

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: March 22, 2019

Findings Date: March 22, 2019

Project Analyst: Bernetta Thorne-Williams

Team Leader: Gloria Hale

Project ID #: J-11614-18

Facility: Personal Home Care of North Carolina

FID #: 180508

County: Wake

Applicant: Personal Home Care of North Carolina, LLC

Project: Develop a new Medicare-certified home health agency in Wake County pursuant to the Need Determination in the 2018 State Medical Facilities Plan

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

N.C. Gen. Stat. §131E-183(a) The Agency shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (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.

C

The applicant, Personal Home Care of North Carolina, LLC (PHC) proposes to develop a Medicare-certified home health agency in Wake County, pursuant to the need determination identified in the 2018 State Medical Facilities Plan (SMFP). PHC operates one other Medicare-certified home health agency in North Carolina which is located in Mecklenburg County.

Need Determination

The 2018 SMFP contains a need methodology for determining the need for additional Medicare-certified home health agencies in North Carolina. Application of the need methodology in the 2018 SMFP identified a need for two new Medicare-certified home health agencies in Wake County. Two applications for this review were received by the Agency to

develop a new Medicare-certified home health agency in Wake County. Pursuant to the need determination, two Medicare-certified home health agencies may be approved in Wake County. Therefore, this application is not considered to be competitive because the applicant is only applying to develop one Medicare-certified home health agency. Therefore, the application is conforming to the 2018 SMFP need determination for Medicare-certified home health agencies in Wake County.

Policies

There is one policy in the 2018 SMFP applicable to this review. **Policy GEN-3: Basic Principles** on page 33 of the 2018 SMFP states:

“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”

Promote Safety and Quality

The applicant describes how it believes the proposed project would promote safety and quality in Section B.3, pages 14-15, Section N.2(b), page 101, Section O, pages 105-109 and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant’s proposal would promote equitable access.

Promote Equitable Access

The applicant describes how it believes the proposed project would promote equitable access in Section B.3, page 16, Section C, pages 54-57, Section N.2(c), pages 102-103 and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant’s proposal would promote equitable access.

Maximizing Healthcare Value

The applicant describes how it believes the proposed project would maximize healthcare value in Section B.3, page 17, Section K.3, page 90, Section N.2(a), pages 100-101 and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant’s proposal would promote equitable access.

The applicant adequately demonstrates how its projected volumes incorporate the concepts of quality, equitable access and maximum value for resources expended in meeting the facility

need as identified by the applicant. Therefore, the application is consistent with Policy GEN-3.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more Medicare-certified home health agencies than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
 - The applicant adequately demonstrates how its proposal will promote safety and quality care.
 - The applicant adequately demonstrates how its proposal will promote equitable access.
 - The applicant adequately demonstrates how its proposal will maximize healthcare value.

(2) Repealed effective July 1, 1987.

(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.

C

The applicant proposes to develop a Medicare-certified home health agency in Wake County, pursuant to the need determination identified in the 2018 SMFP. The applicant proposes to develop the home health agency at 2249 New Bern Avenue, in Raleigh in Wake County. The applicant states on page 12, that it currently operates and owns one other Medicare-certified home health agency in North Carolina, in Mecklenburg County.

Patient Origin

On page 248, the 2018 SMFP defines the service area for a Medicare-certified home health agency office as the Medicare-certified home health agency office planning area in which the office is located. Each of the 100 counties in the state is a separate Medicare-certified home

health agency office planning area. Thus, the service area for this agency office consists of Wake County. Offices may also serve residents of counties not included in their service area.

In Section C.2, page 34, the applicant provides a table illustrating its projected patient origin by county in the third full federal fiscal year (FFY3) of operation following project completion. There is no current patient origin because the applicant proposes a new agency.

PHC
FFY2021 (10/1/2021-9/30/2022)
(FFY3)

County	# of Unduplicated Patients	% of Total
Wake	989	93.8%
Franklin	47	4.5%
Nash	14	1.4%
Johnston	4	0.4%
Total	1,055	100.0%

On page 3 of the application, the applicant states that totals may not foot due to rounding throughout the application.

In Section Q, pages 115-132, the applicant provides the assumptions and methodology used to project patient origin. The applicant's assumptions are reasonable and adequately supported.

Analysis of Need

In Section C.3, pages 35-52, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On page 35, the applicant states the need for the proposed project is based on the following:

- The need identified in the 2018 SMFP which identified a need for two additional Medicare-certified home health agencies in Wake County (page 36),
- Population growth in Wake County (page 37),
- Aging of the population in Wake County (page 38),
- In-home visits as a means to reduce hospital readmissions (page 39),
- Requests from local referral sources (page 39),
- Home health use rates (pages 40-41),
- Population health (pages 41-44),
- Need for enhanced home health services (pages 44-49), and
- Disparities particularly in eastern Wake County (pages 49-51).

On page 52, the applicant states that PHC will serve residents of Wake County and contiguous counties within a 60 minute drive time of the proposed new home health agency (HHA).

The information is reasonable and adequately supported for the following reasons:

- The identified need in the 2018 SMFP for additional home health agencies in Wake County.
- The projected growth and aging of the identified population to be served within Wake County and contiguous counties.
- The growing disparities in eastern Wake County for patients in need of HHA services.

Projected Utilization

In Section Q, page 114, the applicant provides the projected unduplicated patient utilization for the proposed new Medicare-certified home health agency office, by discipline, as summarized in the following table.

Projected Unduplicated Patients						
Discipline	FFY2020 (OY1)	Projected Percent of Services	FFY2021 (OY2)	Projected Percent of Services	FFY2022 (OY3)	Projected Percent of Services
Nursing	244	69.32%	525	69.26%	723	69.19%
Physical Therapy	76	21.59%	164	21.64%	226	21.63%
Speech Therapy	25	7.10%	54	7.12%	75	7.18%
Occupational Therapy	7	1.99%	15	1.98%	21	2.00%
Total Unduplicated Patients	352	100.00%	758	100.00%	1,045	100.00%

The applicant does not include medical social worker visits in the table above. On page 130, the applicant states that based on its historical experience providing HHA services in Mecklenburg County, 0.1 percent of its visits require a medical social worker. The applicant projects a similar need in Wake County. The applicant projects a total of 1,045 unduplicated visits by the end of OY3.

In Section Q, pages 115-132, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1 Project Market Share and Unduplicated Clients from 2019-2021

On page 115, the applicant provides a table which illustrates the projected unmet need, by county from 2019 to 2022, as shown below.

Projected New Unduplicated Patients				
County	2019*	2020	2021	2022
Wake	860	2,222	3,585	4,947
Franklin	57	117	177	236
Nash	61	137	213	290
Johnston	78	78	78	78
Total	1,056	2,476 [2,554]	3,974 [4,053]	5,473 [5,551]

*Partial interim year from July 2019-October 2019.

In the table above the applicant does not project an increase in the number of Johnston County patients who may utilize PHC services from the interim period in 2019 through FY2022. There is a discrepancy in the total number of unduplicated patients the applicant proposes to serve

from FY2020-2022. The analyst calculated a different total, based on the data provided by the applicant. The applicant failed to include the 78 patients projected from Johnston County in FY2020-FY2022. The corrected number of total patients, including those from Johnston County, are listed in the brackets below the applicant's total.

The applicant provides Table 2 on page 116, which summarizes the projected adjusted unmet need for new patients by county. This change only affects the patients in 2019, with the other years remaining consistent with Table 1, on page 115. The projected unmet need for FY2019 was adjusted for three months (example Wake County: $860 \times 3/12 = 215$). The number of Franklin County projects is projected to be 14 patients, Nash County 15 patients and Johnston County 20 patients. For an adjusted total of 264 patients in interim year 2019.

The applicant states on page 116, that it based its market share of the unmet need in Wake County on its historical experience serving patients in Mecklenburg County. The applicant states that Mecklenburg County is comparable to Wake County in terms of population size, health outcomes, and home health access. The applicant reports that according to the North Carolina Office of Budget and Management (NCOSBM) population projections, in 2018 Mecklenburg County had the largest population in the state with Wake County having the second largest. Among the 100 counties in North Carolina, Mecklenburg County is ranked number five with overall health outcomes and Wake County is ranked number one. According to the 2018 license renewal applications (LRAs), Mecklenburg County had 28 home health agencies providing care to approximately 17,600 residents and Wake County had 22 home health agencies serving approximately 16,600 residents. In Table 3, on page 117, the applicant provides its historical utilization for Mecklenburg County from 2011-2017. The applicant states that its compound annual growth rate (CARG) for unduplicated clients during that timeframe was 31%. On page 117, the applicant provides its projected market share for new patients, by county, from 2019-2022 for the proposed Wake County HHA, as illustrated below.

PHC
Projected Market Share of New Patients

County	2019	2020	2021	2022
Wake	15%	15%	20%	20%
Franklin	20%	20%	20%	20%
Nash	0%	0%	5%	5%
Johnson	0%	0%	5%	5%

The applicant provides the following assumptions on page 118:

- The applicant states that the projected market share represents a reasonable share of the unmet new patients in Wake County.
- The remaining market share is being met by existing or new home health agencies.
- The projected shares produce a pattern of growth similar to the start-up years in Mecklenburg County.
- The applicant projects to start serving residents of Nash and Johnston counties after establishing its presence in Wake and Franklin counties where there is a higher need for home health care services.

On pages 118-119, the applicant provides its assumptions for projecting utilization by county as follows:

- the applicant multiplies the projected unmet need for each county by the county’s projected market share, respectively. *“Example: Wake County’s 2019 Projected Unmet Need (215 patients) x Wake County’s 2019 projected Market Share (15%) = 32 patients.”*

On page 119, the applicant provides a table which illustrates the adjusted projected number of potential unduplicated patients to be served by PHC. The applicant states that there is a potential of 1,055 unduplicated patients in FFY2022, operating year (OY) 3. The applicant provides an additional table on page 119 which illustrates the projected total number of unduplicated home health patients potentially in need of HHA services, by county, from 2019-2022, as illustrated below.

Projected Total Number of Potential Unduplicated HHA Patients

County	Projected Utilization 2019	Projected Utilization 2020	Projected Utilization 2021	Projected Utilization 2022
Wake	19,823.96	21,186.04	22,548.12	23,910.21
Franklin	1,793.79	1,853.46	1,913.14	1,972.81
Nash	2,678.80	2,755.18	2,831.56	2,907.93
Johnson	3,264.23	3,264.23	3,264.23	3,264.23
Total	27,560.78	29,058.91	30,557.05	32,055.18

On page 120, the applicant provides Table 7, which projects the potential number of unduplicated clients, by county, and PHC’s projected market share, as shown below.

Projected Number of Potential Unduplicated Clients, by County and Market Share

	County	2019	2020	2021	2022
a.	Wake	32	333	717	989
b.	Franklin	3	23	35	47
c.	Nash	-	-	11	14
d.	Johnson	-	-	4	4
e.	Total Clients	35	357	767	1,055
f.	Total Market Clients	27,560.78	29,058.28	30,555.8	32,053.2
g.*	% of Total Market (a)	0.13%	1.23%	2.51%	3.29%

*g=e/f

Step 2 Project the number of unduplicated patients by primary reimbursement source

On page 121, the applicant states that to project the total number of unduplicated patients by reimbursement source, the applicant considered its operating experience and the 2017 payor mix for existing home health care agencies in Wake County. Table 8, on page 121, summarizes the existing payor source for HHAs in Wake County, as reported on their 2018 LRAs. The applicant states:

- patients are counted only in the primary payor source, and
- no patients are admitted more than once in the same year.

The applicant further states on page 121, that PHC has historically served a higher percentage of Medicaid patients than the average agency in Wake County. PHC is contracted with the Veterans Administration (VA) Integrated Service Network (VISN 6). The contract covers patients throughout North Carolina. VA patients represent approximately 7% of the agency's total patients. On page 122, the applicant provides a table which illustrates PHC's 2017 payor mix for its Mecklenburg HHA office. The applicant states that HMO beneficiaries are included in with Medicare, Medicaid or private payor sources. On page 123, the applicant provides a table which illustrates the projected payor source for the proposed HHA, as shown below.

**PHC Wake County
Projected Payor Source**

Payor	Percent of Payor Source
Medicare	65.0%
Medicaid	19.0%
Private Insurance	10.0%
Indigent	1.0%
Other (VA)	5.0%
Total	100.0%

The applicant based its projected payor source on the following:

- PHC's experience, the 2017 Wake County average of 68.6 percent in regard to Medicare, and its willingness to serve all payor sources.
- Medicare payments are the same for traditional Medicare and Medicare Advantage.
- Medicare and Medicare Advantage have the same number of visits per episode.
- PHC's experience and focused efforts on the Medicaid population.
- PHC's experience in working with private insurance and the 2017 Wake County average of 22.4 percent ($15 + 7.4 = 22.4$).
- PHC's indigent payor source is based on its experience and is slightly higher than the 2017 average of 0.5 percent for Wake County.
- VA payor source is reasonable based on PHC's partnership with the VA and the number of veterans in North Carolina.

Step 3 Unduplicated clients by payor source for 2019-2022

On page 124, the applicant states in order to project the number of unduplicated clients by payor source, the applicant multiplied the payor mix in Table 10 (page 123), by the projected number of potential unduplicated clients in Table 5 (page 119). The applicant projects no Medicare or Medicaid in the first three months of the proposed project. On page 124, the applicant provides a table which illustrates the projected number of unduplicated clients, by payor source, as shown below.

**Projected Unduplicated Clients by Payor Source
FY2019-FY2022**

Payor	2019	2020	2021	2022
Medicare	0	232	498	685
Medicaid	0	68	146	200
Private Insurance	4	36	77	105
Indigent	0	4	8	11
Other (VA)	2	18	38	53
Total	6	357	767	1,055

The applicant states the following concerning unduplicated patients by payor source:

- the first three-full year ramp-up is based on the applicant’s experience as a new provider in Mecklenburg County, and,
- no readmissions of unduplicated patents in any year.

Step 4 Project the Number of Medicare Duplicate Patients and Total Duplicate Patients

On page 125, the applicant states it used the 2018 LRAs for Wake County to determine the average Medicare beneficiary episode of HHA services in 2017. The applicant states Maxim Healthcare Services and Pediatric Services of America, Inc., (PSA) were excluded from the average Medicare episode per beneficiary calculation. PSA only serves children which explains why they did not report any Medicare episodes, as illustrated below.

Wake County HHA Average Medicare Episodes FY2019

Wake County HHA	Medicare Episodes	Average Medicare Episodes	Average Visits per Episode	Percent of LUPAs*
BAYADA Home Health Care, Inc.	2,662	2.5	16	7.20%
Intrepid USA Healthcare Services	887	1.6	15.14	11.70%
Kindred at Home	3,481	1.7	19.89	8.22%
Liberty Home Care	582	1.2	14	0.18%
Maxim Healthcare Services	0	0.0	0	0.00%
Medi Home Health Agency	1,324	1.1	15.83	14.00%
North Carolina Home Health	383	1.4	22.2	4.32%
Pediatric Services of American, Inc.	0	0.0	0	0.00%
Pruitt Health Home Health - Wake	300	1.1	22.5	8.00%
Rex Home Services	1,539	1.0	11.4	13.00%
Transitions LifeCare	398	1.2	14	18.60%
WakeMed Home Health	1,303	1.2	13.01	16.90%
Well Care Home Health, Inc.	4,794	1.3	12.43	12.93%
Total/Average	17,653	1.4	16.0	10.5%

*LUPA – low utilization payment adjustment. This occurs when four or fewer visits are provided in a 60-day episode. Instead of payment being based on the Health Insurance Prospective Payment System (HIPPS), payments are based on a national standardized per visit payment by discipline instead of an episode payment for a 60-day period.

On page 126, the applicant reports that in 2017, PHC provided an average of 1.59 episodes for each Medicare patient. The applicant projects the number of duplicated Medicare patients and multiplied that number by the historical utilization in Table 3 (page 117) to determine the 1.59 episode factor. The applicant states that Medicare and VA reimburse for each episode of care, however, private insurance and Medicaid reimburse by visits. The applicant applies the 1.59 factor only to Medicare patients in the table on page 126 that projects the number of PHC Medicare duplicate patients.

Step 5 Project the number of Medicare episodes by start of care

On page 127, the applicant provides a table which projects the distribution of Medicare episode starts of care. The applicant states that 88.0 percent will be full episodes without outliers, 0.5 percent will be full episodes with outliers, 10.5 percent will be LUPA and one percent will be partial episode payment (PEP). The applicant states those percentages are based on the following:

- PHC’s historical experience, and
- Wake County’s 2017 averages.

On page 127, the applicant provides a table which illustrates the projected number of Medicare episodes, by start of care from 2019-2022, as shown below.

Project Number of Medicare Episodes 2019-2022

Projected Medicare Start of Care	FY2019	FY2020	FY2021	FY2022
Full Episodes without Outliers	0	324	697	959
Full Episodes with Outliers	0	2	4	5
LUPA*	0	39	83	114
PEP**	0	4	7	9
Total	0	369	792	1,090

* Low Utilization Payment Adjustments

** Partial Episode Payments

Step 6 Summarize projected number of duplicated patients by start of care

On page 128, the applicant summarizes the projected number of duplicated patients by start of care episode and payor source.

Step 7 Project the Number of Visits by Reimbursement Type for 2019-2022

The applicant states on pages 128-129, that a projected number of start of care visits was derived from its historical experience and a review of Wake County’s HHA data. Table 17, on page 129 illustrates the average number of visits by payor. In Table 18, page 129, the applicant projects the number of PHC visits by start of care from 2019-2022, as illustrated below.

Projected Number of Visits by Start of Care and by Payor 2019-2022

Payor	FY2019	PY1 FY2020	PY2 FY2021	PY3 FY2022
Medicare Full Episodes without Outliers	0	5,678	12,204	16,791
Medicaid	0	746	1,603	2,205
Private Insurance	46	464	997	1,371
Indigent	19	196	422	580
Other	31	312	671	923
Medicare Full Episodes with Outliers	0	70	151	207
Medicare LUPAs*	0	116	249	342
Medicare PEPs**	0	44	95	131
Total	96	7,626	16,391	22,550

* Low Utilization Payment Adjustments

** Partial Episode Payments

The applicant projects a total of 22,550 episodes by the end of PY3 (2022).

Step 8 Projected Visits by Service Discipline and Reimbursement Type

On page 130, the applicant provides a table which illustrates the projected visits by service discipline. The applicant states that its projections are based on FY2018 historical data for PHC. On pages 131-132, the applicant provides the following tables which summarize its previous assumptions and methodology for PY1-PY3, as shown below.

Projected Visits by Discipline

Discipline	Percent of Total Visits
Skilled Nursing	68.5%
Physical Therapy	21.4%
Occupational Therapy	7.1%
Speech Therapy	2.0%
Social Worker	0.1%
Home Health Aide	0.9%
Total	100.0%

The applicant states that the projected distribution by discipline is based on PHC's experience and is comparable to Wake County's existing HHAs.

Projected Visits by Service Discipline, Start of Care, and Payor PY1 FY2020

Payor	SN	PT	OT	ST	MSW	HA	Total
Medicare without Outlier	3,889	1,215	403	114	6	51	5,678
Medicaid	511	160	53	15	1	7	746
Private Insurance	318	99	33	9	0	4	464
Indigent	134	42	14	4	0	2	196
Other	214	67	22	6	0	3	312
Medicare with Outliers	48	15	5	1	0	1	70
LUPA	79	25	8	2	0	1	116
PEP	30	9	3	1	0	0	44
Total	5,224	1,632	541	153	7	69	7,626

Skilled nursing (SN), physical therapy (PT), occupational therapy (OT), speech therapy (ST), medical social worker (MSW), home health aide (HA)

Projected Visits by Service Discipline, Start of Care, and Payor PY2 FY2021

Payor	SN	PT	OT	ST	MSW	HA	Total
Medicare without Outlier	8,360	2,612	866	244	12	110	12,204
Medicaid	1,098	343	114	32	2	14	1,603
Private Insurance	683	213	71	20	1	9	997
Indigent	289	90	30	8	0	4	422
Other	460	144	48	13	1	6	671
Medicare with Outliers	103	32	11	3	0	1	151
LUPA	170	53	18	5	0	2	249
PEP	65	20	7	2	0	1	95
Total	11,228	3,508	1,164	328	16	148	16,391

Projected Visits by Service Discipline, Start of Care and Payor PY3 FY2022

Payor	SN	PT	OT	ST	MSW	HA	Total
Medicare without Outlier	11,502	3,593	1,192	336	17	151	16,791
Medicaid	1,510	472	157	44	2	20	2,205
Private Insurance	939	293	97	27	1	12	1,371
Indigent	397	124	41	12	1	5	580
Other	632	198	66	18	1	8	923
Medicare with Outliers	142	44	15	4	0	2	207
LUPA	234	73	24	7	0	3	342
PEP	90	28	9	3	0	1	131
Total	15,447	4,826	1,601	451	22	203	22,550

Projected utilization is reasonable and adequately supported for the following reasons:

- Projected utilization is based upon the applicant’s historical experience in providing HHA services in Mecklenburg County.
- Actual and projected utilization of existing HHA providers in Wake County.
- The projected growth and aging of the Wake County patient population projected to need HHA services.
- The number of unduplicated patients in Wake County projected to need HHA services.

Access

In Section C.6, page 54, the applicant states,

“Low-income persons will have access to all services proposed by PHC in this application. PHC accepts patients regardless of patient’s payor method.”

In Section L, page 96, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project. The applicant states, in Section Q, pages 121-123, that its payor mix is based on its FY2017 payor mix at PHC in Mecklenburg County, and the FY2017 payor mix of HHAs in Wake County.

PHC - Wake County Third Full FY 10/1/2021-9/30/2022		
Payor Source	# of Unduplicated Patients	Percent of Total Revenue
Medicare*	686	65.0%
Medicaid*	200	19.0%
Private Insurance*	105	10.0%
Indigent / Non-Pay	11	1.0%
Other	53	5.0%
Total	1,055	100.0%

*Includes managed care plans

The projected payor mix is reasonable and adequately supported.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the proposed services.
- Projected utilization is reasonable and adequately supported.
- The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services (payor mix) and adequately supports its assumptions.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

NA

The applicant does not propose to reduce a service, eliminate a service, or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

- (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.

C

The applicant proposes to develop a Medicare-certified home health agency in Wake County, pursuant to the need determination identified in the 2018 SMFP. The applicant proposes to develop the home health agency at 2249 New Bern Avenue, in Raleigh in Wake County.

In Section E.2, pages 62-65, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo - The applicant states that maintaining the status quo is not the most effective alternative due to the need determination in the 2018 SMFP for two additional Medicare-certified home health agencies in Wake County.
- Offer basic home health services - The applicant states that it considered offering basic services, however, PHC learned from its participation in several organizations, that patients need specialized programs. Thus, the applicant concluded that this was not the most effective alternative.
- Meet home health needs in other settings - The applicant considered whether the needs of Wake County patients could be addressed by other providers, such as hospitals and skilled nursing facilities, however the cost of those services to the patient can be prohibitive. The applicant states that a 60-day episode of care in a nursing home would cost approximately \$250 per day or \$15,000. The applicant states this is approximately five times more than the estimated Medicare 60-day episode cost for PHC home health services. Therefore, the applicant concludes that this is not the most effective alternative.

The applicant adequately demonstrates that the alternative proposed in this application will meet the need for the proposed project because it is the most cost-effective alternative.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Personal Home Care of North Carolina, LLC shall materially comply with all representations made in the certificate of need application.**
 - 2. Pursuant to the need determination identified in the 2018 State Medical Facilities Plan, Personal Home Care of North Carolina, LLC shall develop no more than one Medicare-certified home health care agency in Wake County.**
 - 3. Upon completion of the project, Personal Home Care of North Carolina, LLC shall be licensed for no more than one Medicare-certified home health care agency in Wake County.**
 - 4. No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, Personal Home Care of North Carolina, LLC shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
 - a. Payor mix for the services authorized in this certificate of need.**
 - b. Utilization of the services authorized in this certificate of need.**
 - c. Revenues and operating costs for the services authorized in this certificate of need.**
 - d. Average gross revenue per unit of service.**
 - e. Average net revenue per unit of service.**
 - f. Average operating cost per unit of service.**
 - 5. Personal Home Care of North Carolina, LLC shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (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.

C

The applicant proposes to develop a Medicare-certified home health agency in Wake County, pursuant to the need determination identified in the 2018 SMFP. The applicant proposes to develop the home health agency at 2249 New Bern Avenue, in Raleigh in Wake County

Capital and Working Capital Costs

In Section Q, page 136, the applicant provides Form F.1 which projects the total capital cost of the project, as shown below in the table.

PCH - Wake	
Medical equipment	\$1,000
Non-medical equipment	\$35,000
Furniture	\$10,000
Consultant fees	\$50,000
Contingency	\$9,600
Total	\$105,600

In Section Q, the applicant provides the assumptions used to project the capital cost.

In Section F, page 68, the applicant projects that start-up costs will be \$29,232 and initial operating expenses will be \$239,258 for a total working capital of \$268,491. In Exhibit F.3, the applicant provides the assumptions and methodology used to project the working capital needs of the project.

Availability of Funds

In Section F, page 66, the applicant states that the capital cost will be funded as shown in the table below.

Sources of Capital Cost Financing		
Type	Personal Home Care, LLC	Total
Loans	\$0.0	\$0.0
Accumulated reserves or OE *	\$105,600	\$105,600
Bonds	\$0.0	\$0.0
Other (Specify)	\$0.0	\$0.0
Total Financing	\$105,600	\$105,600

* OE = Owner's Equity

In Section F, page 69, the applicant states that the working capital needs of the project will be funded as shown in the table below.

Sources of Financing for Working Capital		Amount
(a)	Loans	\$0.0
(b)	Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$268,491
(c)	Lines of credit	\$0.0
(d)	Bonds	\$0.0
(e)	Total	\$268,491

In Exhibit F.2, the applicant provides a letter dated October 12, 2018 from the Managing Member of Personal Home Care of North Carolina, LLC, documenting the availability of the necessary funds for the capital and working capital needs of the proposed project. The applicant also provides two additional letters in Exhibit F.2, dated October 11, 2018 and October 12, 2018, from the Financial Services Representative of First Citizens Bank and Wells Fargo Bank, respectively, attesting to the fact that Personal Home Care of North Carolina, LLC, has the necessary funds for the proposed project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.4, the applicant projects that revenues will exceed operating expenses in each off the first three full operating years of the project, as shown in the table below.

	1st Full Fiscal Year 2020	2nd Full Fiscal Year 2021	3rd Full Fiscal Year -2022
Total Visits	7,626	16,391	22,550
Total Gross Revenues (Charges)	\$1,284,358	\$2,760,612	\$3,798,087
Total Net Revenue	\$1,209,873	\$2,600,514	\$3,577,822
Average Net Revenue per Visit	\$158.65	\$158.65	\$158.66
Total Operating Expenses (Costs)	\$1,059,230	\$1,928,501	\$2,543,613
Average Operating Expense per Visit	\$138.90	\$117.65	\$112.79
Net Income	\$150,643	\$672,013	\$1,034,208

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions.
 - The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal.
 - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.
- (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 applicant proposes to develop a Medicare-certified home health agency in Wake County, pursuant to the need determination identified in the 2018 SMFP. The applicant proposes to develop the home health agency at 2249 New Bern Avenue, in Raleigh in Wake County.

On page 248, the 2018 SMFP defines the service area for Medicare-certified home health agency office as the Medicare-certified home health agency office planning area in which the office is located. Each of the 100 counties in the state is a separate Medicare-certified home health agency office planning area. Thus, the service area for this agency office consists of Wake County. Offices may also serve residents of counties not included in their service area.

The 2018 SMFP identifies a need determination for two Medicare-certified home health agencies in Wake County. There are 32 home health care agencies listed in Table 12A, pages 281-282 of the 2018 SMFP as having served Wake County residents. The table below identifies the home health agencies serving Wake County (Note: 2016 data).

WAKE COUNTY					
Existing and Approved Home Health Care Offices					
2016 Data					
License #	Facility County	Facility Name	Ages 18-64	Ages 65-85+	Total Patients
HC0422	Wake	Rex Home Health	921	2,150	3,071
HC0299	Wake	Gentiva Health Services	452	2,151	2,603
HC1293	Wake	WakeMed Home Health	957	1,345	2,302
HC0074	Wake	Well Care Home Health	583	1,488	2,071
HC0360	Durham	Duke Home Health	368	615	983
HC3820	Wake	BAYADA Home Health	90	727	817
HC2562	Wake	Liberty Home Health	218	568	786
HC0507	Johnston	3HC	224	315	539
HC0339	Wake	Intrepid USA Healthcare	95	423	518
HC0145	Alamance	Amedisys Home Health	77	329	406
HC2112	Wake	Medi Home Health	65	317	382
HC4538	Wake	PruittHealth Home Health	48	208	356
HC0166	Orange	Amedisys of Chapel Hill	43	297	340
HC0327	Durham	Brookdale - Raleigh	12	316	328
HC0031	Wake	Transition LifeCare	53	238	291
HC0215	Franklin	Gentiva Health Services	40	133	173
HC1437	Wake	NC Home Health	21	77	98
HC0078	Franklin	Amedisys Home Health	6	27	33
HC0828	Wake	Pediatric Serv. of America	32	0	32
HC0125	Harnett	Liberty Home Care	3	15	18
HC0500	Franklin	Franklin Co. Home Health	1	6	7
HC0002	Moore	Liberty Home Care	0	3	3
HC0228	Wayne	3HC	0	2	2
HC1176	Durham	Liberty Home Care	1	0	1
HC0508	Wilson	3HC	1	0	1
HC1028	Wake	Maxim Healthcare	1	0	1
HC0528	Chatham	Liberty Home Care	0	1	1
HC0249	Alamance	Advanced Home Care	1	0	1
HC0288	Brunswick	Liberty Home Care	0	1	1
HC1353	Carteret	Liberty Home Care	0	1	1
HC0255	Sampson	3HC	0	1	1
HC3421	Cumberland	Five Points Home Health	0	1	1
Total			4,312	11,856	16,168

In Section G, page 74, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health services in Wake County. The applicant states the following on page 74:

- The 2018 SMFP identified a need Wake County for two additional Medicare-certified home health agencies.
- The agency that served only one patient (Maxim Healthcare Services) appears to have a specialized interest.
- Projected growth in the population age groups that would use HHA services in the four counties proposed to be served in this application. The applicant states that by the third

year of operations for the proposed project, 30,557 patients in those four counties are projected to need HHA services which is 7,690 more patients than were served in 2016 as reported in the 2018 SMFP.

- MedPAC reports a stable 9 percent of Medicare patients being admitted under home health agency polices that permit beneficiaries who qualify to receive an unlimited number of HHA episodes. There is a trend towards an increase in HHA admissions for patients that have not been hospitalized. CMS and Congress are viewing these admissions as a less costly alternatives to hospital stays.
- With the exception of two agencies, Pediatric Services of America, Inc., and Maxim Healthcare Services, all Wake County agencies exceed the SMFP threshold of 325 clients for a new agency.

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area for the following reasons:

- There is a need determination in the 2018 SMFP for the proposed Medicare-certified home health agency.
- The applicant adequately demonstrates that the proposed Medicare-certified home health is needed in addition to the existing or approved Medicare-certified home health agencies in Wake County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

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

C

The proposed application is for a new Medicare-certified home health agency. Therefore, the applicant has no current staffing to report for the proposed agency. In Section Q, Form H.2, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Projected FTE Staff
	2nd Full Fiscal Year (10/1/2020-9/30/2021)
Administrator	1.00
Office Support	2.00
Marketing / Public Relations	1.00
Medical Director	0.10
Medical Social Worker	0.02
Nutrition / Dietary Counselor	0.03
Registered Nurse	5.77
Licensed Practical Nurse	2.38
Home Aides	0.12
Physical Therapist	2.78
Occupational Therapist	0.92
Speech Therapist	0.26
Respiratory Therapist	0.03
Clinical Manager	1.00
TOTAL	17.41

The applicant states, on page 146, that projected staffing is based on patient utilization projections and PHC’s historical operating and management experience in providing Medicare-certified home health services to residents in Mecklenburg County, which it states is in a comparable market.

The assumptions and methodology used to project staffing are provided in Sections H and Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form A, which is found in Section Q. In Section H.2 and H.3, pages 77-79 respectively, the applicant describes the methods it currently uses as an existing provider of Medicare-certified home health services, and will continue to be use to fill new positions and its continuing education programs. In Section H, page 79, the applicant identifies the proposed medical director as Dr. Ugwuala Nwauche. In Exhibit H.4, the applicant provides a letter from Dr. Nwauche indicating an interest in serving as medical director for the proposed home health agency providing services in Wake County. In Exhibit I.2, the applicant provides supporting documentation.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C

In Section I, page 81, the applicant states that the following ancillary and support services are necessary for the proposed services:

- Durable Medical Equipment (DME) and medical supplies
- Laboratory Services
- Medical Records
- Dietary Counseling and Enteral Feeding
- Pharmacy
- Physician In-Home visits
- Occupational Therapy
- Hospice
- Language Interpretation Services
- IT computer maintenance

On pages 81-85, the applicant adequately explains how each ancillary and support service will be made available and provides supporting documentation in Exhibit C.1.

In Section I, page 85, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in Exhibits I.2 and C.3.

The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health

service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;
 - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
 - (iii) would cost no more than if the services were provided by the HMO; and
 - (iv) would be available in a manner which is administratively feasible to the HMO.

NA

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

NA

The applicant does not propose to construct any new space or renovate any existing space. Therefore, Criterion (12) is not applicable to this review.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic

minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

NA

Neither the applicant nor any related entities owns, operates or manages an existing health service facility located in the service area. Therefore, Criterion (13a) is not applicable to this review.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Neither the applicant nor any related entities owns, operates or manages an existing health service facility located in the service area. Therefore, Criterion (13b) is not applicable to this review.

- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C

In Section L, page 96, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

PHC - Wake County Third Full FY 10/1/2021-9/30/2022		
Payor Source	# of Unduplicated Patients	Percent of Total Revenue
Medicare*	686	65.0%
Medicaid*	200	19.0%
Private Insurance*	105	10.0%
Indigent / Non-Pay	11	1.0%
Other	53	5.0%
Total	1,055	100.0%

*Includes managed care plans

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.0% of total services will be provided to indigent/non-pay patients, 10.0% to private insurance patients, 65.0% to Medicare patients and 19.0% to Medicaid patients.

In Section Q, pages 122-132, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because PHC based its projections on its historical internal data providing HHA services in Mecklenburg County and the FY2017 payor mix of HHAs in Wake County.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C

In Section L, page 97, the applicant adequately describes the range of means by which patients will have access to the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

In Section M, page 98, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit M.2.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant adequately demonstrates that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore, the application is conforming to this criterion.

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.
- (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.

C

The applicant proposes to develop a Medicare-certified home health agency in Wake County, pursuant to the need determination identified in the 2018 SMFP. The applicant proposes to develop the home health agency at 2249 New Bern Avenue, in Raleigh in Wake County.

On page 248, the 2018 SMFP defines the service area for Medicare-certified home health agency office as the Medicare-certified home health agency office planning area in which the office is located. Each of the 100 counties in the state is a separate Medicare-certified home health agency office planning area. Thus, the service area for this agency office consists of Wake County. Offices may also serve residents of counties not included in their service area. The 2018 SMFP identifies a need determination for two Medicare-certified home health agencies in Wake County. There are 32 home health care agencies listed in Table 12A, pages 281-282 of the 2018 SMFP as having served Wake County residents. The table below identifies the home health agencies serving Wake County (Note: 2016 data).

WAKE COUNTY					
Existing and Approved Home Health Care Offices					
2016 Data					
License #	Facility County	Facility Name	Ages 18-64	Ages 65-85+	Total Patients
HC0422	Wake	Rex Home Health	921	2,150	3,071
HC0299	Wake	Gentiva Health Services	452	2,151	2,603
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HC0074	Wake	Well Care Home Health	583	1,488	2,071
HC0360	Durham	Duke Home Health	368	615	983
HC3820	Wake	BAYADA Home Health	90	727	817
HC2562	Wake	Liberty Home Health	218	568	786
HC0507	Johnston	3HC	224	315	539
HC0339	Wake	Intrepid USA Healthcare	95	423	518
HC0145	Alamance	Amedisys Home Health	77	329	406
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HC4538	Wake	PruittHealth Home Health	48	208	356
HC0166	Orange	Amedisys of Chapel Hill	43	297	340
HC0327	Durham	Brookdale - Raleigh	12	316	328
HC0031	Wake	Transition LifeCare	53	238	291
HC0215	Franklin	Gentiva Health Services	40	133	173
HC1437	Wake	NC Home Health	21	77	98
HC0078	Franklin	Amedisys Home Health	6	27	33
HC0828	Wake	Pediatric Serv. of America	32	0	32
HC0125	Harnett	Liberty Home Care	3	15	18
HC0500	Franklin	Franklin Co. Home Health	1	6	7
HC0002	Moore	Liberty Home Care	0	3	3
HC0228	Wayne	3HC	0	2	2
HC1176	Durham	Liberty Home Care	1	0	1
HC0508	Wilson	3HC	1	0	1
HC1028	Wake	Maxim Healthcare	1	0	1
HC0528	Chatham	Liberty Home Care	0	1	1
HC0249	Alamance	Advanced Home Care	1	0	1
HC0288	Brunswick	Liberty Home Care	0	1	1
HC1353	Carteret	Liberty Home Care	0	1	1
HC0255	Sampson	3HC	0	1	1
HC3421	Cumberland	Five Points Home Health	0	1	1
Total			4,312	11,856	16,168

In Section N, pages 100-103, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services. On page 100, the applicant states,

“PHC will be a new entrant to the Wake County market. Competition alone will make cost a factor in its competitive contribution.”

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates:

- The cost-effectiveness of the proposal (see Sections F and Q of the application and any exhibits)

- Quality services will be provided (see Section O of the application and any exhibits)
- Access will be provided to underserved groups (see Section L of the application and any exhibits)

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

In Section A.7, page 12, the applicant identifies the Medicare-certified home health agencies located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of one of this type of agency located in North Carolina.

In Section O, page 109, the applicant states that, during the 18 months immediately preceding the submittal of the application, PHC is not aware of any incidents related to quality of care that occurred in its Mecklenburg County agency. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care did not occur in its one agency. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at its one agency, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.
- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

10A NCAC 14C .2003 PERFORMANCE STANDARDS

An applicant shall project, in the third year of operation, an annual unduplicated patient caseload for the county in which the facility will be located that meets or exceeds the minimum need used in the applicable State Medical Facilities Plan to justify the establishment of a new home health agency office in that county. An applicant shall not be required to meet this performance standard if the home health agency office need determination in the applicable State Medical Facilities Plan was not based on application of the standard methodology for a Medicare-certified home health agency office.

- C- In Section C, page 34, the applicant projects, in the third year of operation, an annual unduplicated patient load for its proposed service area that exceeds the minimum need used in the 2018 SMFP of 325 unduplicated patients, as illustrated in the table below.

**Projected Number of Unduplicated Clients by County
FY2021 (10/1/2021-9/30/2022)
(OY3)**

County	# of Unduplicated Patients	% of Total
Wake	989	93.8%
Franklin	47	4.5%
Nash	14	1.4%
Johnston	4	0.4%
Total	1,055	100.0%

The application is conforming to this rule.