.

2. 3HC's market share assumptions are also unreasonably high; in just three years of operations, 3HC projects that it will attain a 9.1% market share in Brunswick County. See 3HC Application, Utilization Assumptions and Methodology, p. 4. 3HC has failed to consider the robust market share that HHAs based in Brunswick and New Hanover Counties and other providers inside and outside Brunswick County have in Brunswick County. Well Care, which is based in New Hanover County, has by far the largest market share in Brunswick County at nearly 33%. See 3HC Application, Form C Utilization Assumptions and Methodology, p. 3. Liberty, which has the next highest market share at 25.2%, is also very well established in Brunswick County. Similarly, Assisted Care, which has been serving Brunswick County for many years, is well established with a 14.8% market share. These numbers were not achieved overnight, or even over the course of three years. They represent an accumulation of many years of experience in Brunswick County, investment in name recognition, and ability to garner referrals. Market share does not change rapidly, especially for a new entrant like 3HC that has historically not served Brunswick County patients. For example, the newest HHA in Brunswick County, PruittHealth, has been operating in Brunswick County since 2018, and it has a market share of 1.7%. In just one year (FFY 2025), 3HC purports to achieve more than double the market share PruittHealth has attained over five years. See Form C Utilization and Assumptions, pp. 2-3. This is not a reasonable assumption, and 3HC is highly unlikely to attain almost 10% market share in just three years. 3HC's market share assumptions, which are integral to its demonstration of need, lack a reasonable and supported basis. Accordingly, the 3HC Application should be found nonconforming with Criteria (1), (3), (4), (5), (6), (18a) and 10A NCAC 14C.2003.
3. The proposed new 3HC HHA is projected to serve far fewer charity care patients than other applicants. Novant Health projects its proposed new HHA, NHHB-B, will serve 26, 32, and 36 charity care patients in its first three years of operation, respectively, while 3HC projects it will serve only 2, 3, and 4 charity care patients in its first three years of operation, respectively. Compare Novant Health Application, p. 96 with 3HC Application, p. 94. This limited access to 3HC home care services for charity care patients will perpetuate and exacerbate the difficulty Novant Health's Coastal Region hospitals have in discharging non-Medicare and underserved patient populations to home health services, resulting in increased costs to Novant Health hospitals and the healthcare system overall. Accordingly, the 3HC Application should be found nonconforming with Criterion (13)c.

Additional Comments Regarding BAYADA Home Health Care, Inc., Project # O-012324-23

Novant Health offers the following additional comments for consideration regarding the application submitted by BAYADA:

1. The site of the proposed new agency, in Leland, NC, is on the border with New Hanover County and far from most of the Brunswick County population and the hospitals serving the area. While location is not important for patients who receive care in their homes, it is an important factor for staff recruitment and retention. Clinicians in the field are often supported by personnel located in the home health agency office and have to travel to the office for a variety of reasons, including their initial interview and orientation (for those applying for a position), regular team and interdisciplinary conference meetings, and to pick up supplies that may be needed for patient care. Staff residing across Brunswick County, particularly the far west portions of Brunswick County and beyond, will have a long drive to get to the office in Leland, which can be exacerbated during peak commuting hours. This extended drive time will reduce the time they have for providing direct patient care and create unnecessary inefficiencies in care delivery to patients in Brunswick County.

In addition, many, if not most home health patients are referred for home health care following discharge from an acute care hospital. The distance of the proposed new HHA in Leland from the acute care hospitals in Brunswick County will eliminate the potential for a warm handoff from the discharging hospital to the agency, which will serve as an impediment to a smooth transition and continuity of care.

Finally, the current experience in Brunswick County is that the providers located near the border of New Hanover and Brunswick Counties serve a higher percentage of out-of-county residents than Brunswick County residents. There is no reason to believe this experience would be different with a new provider located on the border in Leland.

2. BAYADA projects that 100% of the patients served by the proposed new HHA will come from Brunswick County. This is an unreasonable assumption generally, but particularly given the proposed location of the agency in Leland, NC on the border of New Hanover County. Accordingly, the BAYADA Application should be found non-conforming with Criteria (1), (3), (4), (5), (6), (18a) and 10A NCAC 14C.2003.
3. BAYADA's market share assumptions shown in Section Q, Steps 3 and 4 of its need methodology, are unreasonably high. BAYADA has no existing relationships in Brunswick County. BAYADA is planning to garner a 5.6% market share in Year 1, increase market share by 5.6% in Year 2, and then increase it by another 5.6% in Year 3. These assumptions are not reasonable. Well Care is the dominant home health provider in Brunswick County with a 32.9% market share. Liberty, another existing provider, controls 25.2% of the market. PruittHealth, which has been operating in Brunswick County since 2018, has a 1.7% market share. Yet, in just one year, BAYADA proposes to

have more than three times PruittHealth's market share. This is not a reasonable assumption and BAYADA provides no information to explain how it will achieve this market share. It is also unreasonable to assume, as BAYADA does, that its market share will increase at exactly the same rate (5.6%) in each of the first three project years. Notably, BAYADA's financial pro forms does not include any amounts for marketing or advertising, and none of its staff appears to be engaged in marketing.

This unreasonable and unsupported market share assumption causes the BAYADA application to be nonconforming with Criteria (1), (3), (4), (5), (6), (18a) and 10A NCAC 14C.2003.

4. BAYADA's projected Medicaid percentage of 5.2% is unreasonably high and unlikely to be achieved given actual market data for patients discharged from the local hospitals.
 - a. In 2022, only 4.5% of patients discharged from NHBMC to home health services were covered under Medicaid, and this percentage has decreased over the past few years. See Novant Health Application, p. 95.
 - b. Doshier Memorial Hospital, located in Southport, NC, is the only hospital other than NHBMC located in Brunswick County. In 2021, only 3.7% of Doshier Memorial Hospital's patient were Medicaid recipients and only 1 of its Medicaid patients were discharged to home health services. From January – September 2022, 2.6% of Doshier Memorial Hospital's patient were Medicaid recipients and, during that period, none of its Medicaid patients were discharged to home health services. January 2021 – September 2022 HIDI data for Doshier Memorial Hospital.
 - c. Only 3.6% of patients served by the existing HHAs in Brunswick County are Medicaid patients. See Well Care Application p. 119, from 2023 License Renewal Applications.

Accordingly, the BAYADA Application should be found non-conforming with Criteria (5) and (13)c.

**Additional Comments Regarding Well Care Home Health of Brunswick County,
Project # O-012334-23**

Novant Health offers the following additional comments for consideration regarding the application submitted by Well Care. The Well Care Application is nonconforming with Criteria (1), (3), (4), (5), (6), and (18a) and 10A NCAC 14C. 2003 for the following reasons:

1. As stated previously, Well Care dominates the home health market in Brunswick County. In 2021, Well Care's existing HHA in New Hanover County served 1,506 Brunswick County residents and had 32.9% market share, by far the highest share of any provider. See Well Care Application, p. 53. In fact, Well Care's own table shows its dominant market position in each of the markets it serves (ranging from 33% to 51% market share

in almost all of those markets), even in markets where it currently does not have an HHA. In Brunswick and the contiguous counties (New Hanover, Columbus, and Pender) Well Care's market share ranges from 32.9% to 45.8%, making it clear that approving Well Care's application in Brunswick County will further solidify its market position and stifle competition. Accordingly, approval of Well Care's application would maintain the status quo and would not result in an increase in competition in Brunswick County.

- a. Although Well Care will not shift all of the Brunswick County patients in currently serves from New Hanover to the new HHA, it will not abandon them. Based on Well Care's "conservative" projections, it is projecting that its market share of Brunswick County home health patients will increase from 32.9% in 2021 to more than 38% in 2026. While in line with its market share in other counties it serves, it cannot be said that a market share of more than 38% will increase competition in Brunswick County in the future.
 - b. Adding an agency in Brunswick County that will increase Well Care's market share from 33% to more than 38% will not solve Novant Health hospitals' ongoing problem regarding the existing home health agencies limiting access to home health services for difficult to place patients.
 - c. On page 124 of its application under Criterion (18a), Well Care explains that approval of its proposed new HHA it will increase competition "because it will enable Well Care to better meet the needs of its existing patient population, and to ensure more timely provision of and convenient access to home health services for residents of Brunswick County." As Well Care goes on to say in its application "The development of a new home health agency in Brunswick County will lead to significant gains in operational efficiency and the overall quality of care." This is a false premise. As the dominant provider in Brunswick County, Well Care should already be realizing so-called gains in operational efficiency and quality of care. A second home health agency (and a corresponding increase of market share) is not necessary to make these gains possible.
2. While Well Care claims that its "drop-off site" in Brunswick County is "materially" limited by CMS regulations, there is nothing to prevent Well Care from hiring more staff in Brunswick County to serve Brunswick County patients so that these staff spend less time driving back and forth to Wilmington. See Well Care's Executive Summary. CMS does not regulate where staff live. Further, concerns about "windshield time" in the field of home health must be put in perspective. By definition, the provision of home health involves a certain amount of "windshield time" as the service travels to the patient. Well Care does not explain how often staff serving Brunswick County patients actually do travel to Wilmington and what options it has considered, besides filing the present application, to reduce actual or perceived travel burdens on staff. Further, if Well Care's salaries are accurate, it should have no problem attracting and retaining

qualified staff to serve Brunswick County residents, even if they must travel. Well Care does not need a branch office in Brunswick County to hire and pay staff. It also does not need a branch office in Brunswick County to expand “access to industry-leading quality home health services across a broader segment of Brunswick County’s growing and aging population.” See Well Care’s Executive Summary. Every perceived benefit that Well Care offers, as detailed in Section B of its application, can be offered right now in any market it serves, including Brunswick County. Indeed, if Well Care is not already doing so, then the Agency must ask why not. There is nothing to stop Well Care from doing so right now, and the Agency should not be under the mistaken impression that “industry-leading quality home health services” are only possible *if* the Agency issues another CON to Well Care. A Well Care branch office in Brunswick County is simply not necessary, as evidenced by the fact that Well Care’s agency in Wilmington has no problem whatsoever dominating home health services in Brunswick County. See Well Care Application, p. 53.

3. Well Care’s performance on CMS Compare quality ratings is comparable to that of New Hanover Home Care-Pender (“NHHC-P”) in all of the categories presented by Well Care in its application (see Well Care Application p. 60), but Well Care did not provide its scores on patient experience, on which NHHC-P performs better than Well Care on all metrics. See the table attached at the end of this section which shows CMS Compare Scores in all categories for Well Care and NHHC-P. Novant Health will bring the same high-quality care and experience to Brunswick County residents that it currently does for Pender County residents.
4. As stated previously, Well Care projects that 100% of its patients will come from Brunswick County. This is an unreasonable assumption. See Well Care Application, p. 48.
5. As stated above, Well Care’s projected Medicaid percentage of 10% is unreasonably high and unlikely to be achieved given actual data for patients discharged from the local hospital, NHBMC, to home health services.
 - a. In 2022, only 4.5% of patients discharged from NHBMC to home health services were covered under Medicaid, and this percentage has decreased over the past few years. See Novant Health Application, p. 95.
 - b. Doshier Memorial Hospital, located in Southport, NC, is the only hospital other than NHBMC located in Brunswick County. In 2021, only 3.7% of Doshier Memorial Hospital’s patient were Medicaid recipients and only 1 of its Medicaid patients were discharged to home health services. From January – September 2022, 2.6% of Doshier Memorial Hospital’s patient were Medicaid recipients and, during that period, none of its Medicaid patients were discharged to home health services. January 2021 – September 2022 HIDI data for Doshier Memorial Hospital,

- c. Only 3.6% of patients served by the existing HHAs in Brunswick County are Medicaid patients. See Well Care Application p. 119, from 2023 License Renewal Applications.
- d. In its application, Well Care points to the “dramatic” decline in Medicaid patients served by existing Brunswick County HHAs in 2022 as indicative of problems Well Care was having with initial delays in credentialing and patient authorization under the new Medicaid Managed Care plans. See Well Care Application pp. 119-121. This explanation is a mischaracterization of its own data. The decline was driven by a decrease in Medicaid patients served by AssistedCare from 90 in 2021 to 50 in 2022. However, this decrease was a continuation of a trend at AssistedCare, which served 217 Medicaid patients in 2019; 139 in 2020 (a decrease of 36%); 90 in 2021 (a further decrease of 35%); and 50 in 2022 (a decrease of 44%); for a total decrease of 77% over that period. In fact, Liberty served more Medicaid patients in 2022 (48) than it did in 2020 (46) despite the purported problems with initial delays in credentialing and patient authorization under the new Medicaid Managed Care plans, and it only served four less Medicaid patients in 2022 than it did in 2021 (52). Accordingly, while access for underserved populations remains an issue in Brunswick County, the data presented by Well Care do not support its projection that 10% of its patients will be Medicaid recipients in its third year of operation.

Accordingly, the Well Care Application should be found non-conforming with Criteria (5) and (13)c.

- 6. In several places in its application, Well Care touts its ability to enhance value-based care by reducing LOS and readmissions. While Well Care performs well compared to other existing providers in Brunswick County, based on the same CMS data, NHHHC-P performs better on every metric of readmission/unexpected hospital care (see table below). Novant Health will bring the same excellent performance in value-based care to its new HHA in Brunswick County.

Comments Re: Brunswick County
 2023 Home Health Agency Competitive Review
 Novant Health Home Care - Brunswick ID O-012316-23
 March 31, 2023

	NHRMC Home Care	Well Care Wilmington	Well-Care Raleigh	NC Avg	National Avg	Liberty	Assisted-Care	Pruitt-Health
Quality Rating	4 Stars	5 Stars	5 Stars	3.5 Stars	3 Stars	3 Stars	4 Stars	3.5 Stars
Patient Survey Rating	5 Stars	4 Stars	3 Stars			3 Stars	4 Stars	Not Available
<u>Managing Daily Activities</u>								
How often patients got better at walking or moving around	83.3%	92.6%	91.8%	84.9%	83.3%	80.9%	86.7%	77.0%
How often patients got better at getting in and out of bed	95.6%	93.6%	92.9%	86.4%	84.6%	83.0%	87.4%	93.9%
How often patients got better at bathing	85.8%	94.3%	92.4%	85.5%	85.5%	82.8%	85.9%	83.4%
How often patient's functional abilities were assessed at admission and discharge and functional goals were included in their care plan	100%	95.2%	92.6%	97.9%	98.2%	96.4%	98.0%	100.0%
<u>Treating Symptoms</u>								
How often patients' breathing improved	89.9%	95.3%	96.8%	86.7%	85.9%	77.7%	86.3%	95.8%
How often patients have pressure ulcers/pressure injuries that are new or worsened	0.4%	0.0%	0.1%	0.2%	0.3%	0.5%	0.0%	0.0%
<u>Preventing Harm</u>								
How often the home health team began their patients' care in a timely manner	98.1%	99.8%	99.8%	97%	95.8%	95.3%	99.5%	97.2%
How often the home health team taught patients (or their family caregivers) about their drugs	99.9%	98.6%	98.1%	99%	98.5%	99.6%	99.6%	98.1%
How often patients got better at taking their drugs correctly by mouth	79.6%	92.0%	89.6%	80.9%	80.9%	77.2%	82.7%	70.3%
How often the home health team determined whether patients received a flu shot for the current flu season	82.1%	78.8%	75%	74.7%	74.4%	69.9%	82.1%	76.2%
How often physician-recommended actions to address medication issues were completed timely	95%	95.6%	96.4%	93.3%	95.3%	93.2%	98.7%	98.1%
How often patients experienced one or more falls with major injury	0.8%	0.6%	0.7%	1%	0.9%	1.3%	0.8%	3.7%

Comments Re: Brunswick County
 2023 Home Health Agency Competitive Review
 Novant Health Home Care - Brunswick ID O-012316-23
 March 31, 2023

<u>Preventing Unplanned Hospital Care</u>								
How often home health patients had to be admitted to the hospital	12%	14.6%	13.5%	14.2%	14.1%	9.0%	12.9%	19.8%
How often patients receiving home health needed any urgent, unplanned care in the Hospital ER – without being admitted to the hospital	10.3%	15.1%	13.3%	12.4%	11.6%	14.3%	12.9%	4.5%
How often patients remained in the community after discharge from home health	82.6%	82.4%	78.2%		76.3%	74.9%	78.9%	91.7%
How often patients were readmitted to the hospital for a potentially preventable condition after discharge from home health	2.9%	4.3%	4.8%		3.4%	3.2%	4.0%	3.2%
<u>Patient Satisfaction</u>								
How often the home health team gave care in a professional way	95%	88%	86%	90%	88%	88%	92%	
How well did the home health team communicate with patients	91%	83%	82%	87%	85%	88%	89%	
Did the home health team discuss medicines, pain, and home safety with patients	88%	83%	81%	84%	81%	82%	83%	
How do patients rate the overall care from the home health agency	93%	86%	81%	87%	84%	87%	88%	
Would patients recommend the home health agency to friends and family	89%	81%	71%	81%	78%	81%	82%	

The foregoing illustrates the reasons why the Well Care Application should be found non-conforming with Criteria (1), (3), (5), (6), (13)c., (18a), and 10A NCAC 14C.2003.

7. Regarding Criterion (4), the least costly or most effective alternative for Well Care is to maintain the status quo. It does not need another CON to offer its so-called industry-leading home health services in Brunswick County; it can and should be offering these services *right now*.
8. Finally, recent reviews show that the Agency has become increasingly mindful of the dangers of allowing existing providers to expand when there are other providers ready, willing, and able to meet the need in the SMFP. The most recent Mecklenburg County home health review in 2021 illustrates this perfectly. BAYADA, PHC, and Well Care were already existing home health providers in Mecklenburg County. Their applications were deemed less effective alternatives regarding competition. The applications of PruittHealth and Aldersgate, both new entrants, were more effective alternatives, and the PruittHealth application was ultimately approved. Another prominent recent example is the 2022 Buncombe/Graham/Madison/Yancey Acute Care Bed Review. Mission is the dominant provider in that market and the Agency awarded the CON to a different provider. Introduction of competition was key to the Agency's decision in that review.

Additional Comments Regarding Healthview Home Health – Brunswick, Project # O-012336-23

Novant Health offers the following additional comments for consideration regarding the application submitted by Healthview. For the reasons stated below, the Healthview Application is non-conforming with Criteria (1), (3), (4), (5), (6), (12), (18a) and 10A NCAC 14C.2003.

1. A specific site location for Healthview's proposed new HHA is not identified. See Healthview application, p. 65, which states in the table for Question 4a: "Office location To Be Determined." The city is listed as "(ideally) Shallotte." Healthview's Exhibit K.4 provides only an "example" of the type of space that Healthview might eventually lease, but there is nothing to indicate that the space is, in fact, "available" to be leased by Healthview, and what the terms of such a hypothetical lease might be. Healthview apparently did nothing more than a Google search for potential offices to lease in Brunswick County. Healthview apparently did not bother to contact the building owner or landlord to inquire if it would be willing to lease the space to Healthview and, if so, what the terms of the lease would be. No other applicant in this review responded to Criterion (12) in this incomplete fashion.

Healthview's answers to Criterion (12) are deficient and render the application unapprovable. According to G.S. 131E-181(a): "A certificate of need shall be valid only for the defined scope, physical location, and person named in the application." Therefore, this application cannot be approved.

In addition, without a known location, the applicant cannot determine if a suitable site is available and, if so, if it is appropriately zoned, requires a special use permit, how water will be provided at the site, how sewer and waste disposal will be provided, and how power will be provided. To each of these questions, Healthview answered: “Not Applicable. The applicant will provision an existing leased office space to accommodate the office needs of the Home Health Agency. Site to be determined.” See Healthview Application, answers to Questions 4.c., pp. 65-66. The Agency cannot assume that all utilities and zoning are in place for Healthview’s proposed use; it is the applicant’s duty to provide the necessary information. While it is certainly true that home health is provided in the home and not at a single location, like a hospital, ASC, or imaging center, the home health agency still requires an office and Criterion (12) always applies to home health applications. The Agency cannot conditionally conform Healthview because to do so would essentially be “waiving” a mandatory criterion, and the Agency may not “waive” an applicable criterion for any applicant.

2. Healthview’s deficient responses to Criterion (12) create another problem under Criterion (5): the lease cost cannot be validated and, therefore, the financial feasibility of the project cannot be validated. The application provides no information at all regarding how Healthview came up with the lease cost in its pro formas. See Healthview Application, Section Q, Form F.3b, p. 5. Assumption 5 of Healthview’s assumption for expenses (see Exhibit Q) does not shed any light on the matter, because rental expense is not mentioned in the list of assumptions. Further, the fact that the applicant operates other home health agencies elsewhere in North Carolina is irrelevant. Healthview’s existing agencies in Nash County and Caswell County (see Healthview Application, p. 22) are each more than 100 miles from Brunswick County. Even if the rental expense at the Nash and Caswell locations was considered – and there is no indication that it was – Brunswick County rental expense is likely to be different. Without a credible basis for the rental expense, the Agency must find the Healthview Application nonconforming with Criterion (5).
3. Healthview acknowledges in its application that “There is no mathematical formula associated with [its projections of patient origin by county], only estimates of patient caseloads based on location and proximity.” See Healthview Application, p. 29. Therefore, the projections are not reliable and cannot be validated in any way. Accordingly, the Healthview Application is non-conforming with Criterion (3).
4. Healthview projects that 29.4% of its patients will be Medicaid recipients in the third year of operation. See Healthview Application, p. 70. This projection is unreasonably high for the following reasons:
 - a. In 2022, only 4.5% of patients discharged from NHBMC to home health services were covered under Medicaid, and this percentage has decreased over the past few years. See Novant Health Application, p. 95.

- b. Doshier Memorial Hospital, located in Southport, NC, is the only hospital other than NHBMC located in Brunswick County. In 2021, only 3.7% of Doshier Memorial Hospital's patient were Medicaid recipients and only 1 of its Medicaid patients were discharged to home health services. From January – September 2022, 2.6% of Doshier Memorial Hospital's patient were Medicaid recipients and, during that period, none of its Medicaid patients were discharged to home health services. January 2021 – September 2022 HIDI data for Doshier Memorial Hospital,
- c. Only 3.6% of patients served by the existing HHAs in Brunswick County are Medicaid patients. See Well Care Application p. 119, from 2023 License Renewal Applications.
- d. As of March 2023, 33,175 Brunswick County residents are enrolled in Medicaid (<https://medicaid.ncdhhs.gov/reports/dashboards#enroll>), representing approximately 21% of the total projected 2023 Brunswick County population of 157,535. Accordingly, Healthview is projecting that it will serve a significantly higher percentage of Medicaid patients in its new HHA than exists in the overall population of Brunswick County. That is not a reasonable assumption.

This unreasonably high assumption causes the Healthview Application to fail Criteria (3), (5), (6), and (13)c.

- 5. Healthview's utilization methodology and assumptions do not demonstrate the need for the project. Healthview apparently relies on Brunswick County population data and an article in Exhibit C.4 to support its demonstration of need. This information is inadequate. The fact that the population is growing and aging does not, by itself, demonstrate the need the population has for the services proposed by an applicant. An article written in February 2022 which discusses trends in home health care does not demonstrate the need the population has for the services proposed by the applicant. There is no way for the Agency to determine whether the fill up rate in Section Q is reasonable and based upon supported assumptions. Accordingly, the Agency should find the Healthview application nonconforming with Criterion (3) and 10A NCAC 14C.2003.
- 6. Healthview's response to Criterion (4) is simply wrong. Healthview states that there are no alternatives to meeting the need for the proposal available to the applicant, and then says because there is a need determination in the SMFP, there is no alternative. The supporting documentation in Exhibit E.3. is a copy of the need determination. See Healthview Application, p. 46. The fact that there is a need determination does not mean there are no alternatives. If the Agency adopted Healthview's perspective, it would make Criterion (4) inapplicable whenever an application is filed pursuant to a need determination. That, of course, is not consistent with the plain language of Criterion (4). It is rarely the case that there are no alternatives whatsoever; alternatives typically include not filing an application; owning a site instead of leasing a site; or choosing a different location in Brunswick County. This review is not one of those rare cases where

there are no alternatives; no other applicant in this review responded “no” to Criterion (4).

7. On page 69 of its application, Healthview states that “Healthview Home Health – Brunswick will provide services to the entire population of **Beaufort County** and the defined service area, ...” (Emphasis added.) While obviously a typographical error, it is indicative of how carelessly and incompletely the application was prepared, as further noted below.
8. In its application, Healthview indicates that all of its patients will be either Medicare or Medicaid patients. See Healthview Application, p. 70. This assumption means that Healthview will receive compensation for its entire proposed patient population. In addition to being an unreasonable assumption -- no healthcare provider receives compensation for 100% of its patient population. The fact that Healthview makes such a projection underscores that approval of this application will not alleviate the problems Novant Health’s Coastal Region hospitals have in getting its patients accepted for care by existing home health agencies and may actually exacerbate the problems. In particular, the applicant is not projecting that it will serve any Self-Pay, Charity, insurance, worker’s compensation, or Tricare patients in its third year of operation. See Healthview Application, p. 70. At the same time, Healthview states that “the percentage of families below poverty level is expected to increase 11.7% in Brunswick County from 2023 to 2028; compared to a 3.9% increase for the State of NC.” Healthview Application, p. 31. This is another reason why the application is nonconforming with Criteria (5) and (13)c. Compare Novant Health’s Charity Care and Related Policies in Novant Health Application Exhibit L.4. (a patient with household income below 300% of the Federal Poverty Level is eligible for a 100% writeoff of her bill from Novant Health).
9. Healthview admits it has no existing or proposed policies regarding charity and reduced cost care. See Healthview Application, p. 70. Without such policies, the Agency cannot be assured that the applicant will follow through on its vague representations, *i.e.*, “the agency will entertain specific hardships on a case-by-case basis.” Healthview Application, p. 70. Accordingly, this is another reason why the Agency should find Healthview non-conforming with Criteria (3), (5), and (13)c.
10. Oddly enough, Healthview states that it “will always accept self-admissions for its services pending medical necessity for the patient to receive Home Health services.” Healthview Application, p. 71. In order to receive reimbursement for care provided, patients must have an order by a physician for such services and cannot be self-admitted. See, *e.g.*, www.medicare.gov, Medicare & Home Health Care (Official Government Booklet), p. 5 (visited Mar. 21, 2023).
11. In its application, Healthview does not include any adjustments to revenue in Form F.2b, nor does it explain any of the assumptions used to develop the financial pro forma. See

Healthview Application, Section Q. Again, this omission illustrates how carelessly and incompletely the application was prepared and requires that the application be denied.

12. Similar to the way it answered Criterion (4), Healthview's answer to Criterion (6) is also deficient. *See* Healthview Application, p. 56. The fact that there is a need determination does not mean there is no unnecessary duplication. If that were the case, then Criterion (6) would be inapplicable in reviews where there is a need determination. Rather, every applicant in every review must demonstrate why its proposal does not cause an unnecessary duplication of services. Healthview's application fails to meet Criterion (6).
13. The various deficiencies in the Healthview Application also cause the application to be non-conforming with Criterion (1). An application that relies on unsupported assumptions and provides no information about its proposed location does not demonstrate that it complies with Policy GEN-3. Specifically, the Agency cannot reasonably evaluate whether the applicant's proposal will promote safety and quality, access, and value when: (1) the basis for the patient origin is unknown; (2) the basis for the Medicaid percentage is unknown; (3) the policies governing the provision of care to charity and medically indigent patients are unknown; and (4) the project's location is unknown. Accordingly, the Agency should find the Healthview application nonconforming with Criterion (1).
14. The same facts that cause the Healthview application to be nonconforming with Criterion (12) also cause it to be nonconforming with Criterion (4). The Agency has no way to determine whether the applicant has chosen the least costly or most effective alternative when it has no idea where in Brunswick County the proposed home health agency will be located and whether the rental expense in the pro forma is based on reasonable and supported assumptions.
15. The Healthview Application is also nonconforming with Criterion (18a). The Agency cannot determine whether the applicant's proposal will have a positive impact upon cost effectiveness, quality, and access when the application is missing critical items such as the project's proposed location; how the applicant derived its rental expense; how the applicant determined its patient origin; how the applicant determined its Medicaid percentage; and the applicant's proposed policies for charity care and medically indigent patients. Without this information, the Agency must find the application nonconforming with Criterion (18a).

Healthview states that it has an almost 50-year history of providing home health services. *See* Healthview Application, p. 25. As an experienced provider, Healthview is undoubtedly familiar with North Carolina's CON processes. Its failure to submit a complete application for review renders its proposal unapprovable, and the Agency should deny Healthview's Application.

Conclusion

The Novant Health application is the only application in this batch review that is approvable standing alone. The Novant Health application is also comparatively superior on a number of metrics in the comparative analysis. Accordingly, the Novant Health Application should be approved, and the other applications should be denied.