

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: September 27, 2021

Findings Date: September 27, 2021

Project Analyst: Mike McKillip

Co-Signer: Fatimah Wilson

### COMPETITIVE REVIEW

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Project ID #: F-12053-21  
Facility: BAYADA Home Health Care  
FID #: 210256  
County: Mecklenburg  
Applicant: BAYADA Home Health Care, Inc.  
Project: Develop a new Medicare-certified Home Health Agency pursuant to the need determination in the 2021 SMFP

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Project ID #: F-12058-21  
Facility: Aldersgate Home Health  
FID #: 210260  
County: Mecklenburg  
Applicant: Aldersgate Home Health, Inc.  
Project: Develop a new Medicare-certified Home Health Agency pursuant to the need determination in the 2021 SMFP

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Project ID #: F-12061-21  
Facility: PHC Home Health  
FID #: 210267  
County: Mecklenburg  
Applicant: Personal Home Care of North Carolina, LLC  
Project: Develop a new Medicare-certified Home Health Agency pursuant to the need determination in the 2021 SMFP

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Project ID #: F-12071-21  
Facility: Well Care Home Health  
FID #: 210269  
County: Mecklenburg  
Applicant: Well Care TPM, Inc.  
Project: Develop a new Medicare-certified Home Health Agency pursuant to the need determination in the 2021 SMFP

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Project ID #: F-12072-21  
Facility: PruittHealth@Home-Charlotte  
FID #: 210274  
County: Mecklenburg  
Applicant: PruittHealth Home Health, Inc.  
Project: Develop a new Medicare-certified Home Health Agency pursuant to the need determination in the 2021 SMFP

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Each application was reviewed independently against the applicable statutory review criteria found in G.S. 131E-183(a) and the regulatory review criteria found in 10A NCAC 14C. After completing an independent analysis of each application, the Healthcare Planning and Certificate of Need Section (CON Section) also conducted a comparative analysis of all the applications. The Decision, which can be found at the end of the Required State Agency Findings (Findings), is based on the independent analysis and the comparative analysis.

### **REVIEW CRITERIA**

G.S. 131E-183(a): The Department 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**

#### **All Applications**

#### **Need Determination**

The 2021 State Medical Facilities Plan (SMFP) includes a need methodology for determining the need for additional Medicare-certified home health agencies or offices in North Carolina by service area. Application of the need methodology in the 2021 SMFP identified a need for one additional Medicare-certified home health agency or office in Mecklenburg County. Five applications were received by the Healthcare Planning and Certificate of Need Section (CON Section) proposing to develop a total of five new Medicare-certified home health agencies or offices in Mecklenburg County. However, pursuant to the need determination, only one additional Medicare-certified home health agency or office may be approved in this review.

#### **Policies**

One policy in Chapter 4 of the 2021 SMFP, Policy GEN-3, is applicable to the applications received in response to the need determination.

*Policy GEN-3: Basic Principles*, on page 29 of the 2021 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.”*

Policy GEN-3 applies to all five applications in this review.

**Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency**

BAYADA Home Health Care, Inc., hereinafter referred to as “Bayada” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Mecklenburg County.

***Need Determination.*** The applicant does not propose to develop more Medicare-certified home health agencies or offices than are determined to be needed in Mecklenburg County.

***Policy GEN-3.*** In Section B, pages 26-31, the applicant explains why it believes its proposal 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 or offices than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
  - The applicant adequately documents how the project will promote safety and quality in the delivery home health services in Mecklenburg County.
  - The applicant adequately documents how the project will promote equitable access to home health services in Mecklenburg County.
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

**Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency**  
Aldersgate Home Health, Inc., hereinafter referred to as “Aldersgate” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Mecklenburg County.

***Need Determination.*** The applicant does not propose to develop more Medicare-certified home health agencies or offices than are determined to be needed in Mecklenburg County.

***Policy GEN-3.*** In Section B, pages 29-34, the applicant explains why it believes its proposal 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 or offices than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
  - The applicant adequately documents how the project will promote safety and quality in the delivery home health services in Mecklenburg County.
  - The applicant adequately documents how the project will promote equitable access to home health services in Mecklenburg County.
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

**Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency**  
Personal Home Care of North Carolina, LLC, hereinafter referred to as “PHC” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Mecklenburg County.

***Need Determination.*** The applicant does not propose to develop more Medicare-certified home health agencies or offices than are determined to be needed in Mecklenburg County.

***Policy GEN-3.*** In Section B, pages 27-29, the applicant explains why it believes its proposal 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 or offices than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
  - The applicant adequately documents how the project will promote safety and quality in the delivery home health services in Mecklenburg County.
  - The applicant adequately documents how the project will promote equitable access to home health services in Mecklenburg County.
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

**Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency**  
Well Care TPM, Inc., hereinafter referred to as “Well Care” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Mecklenburg County.

***Need Determination.*** The applicant does not propose to develop more Medicare-certified home health agencies or offices than are determined to be needed in Mecklenburg County.

***Policy GEN-3.*** In Section B, pages 26-33, the applicant explains why it believes its proposal 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 or offices than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
  - The applicant adequately documents how the project will promote safety and quality in the delivery home health services in Mecklenburg County.
  - The applicant adequately documents how the project will promote equitable access to home health services in Mecklenburg County.
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

**Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency**  
PruittHealth Home Health, Inc., hereinafter referred to as “PruittHealth” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Mecklenburg County.

**Need Determination.** The applicant does not propose to develop more Medicare-certified home health agencies or offices than are determined to be needed in Mecklenburg County.

**Policy GEN-3.** In Section B, pages 50-51, the applicant explains why it believes its proposal 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 or offices than are determined to be needed in Mecklenburg County.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
  - The applicant adequately documents how the project will promote safety and quality in the delivery home health services in Mecklenburg County.
  - The applicant adequately documents how the project will promote equitable access to home health services in Mecklenburg County.
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

(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, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

All Applications

**Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency**

Bayada proposes to develop a new Medicare-certified home health agency to be located in Matthews in Mecklenburg County. In Section Q, Form O, the applicant indicates that it

currently operates nine Medicare-certified home health agencies in North Carolina, one of which is located in Mecklenburg County.

**Patient Origin**

On page 217, the 2021 SMFP defines the service area for a Medicare-certified home health agency or office area as the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area. Thus, the service area for this facility consists of Mecklenburg. Facilities may also serve residents of counties not included in their service area.

The following table shows the applicant’s projected patient origin.

County	1 <sup>st</sup> Full FY CY2022		2 <sup>nd</sup> Full FY CY2023		3 <sup>rd</sup> Full FY CY2024	
	Unduplicated Patients	% of Total	Unduplicated Patients	% of Total	Unduplicated Patients	% of Total
Mecklenburg	921	72.9%	1,127	72.4%	1,342	72.0%
Union	246	19.4%	293	18.9%	344	18.5%
Cabarrus	97	7.7%	136	8.8%	177	9.5%
Total	1,264	100.0%	1,557	100.0%	1,863	100.0%

Source: Table on page 39 of the application.

In Section C.3, page 39, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states the patient origin projections are based on projected home health deficits in the 2021 SMFP for Mecklenburg, Union, and Cabarrus Counties, the projected shift of unduplicated Bayada patients from specific ZIP Codes from the existing office in northern Mecklenburg to the proposed new Bayada office in Matthews, and existing referral relationships with the major health systems, physicians, long-term care facilities, and senior care and retirement communities. The applicant’s assumptions are reasonable and adequately supported.

**Analysis of Need**

In Section C.4, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On page 41, the applicant states the need is based on:

- The 2021 SMFP need determination for one additional Medicare-certified home health agency in Mecklenburg County
- The 2021 SMFP shows sizable projected home health deficits in Union and Cabarrus Counties.
- Population growth in Mecklenburg County and adjoining counties
- Aging of the population in Mecklenburg County and adjoining counties
- Cost savings through home health service collaboration with other providers
- Geographic analysis of home health providers in Mecklenburg County

- Market share analysis of Bayada Home Health Care for Mecklenburg, Union and Cabarrus Counties
- Responding to increases in acute care capacity in southern Mecklenburg County
- Improving operational effectiveness with two Bayada home health offices in Mecklenburg County
- Strengthening the Bayada Disaster Plan in Mecklenburg County
- Documentation of home health referral sources

The information is reasonable and adequately supported based on the following:

- The applicant's statements regarding need are supported by the projected patient deficits identified in the 2021 SMFP for Mecklenburg, Cabarrus and Union counties.
- The applicant's statements regarding need are supported by population growth and aging data from the North Carolina Office of State Budget and Management for the proposed service area.
- The applicant provides internal data regarding the utilization of its existing Mecklenburg home health agency to support its statements regarding need for the proposed new agency in Matthews.
- The applicant's projections are supported by historical utilization growth at its existing Mecklenburg agency.
- The applicant provides data and documentation regarding the increase in acute care beds, operational effectiveness, disaster preparedness and referral sources to support its assertions regarding the need for the proposed agency.

#### Projected Utilization

In Section Q, Form C.5, the applicant provides the projected utilization, as illustrated in the following table.

Form C.5 Home Health Utilization	1 <sup>st</sup> FY		2 <sup>nd</sup> FY		3 <sup>rd</sup> FY	
	F: 1/1/2022 T: 12/31/2022		F: 1/1/2023 T: 12/31/2023		F: 1/1/2024 T: 12/31/2024	
	Clients	Visits	Clients	Visits	Clients	Visits
<b>Unduplicated Clients by Admitting Discipline</b>						
Nursing	758		933		1,117	
Physical Therapy	450		544		663	
Speech Therapy	42		51		62	
Occupational Therapy	14		18		21	
Total Unduplicated Clients	1,264		1,557		1,863	
<b>Duplicated Clients and Visits by Discipline</b>						
Nursing	1,609	8,496	1,981	13,947	2,370	16,688
Physical Therapy	1,597	8,127	1,966	13,342	2,353	15,963
Speech Therapy	361	1,309	445	2,148	532	2,570
Occupational Therapy	1,040	3,791	1,282	6,223	1,533	7,446
Medical Social Worker	244	321	301	528	360	631
Home Health Aide	167	715	206	1,174	247	1,404
Total Duplicated Clients and Visits	5,020	22,759	6,180	37,362	7,395	44,703
<b>Duplicated Medicare Clients and Visits</b>						
Full Episodes w/o Outlier	873	15,007	1,433	24,636	1,715	29,477
Full Episodes w/ Outlier	16	264	26	433	31	518
Partial Episode Payment (PEP)	11	178	17	292	21	350
Low Utilization Payment (LUPA)	153	2,643	250	4,339	300	5,191
Total Medicare Clients and Visits	1,052	18,091	1,727	29,700	2,066	35,535

Source: Section Q, page 130 of the application.

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

Step 1 – The applicant summarizes the projected 2022 home health deficits by county for Mecklenburg, Cabarrus and Union counties in the 2021 SMFP. See the tables on page 125 of the application.

Step 2 – The applicant calculates the compound annual growth rates (CAGR) for the populations of Mecklenburg, Cabarrus and Union counties for 2019-2022. See the table on page 126 of the application.

Step 3 – The applicant projects to serve part of the projected 2022 home health deficits for Mecklenburg, Cabarrus and Union counties as identified in the 2021 SMFP. Specifically, the applicant projects to serve 90% of the projected Mecklenburg County deficit, 60% of the projected Cabarrus County deficit and 10% of the projected Union County deficit. The applicant states the projected percentages “are based on the location of the proposed office and Bayada having extensive existing referral relations through its existing home health and home care offices.” See the table on page 126 of the application.

Step 4 – The applicant projects annual increases in the projected home health patients for Mecklenburg, Cabarrus and Union counties to be served by the proposed agency as calculated in Step 3 based on the CAGR for the populations of Mecklenburg, Cabarrus and Union counties from Step 2. See the table on page 127 of the application.

Step 5 – The applicant summarizes the historical utilization of its existing Mecklenburg home health agency by unduplicated patients from Mecklenburg, Cabarrus and Union counties and calculates the historical CAGR for the patients at the existing agency for the period from 2017 to 2020. See the table on page 127 of the application.

Step 6 – The applicant projects annual increases in the projected unduplicated home health patients for Mecklenburg, Cabarrus and Union counties to be served by the existing agency as summarized in Step 5 based on the CAGR for the populations of Mecklenburg, Cabarrus and Union counties from Step 2. See the table on page 127 of the application.

Step 7 – The applicant identifies 25 ZIP Code areas in Mecklenburg, Cabarrus and Union counties for patients served at the applicant’s existing Mecklenburg County home health agency that are closer to the applicant’s proposed home health agency in Matthews, and calculates that those patients represented 49% of its total patients in February and March 2021. See the table on page 128 of the application.

Step 8 – The applicant projects that 25% of the patients projected to be served by the applicant’s existing Mecklenburg home health agency will shift to the proposed agency in Matthews in the first operating year (2022), and that 35% will shift in Year 2 (2023) and 45% will shift in Year 3 (2024). The applicant states, “*Zip Codes from which patients are likely to be shifted are based on closer proximity and shorter travel distances from the new office.*” See the table on page 128 of the application.

Step 9 – The applicant combines and totals the projected unduplicated patients from Mecklenburg, Cabarrus and Union counties that it projected to serve in Step 4, based on the home health deficits identified in the 2021 SFMP, and the projected unduplicated patients from Mecklenburg, Cabarrus and Union counties that it projects will shift from the applicant’s existing Mecklenburg County home health agency in Step 8. See the table on page 129 of the application.

Step 10 – Based on the projections and summary in Step 9, the applicant calculates the projected patient origin percentages for the proposed home health agency for the first three years of operation (CY2022-CY2024). See the table on page 129 of the application.

In Section Q, page 131, the applicant states the percentages of unduplicated patients by admitting discipline for the first three years of operation are based on the applicant’s historical (2020) experience at its existing Mecklenburg County home health agency, as summarized in the table below:

<b>Admitting Discipline (Years 1-3)</b>	<b>Unduplicated Clients</b>
Nursing	59.9%
Physical Therapy	35.6%
Speech Therapy	3.3%
Occupational Therapy	1.1%
<b>Total Unduplicated Clients</b>	<b>100.0%</b>

Source: Table on page 131 of the application

In Section Q, page 131, the applicant states the ratios and percentages of duplicated patients and visits by discipline are based on the applicant’s historical (2020) experience at its existing Mecklenburg County home health agency. Specifically, the applicant projects a ratio of 3.97 duplicated clients to unduplicated clients for the first three years of operation, 18 visits per

unduplicated client in Year 1, and 24 visits per unduplicated client in Years 2 and 3. The applicants projections are summarized in the table below:

<b>Distribution by Discipline</b>	<b>Duplicated Clients</b>	<b>Visits</b>
Nursing	32.05%	37.33%
Physical Therapy	31.82%	35.71%
Speech Therapy	7.19%	5.75%
Occupational Therapy	20.74%	16.66%
Medical Social Worker	4.87%	1.41%
Home Health Aide	3.33%	3.14%
<b>Total Duplicate Clients and Visits</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Table on page 131 of the application

In Section Q, page 132, the applicant provides tables showing its assumptions with regard to utilization at the proposed agency by Medicare clients in the first three operating years, which the applicant states are based on 2020 data and percentages for the existing Bayada home health agency, and are summarized below:

<b>Assumptions of Distribution (Years 1-3)</b>	<b>Episode % of Total Duplicated Clients</b>	<b>% of Total Visits</b>
Full Episode w/o Outlier	23.19%	65.94%
Full Episode w/ Outlier	0.42%	1.16%
Partial Episode Payment (PEP)	0.28%	0.78%
Low-utilization Payment Adjustment	4.05%	11.61%
<b>Totals Medicare</b>	<b>27.94%</b>	<b>79.49%</b>

Source: Table on page 132 of the application

<b>Assumptions of Distribution (Years 1-3)</b>	<b>% Episodes by Category</b>
Full Episode without Outlier	83.0%
Full Episode with Outlier	1.5%
Partial Episode Payment (PEP)	1.0%
Low-utilization Payment Adjustment	14.5%
<b>Total Unduplicated Clients</b>	<b>100.0%</b>

Source: Table on page 132 of the application

Projected utilization is reasonable and adequately supported based on the following:

- The applicant’s projections of home health clients that it projects to serve are consistent with and supported by the projected 2022 home health deficits for Mecklenburg, Cabarrus and Union counties identified in the 2021 SMFP.
- The applicant’s projections are supported by the projected growth and aging of the population in the proposed service area.
- The applicant’s projections of home health clients that will shift from its existing Mecklenburg home health agency to the proposed new home health agency in

Matthews are supported by the applicant's historical utilization by clients who reside in the ZIP Code areas identified by the applicant as closer to the proposed facility.

- The applicant's projections of admission by discipline, ratio of duplicated to unduplicated clients, and visits per client are based on the applicant's historical home health agency operating experience.
- Exhibit C.4 contains letters from referral sources expressing support for the project.

### **Access to Medically Underserved Groups**

In Section L.5, page 112, the applicant states, "*Bayada maintains a nondiscrimination policy and is committed to serve all appropriate patients regardless of income, race or ethnicity, gender, disability, age and other characteristics that cause patients to be underserved.*" In C.6, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low income persons	26.0%
Racial and ethnic minorities	30.0%
Women	65.0%
Persons with Disabilities	10.4%
The elderly	79.0%
Medicare beneficiaries	79.0%
Medicaid recipients	1.0%

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on information provided in Section C.6, pages 67-68, and Section L, pages 106-112.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 all the reasons described above.

**Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency**  
Aldersgate proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. In Section A.6, page 22, the applicant states that neither it

nor any related entity currently operate any Medicare-certified home health agencies in North Carolina.

**Patient Origin**

On page 217, the 2021 SMFP defines the service area for a Medicare-certified home health agency or office area as the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area. Thus, the service area for this facility consists of Mecklenburg. Facilities may also serve residents of counties not included in their service area.

The following table shows the applicant’s projected patient origin.

County	1 <sup>st</sup> Full FY CY2023		2 <sup>nd</sup> Full FY CY2024		3 <sup>rd</sup> Full FY CY2025	
	Unduplicated Patients	% of Total	Unduplicated Patients	% of Total	Unduplicated Patients	% of Total
Mecklenburg	352	100%	468	100%	550	100%
Total	352	100%	468	100%	550	100%

Source: Table on page 52 of the application.

In Section C.3, page 51, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states:

*“Recent trends for existing providers have shown that they are serving an increasing percentage of patients originating from outside the county. As a result, Mecklenburg County patients are becoming underserved, generating need for an additional home health provider in Mecklenburg County. To meet this need, Aldersgate has solely identified Mecklenburg County as the primary service area for this project. While Aldersgate will serve patients from adjacent counties as needed, its focus for this project will be increased access to home health for patients residing in Mecklenburg County. As a new agency, Aldersgate believes its focus and mission should be on meeting the identified need in Mecklenburg County.”*

The applicant’s assumptions are reasonable and adequately supported based on projected market share percentages of 10, 12.5 and 15 percent of the projected Mecklenburg County home health patient deficits in the first three full fiscal years of operation, respectively, as projected by the applicant using the 2021 SMFP methodology for Medicare-certified home health agencies or offices (See Step 1 of the applicant’s methodology).

**Analysis of Need**

In Section C.4, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On pages 54-66, the applicant states the need is based on:

- The historical and projected growth in the Mecklenburg County service area, particularly in the over 65 population.
- The trend toward existing Mecklenburg County home health agencies serving more out-of-county patients and the relatively slower rate of growth in admissions at existing Mecklenburg County home health agencies for Mecklenburg County patients, which the applicant states is indicative of decreasing access for Mecklenburg County residents.
- The two most recently approved Medicare-certified home health agencies have thus far not been able to meet the need for services by the residents of Mecklenburg County.
- The applicant states that while Medicare clients served by Mecklenburg County home health providers increased from 2017 to 2019, almost all other payor sources declined, including significant decreases among Medicaid, Indigent/Charity, and private pay patients.
- The need for Medicare-certified home health agency to provide services to patients discharged from the existing Aldersgate facilities and programs.
- The need for Medicare-certified home health agency to provide services to special populations, including racial/ethnic minorities, uninsured, non-English speaking, Jewish and LGBTQ patients.

The information is reasonable and adequately supported based on the following:

- The applicant's statements regarding need are supported by the projected patient deficits identified in the 2021 SMFP for Mecklenburg County, and by utilization data for the existing Mecklenburg County Medicare-certified home health agencies reported to DHSR.
- The applicant's statements regarding need are supported by population growth and aging data from the North Carolina Office of State Budget and Management for the proposed service area.
- The applicant's projections are supported by historical utilization of home health services by Aldersgate's existing patients and residents.

#### Projected Utilization

In Section Q, Form C.5, the applicant provides the projected utilization, as illustrated in the following table.

Form C.5 Home Health Utilization	Partial FY		1 <sup>st</sup> FY		2 <sup>nd</sup> FY		3 <sup>rd</sup> FY	
	F: 4/1/2022 T: 12/31/2022		F: 1/1/2023 T: 12/31/2023		F: 1/1/2024 T: 12/31/2024		F: 1/1/2025 T: 12/31/2025	
	Clients	Visits	Clients	Visits	Clients	Visits	Clients	Visits
<b>Unduplicated Clients by Admitting Discipline</b>								
Nursing	78		166		235		288	
Physical Therapy	97		209		298		375	
Speech Therapy	52		113		164		205	
Occupational Therapy	15		30		50		62	
Medical Social Worker	19		31		63		81	
Home Health Aide	9		18		27		37	
<b>Total Unduplicated Clients</b>	<b>169</b>		<b>352</b>		<b>468</b>		<b>550</b>	
<b>Duplicated Clients and Visits by Discipline</b>								
Nursing	97	916	205	1,956	287	2,793	347	3,458
Physical Therapy	119	1,058	255	2,289	361	3,279	447	4,143
Speech Therapy	63	398	137	866	196	1,255	243	1,577
Occupational Therapy	19	105	37	207	59	328	73	405
Medical Social Worker	24	39	38	62	74	124	95	159
Home Health Aide	11	84	22	169	33	252	44	334
<b>Total Duplicated Clients and Visits</b>	<b>333</b>	<b>2,600</b>	<b>446</b>	<b>5,549</b>	<b>586</b>	<b>8,031</b>	<b>675</b>	<b>10,076</b>
<b>Duplicated Medicare Clients and Visits</b>								
Full Episodes w/o Outlier	98	1,664	219	3,719	323	5,753	443	7,840
Full Episodes w/ Outlier	1	59	3	132	5	205	7	279
Partial Episode Payment (PEP)	3	34	6	75	10	117	13	159
Low Utilization Payment (LUPA)	16	43	36	96	55	149	75	203
<b>Total Medicare Clients and Visits</b>	<b>99</b>	<b>1,800</b>	<b>223</b>	<b>4,022</b>	<b>323</b>	<b>6,224</b>	<b>443</b>	<b>8,481</b>

Source: Table on page 124 of the application.

In Section C.4, pages 67-72, and Section Q, pages 130-138, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1 – The applicant projects the unduplicated patients to be served at its proposed home health agency that will originate as discharges from its existing nursing facility, Asbury Health and Rehabilitation, based on the historical home health utilization of those patients for 2019. Also, the applicant projects the unduplicated patients to be served at its proposed home health agency that will originate from its existing home care agency, Aldersgate at Home, based on the historical utilization of its home care agency and referral percentages that “*were based on anecdotal experience via Aldersgate at Home.*” The applicant projects the net home health need for Mecklenburg County using the 2021 SMFP need methodology for the years 2022-2025, and then projects the unduplicated patients to be served at its proposed home health agency based on market share percentages of 10, 12.5 and 15 percent in the first three full fiscal years of operation (CY2023-CY2025), respectively. See the table on page 72 of the application.

Step 2 – Based on FY2019 Medicare Cost Report data for existing Mecklenburg County providers, the applicant calculates the percentage of unduplicated patients by payor types, and projects the payor type percentages for unduplicated patients at the proposed agency through the first three full fiscal years of operation. The applicant assumes unduplicated Medicare admissions will grow as a percent of total unduplicated admissions from 50.77 percent in the first partial year of operation (CY2022) to 55 percent in CY2023, 60 percent in CY2024, and 70 percent in CY2025. See the tables on page 130 of the application. The applicant states, *Medicare patients increase as a % of total based on population growth for the senior population.*”

Step 3 – The applicant assumes a 15 percent readmission rate for Medicare patient and projects the total duplicated Medicare patients to be served by the proposed home health agency through the first three full fiscal years of operation. See the table on page 131 of the application. The applicant states, *“The computed Medicare unduplicated admissions were applied a 15% re-admission rate to determine the duplicate admissions for all budget years. A review of the FY 2019 cost reports shows a 30% re-admission rate. We deemed this very high compared to industry norms therefore applied half the rate.”* The applicant projects duplicated patient admissions and visits for non-Medicare payors through the first three full fiscal years of operation. The applicant states the projected duplicated patient counts for the non-Medicare payors is calculated based on the visit utilization per duplicated patient as reported on the Medicare cost report data for the existing Mecklenburg County home health agencies from the fiscal year 2019 counts by payer. See the tables on page 132 of the application.

Step 4 – The applicant projects the number of Medicare episodes by start of care based on Medicare claims data for the existing Mecklenburg County home health agencies. See the tables on page 133 of the application.

Step 5 – The applicant provides a table summarizing the duplicated patients by start of care by payor categories for Medicare and non-Medicare payors through the first three full fiscal years of operation. See the table on page 134 of the application.

Step 6 – The applicant projects the number of visits by discipline and payor type. See the tables on pages 135-138. The applicant states, *“Visit utilization is based on two sources of information. For Non-Medicare the visit utilization is based on the FY2019 Cost Report and the marketing analysis. Medicare visit utilization is based on the 2018 and 2019 Medicare claims data reviewed and the effect of PDGM [Patient Driven Grouping Model] on the visit utilization as it related to the clinical groups.”*

Projected utilization is reasonable and adequately supported based on the following:

- The applicant’s projections of home health clients that it projects to serve are consistent with and supported by the projected home health deficit for Mecklenburg County identified in the 2021 SMFP.
- The applicant’s projections are supported by the projected growth and aging of the population in the proposed service area.
- The applicant’s projections of home health clients that will be referred from its existing Mecklenburg nursing facility and home care agency to the proposed new home health agency are supported by the applicant’s historical utilization.
- The applicant’s projections of admission by discipline, ratio of duplicated to unduplicated clients, and visits by client and payor type are based on the historical

home health agency operating experience for existing Mecklenburg County home health agencies as reported on their respective Medicare cost reports.

- Exhibit I-2 contains letters from referral sources expressing support for the project.

### **Access to Medically Underserved Groups**

In Section C.6, page 77, the applicant states, “*Aldersgate Home Health will also provide and expand access to all Mecklenburg County residents including low-income persons, racial and ethnic minorities, women, persons with disabilities, and the elderly population.*” On page 77, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low income persons	8.6%
Racial and ethnic minorities	35.0%
Women	56.0%
Persons with Disabilities	7.0%
The elderly	73.3%
Medicare beneficiaries	74.3%
Medicaid recipients	3.5%

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on information provided in Section C.6, page 77, and Section L, pages 109-114.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 all the reasons described above.

### **Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency**

PHC proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. In Section Q, Form O, the applicant indicates that it currently operates two Medicare-certified home health agencies in North Carolina, one of which is located in Mecklenburg County.

### **Patient Origin**

On page 217, the 2021 SMFP defines the service area for a Medicare-certified home health agency or office area as the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area. Thus, the service area for this facility consists of Mecklenburg. Facilities may also serve residents of counties not included in their service area.

The following table shows the applicant’s projected patient origin.

County	1 <sup>st</sup> Full FY CY2023		2 <sup>nd</sup> Full FY CY2024		3 <sup>rd</sup> Full FY CY2025	
	Unduplicated Patients	% of Total	Unduplicated Patients	% of Total	Unduplicated Patients	% of Total
Mecklenburg	203	70%	376	63%	599	59%
Cabarrus	66	23%	170	29%	315	31%
Iredell	19	7%	50	8%	93	9%
Total	288	100%	596	100%	1,007	100%

Source: Table on page 46 of the application.

In Section Q and Exhibit C.3, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s projected patient origin is based its projections of the unmet need for home health services in Mecklenburg, Cabarrus and Iredell counties and its projections of market share for the proposed home health agency in those counties through the first three full fiscal years operation, as described in the applicant’s *“Need/Utilization Methodology for Section C”* (Steps 6-9) in Section Q of the application. The applicant’s assumptions are reasonable and adequately supported.

**Analysis of Need**

In Section C.4, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On pages 48-55, the applicant states the need is based on:

- 2021 State Medical Facilities Plan
- Population growth in Mecklenburg County
- Aging of the population in Mecklenburg County
- Population health, including health, social, and education status of Mecklenburg County residents
- Traffic congestion in Mecklenburg County
- The statewide shortage of nursing staff
- Home health use rates in Mecklenburg County
- Home health benefits
- Community and physician interest and referrals

The information is reasonable and adequately supported based on the following:

- The applicant’s statements regarding need are supported by the projected home health patient deficits identified in the 2021 SMFP for Mecklenburg County.
- The applicant’s statements regarding need are supported by population growth and aging data from the North Carolina Office of State Budget and Management for the proposed service area.
- The applicant provides data and documentation regarding health status, traffic congestion, home health use rates, and home health benefits and referral sources to support its statements regarding need for the proposed home agency.

Projected Utilization

In Section Q, Form C.5, the applicant provides the projected utilization, as illustrated in the following table.

Form C.5 Home Health Utilization	Partial FY		1 <sup>st</sup> FY		2 <sup>nd</sup> FY		3 <sup>rd</sup> FY	
	F: 4/1/2022 T: 12/31/2022		F: 1/1/2023 T: 12/31/2023		F: 1/1/2024 T: 12/31/2024		F: 1/1/2025 T: 12/31/2025	
	Clients	Visits	Clients	Visits	Clients	Visits	Clients	Visits
<b>Unduplicated Clients by Admitting Discipline</b>								
Nursing	57		198		409		689	
Physical Therapy	18		62		128		215	
Speech Therapy	2		6		12		20	
Occupational Therapy	6		20		42		71	
Total Unduplicated Clients	82		286		590		996	
<b>Duplicated Clients and Visits by Discipline</b>								
Nursing	72	1,070	251	3,739	518	7,733	875	13,051
Physical Therapy	22	334	78	1,168	162	2,416	273	4,077
Speech Therapy	2	31	7	109	15	226	26	381
Occupational Therapy	7	111	26	388	54	802	91	1,353
Medical Social Worker	0	2	0	5	1	11	1	19
Home Health Aide	1	14	3	49	7	102	11	971
Total Duplicated Clients and Visits	105	1,562	366	5,459	757	11,289	1,277	19,052
<b>Duplicated Medicare Clients and Visits</b>								
Full Episodes w/o Outlier	67	1,175	235	4,105	485	8,489	819	14,326
Full Episodes w/ Outlier	0	14	1	51	3	105	5	177
Partial Episode Payment (PEP)	8	10	28	83	57	172	97	290
Low Utilization Payment (LUPA)	1	24	3	35	6	73	10	123
Total Medicare Clients and Visits	76	1,223	267	4,274	551	8,838	930	14,916

Source: Form C.5 in Section Q of the application.

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

Step 1 – The applicant summarized the potential unduplicated home health patient need for Mecklenburg, Cabarrus and Iredell counties based on data in Table 12C in the 2021 SMFP. See applicant’s Table 1 in Section Q, page 2.

Step 2 – The applicant obtained the average annual rate of change in number of unduplicated patients served, for each age group, for each of the three counties from Table 12B in the 2021 SMFP. See applicant’s Table 2 in Section Q, page 3.

Step 3 – To calculate an “*absolute annual change*” in patients to be served for each age group, for each county in future years, the applicant states that it multiplied the potential home health patients to be served, in 2022 (Table 1), by each respective three-year average annual rate of change in number of patients served (Table 2). See applicant’s Table 3 in Section Q, page 4.

Step 4 – To calculate the net change in patients to be served by year, by county, the applicant calculated the sum of each age group’s absolute annual rate of change, from Table 3, for each county. See applicant’s Table 4 in Section Q, page 5.

Step 5 – To project total home health utilization in each service area county, the applicant applied the adjusted net change in patients served, from Table 4, to each respective county’s potential home health patients to be served in Table 1, for years 2023 to 2025. See applicant’s Table 5 in Section Q, page 6.

Step 6 – The applicant summarized the adjusted potential total patients served for Mecklenburg, Cabarrus and Iredell counties based on data in Table 12D in the 2021 SMFP. See applicant’s Table 6 in Section Q, page 7.

Step 7 – To calculate future unmet need in terms of patients to be served, the applicant subtracted the adjusted potential patients served by existing agencies in Table 6 from each of the annual forecasts of patients to be served in Table 5, through the year 2025. See applicant’s Table 7 in Section Q, page 8.

Step 8 – The applicant projects market shares of unduplicated home health patients that will be served by the proposed home health agency for each of the proposed service area counties through the first three full fiscal years of operation. See applicant’s Table 8 in Section Q, page 9. The applicant states, “*The applicant does not expect all patients from Table 7 to be served by PHC and is aware that other home health agency offices will serve some of the projected unduplicated patients. To estimate a conservative number of patients that will be served by PHC, the methodology involves a market share of 15 percent applied in the interim project year, 20 percent in the first full project year, 25 percent in the second full project year, and 30 percent in the third full project year for Mecklenburg County. For Cabarrus County, the applicant projects a market share of 4 percent applied in the interim project year, 6 percent in the first full project year, 8 percent in the second full project year, and 10 percent in the third full project year. For Iredell County, the applicant projects a market share of 2 percent applied in the interim project year, 3 percent in the first full project year, 4 percent in the second full project year, and 5 percent in the third full project year.*” In the applicant’s response to comments, it states the market share percentages and projected growth in utilization are both consistent with and supported by the historical experience of the applicant’s existing Mecklenburg County Medicare-certified home health agency.

Step 9 – The applicant projects the unduplicated patient to be served by the proposed home health agency through the first three full fiscal years of operation by multiplying the projected patients from Table 7 by the market shares for each county in Table 8. See applicant’s Table 9 in Section Q, page 10.

Step 10 – The applicant projects the payor mix percentages and unduplicated patients by payor source to be served by the proposed home health agency through the first three full fiscal years of operation based on the FY2019 payor mix experience for the applicant’s existing Mecklenburg County home health agency. See applicant’s Tables 10 and 11 in Section Q, page 11.

Step 11 – To project the number of duplicated Medicare patients, the applicant multiplied the total number of unduplicated Medicare patients from Table 3 by an “*episode factor*” of 1.41, based on the applicant’s average number of episodes for Medicare clients served by its existing Mecklenburg County home health agency in FY2019. See applicant’s Table 12 in Section Q, page 12.

Step 12 – Based on the experience of the applicant’s existing Mecklenburg County home health agency, and the 2019 Mecklenburg County averages for existing home health agencies, the applicant projects the percentages of the four payment categories for Medicare. See applicant’s Table 13 in Section Q, page 13. To project the proposed number of episodes by start of care, the applicant multiplied the Medicare episode start of care percentage from Table 13 by the number of duplicated Medicare patients, through the first three full fiscal years of operation, in Table 12. See applicant’s Table 14 in Section Q, page 13.

Step 13 – To summarize the projected number of duplicated patients by reimbursement type, the applicant combined the number of Medicare episodes by start of care, in Table 14, with the number of Medicaid, private insurance, indigent, and other patients from Table 12. See applicant’s Table 15 in Section Q, page 14.

Step 14 – The applicant projected the average number of visits by reimbursement type based on the experience of the applicant’s existing Mecklenburg County home health agency. See applicant’s Table 16 in Section Q, page 15. To project the number of visits by start of care, the applicant multiplied the number of duplicated patients from each start of care in Table 15, by each respective average number of visits by start of care in Table 16, through the first three full fiscal years of operation. See applicant’s Table 17 in Section Q, page 16.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant’s projections of home health clients that it projects to serve are consistent with and supported by the projected home health deficit for Mecklenburg, Cabarrus and Iredell counties identified in the 2021 SMFP.
- The applicant’s projections are supported by the projected growth and aging of the population in the proposed service area.
- The applicant’s projections of admission by discipline, ratio of duplicated to unduplicated clients, and visits by client and payor type are based on the historical home health agency operating experience for its existing Mecklenburg County home health agency.
- Exhibit I.2 contains letters from referral sources expressing support for the project.

### **Access to Medically Underserved Groups**

In Section C.6, page 61, the applicant states, “*PHC will accept all patients, regardless of gender, gender preference, race, ethnicity, age, income, or disability status.*” On page 62, the

applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low income persons	24.2%
Racial and ethnic minorities	42.7%
Women	51.9%
Persons with Disabilities	5.4%
The elderly	65.6%
Medicare beneficiaries	65.6%
Medicaid recipients	22.9%

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on information provided in Section C.6, pages 61-62, and Section L, pages 99-104.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 all the reasons described above.

### **Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency**

Well Care proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. In Section Q, Form O, the applicant indicates that it currently operates five Medicare-certified home health agencies in North Carolina, one of which is located in Mecklenburg County.

### **Patient Origin**

On page 217, the 2021 SMFP defines the service area for a Medicare-certified home health agency or office area as the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area. Thus, the service area for this facility consists of Mecklenburg. Facilities may also serve residents of counties not included in their service area.

The following table shows the applicant's projected patient origin.

County	1 <sup>st</sup> Full FY FFY2023		2 <sup>nd</sup> Full FY FFY2024		3 <sup>rd</sup> Full FY FFY2025	
	Unduplicated Patients	% of Total	Unduplicated Patients	% of Total	Unduplicated Patients	% of Total
Mecklenburg	211	87.0%	444	90.2%	752	92.0%
Union	25	10.4%	32	7.8%	53	6.4%
Lincoln	6	2.6%	9	1.9%	13	1.6%
Total	242	100.0%	492	100.0%	818	100.0%

Source: Table on page 46 of the application.

In Section Q, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s projected patient origin is based its projections of the unmet need for home health services in Mecklenburg, Cabarrus and Lincoln counties and its projections of market share for the proposed home health agency in those counties through the first three full fiscal years operation, as described in the applicant’s *“Form C.5 Home Health Utilization - Assumptions and Methodology”* (Steps 1-7) in Section Q of the application. The applicant’s assumptions are reasonable and adequately supported.

**Analysis of Need**

In Section C.4, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On page 41, the applicant states the need is based on:

- Population growth and aging in the service area
- Health disparities by race
- Home health use rates
- Home health’s role in reducing care spending
- Benefits of enhanced geographic access in Mecklenburg County
- Benefits of improved operational efficiency and staffing
- Well Care’s reputation as a high-quality market leader of home health services

The information is reasonable and adequately supported based on the following:

- The applicant’s statements regarding need are supported by the projected home health patient deficits identified in the 2021 SMFP for Mecklenburg, Union and Lincoln counties.
- The applicant’s statements regarding need are supported by population growth and aging data from the North Carolina Office of State Budget and Management for the proposed service area.
- The applicant’s projections are supported by historical utilization growth at its existing home health agencies.
- The applicant provides data and documentation regarding the traffic congestion, racial disparities in access, and operational effectiveness to support its assertions regarding the need for the proposed agency.

Projected Utilization

In Section Q, Form C.5, the applicant provides the projected utilization, as illustrated in the following table.

Form C.5 Home Health Utilization	1 <sup>st</sup> FY		2 <sup>nd</sup> FY		3 <sup>rd</sup> FY	
	F: 10/1/2022 T: 9/30/2023		F: 10/1/2023 T: 9/30/2024		F: 10/1/2024 T: 9/30/2025	
	Clients	Visits	Clients	Visits	Clients	Visits
<b>Unduplicated Clients by Admitting Discipline</b>						
Nursing	155		315		523	
Physical Therapy	87		177		295	
Total Unduplicated Clients	242		492		818	
<b>Duplicated Clients and Visits by Discipline</b>						
Nursing	222	1,769	470	3,752	779	6,215
Physical Therapy	209	1,476	443	3,131	736	5,199
Speech Therapy	30	115	64	245	106	407
Occupational Therapy	163	549	346	1,168	574	1,938
Medical Social Worker	44	55	92	116	153	193
Home Health Aide	50	303	104	633	172	1,050
Total Duplicated Clients and Visits	717	4,267	1,520	9,047	2521	15,002
<b>Duplicated Medicare Clients and Visits</b>						
Full Episodes w/o Outlier	207	3,146	439	6,673	731	11,111
Full Episodes w/ Outlier	2	83	5	209	8	334
Partial Episode Payment (PEP)	1	11	3	32	4	42
Low Utilization Payment (LUPA)	29	78	61	165	101	273
Total Medicare Clients and Visits	239	3,318	508	7,079	844	11,760

Source: Section Q, page 132 of the application.

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

Step 1 – The applicant identifies the ZIP Code areas in western and southern Mecklenburg County that represent the primary service area for the proposed new home health agency. See map on page 133 of the application.

Step 2 – The applicant provides a population projection for each of the ZIP Code areas identified in Step 1 from 2021 through 2025. See the table on page 135 of the application.

Step 3 – Based on the home health use rates in the 2021 SMFP, the applicant projects the total unduplicated patients for each of the ZIP Code areas identified in Step 1 from 2021 to 2025. See the table on page 136 of the application.

Step 4 – The applicant projects market share percentages for each of the ZIP Code areas identified in Step 1 based the historical (2020) market shares for the applicant’s existing Mecklenburg County home health agency and projected annual increases in those market share percentages through the first three full fiscal years of operation. See the tables on pages 137-139 of the application. The applicant states, “*Well Care’s estimated home health patient*

*market share by ZIP code will shift to the proposed new agency as well as incremental market share upon completion of the proposed project. Specifically, Well Care projects a 1.5 percent increase in market share during FFY2023 (Project Year 1), a 2.0 percent market share increase during FFY2024, and a 2.5 percent market share increase during FFY2025. ... The projected annual incremental market share increases are based on the development of a second Mecklenburg County agency (separately licensed from Well Care Home Health of the Piedmont), which will enhance accessibility to home health referral sources and improve Well Care's operating efficiency and staffing. Well Care currently has established relationships with wide-ranging referral sources across the Greater Mecklenburg County service area. The proposed home health agency will leverage these existing relationships and develop additional relationships upon completion of the proposed project with the intent of serving additional home health patients. Also, through its continued marketing and community outreach efforts over the last few years, Well Care has established name recognition and a positive reputation in the community as a trusted provider of home health services."*

Step 5 – The applicant projects unduplicated home health patients for the proposed new agency through the first three full fiscal years of operation based on the projected market share percentages in Step 4 applied to the projected total home health patient demand by ZIP Code area in Step 3. See the table on page 141 of the application.

Step 6 – In addition to the Mecklenburg County area, the applicant projects to serve patients from Union and Lincoln counties. The applicant summarizes the projected home health deficit for Union and Lincoln counties as identified in the 2021 SMFP, Table 12C, and projects those deficits forward through the first three full fiscal years of operation based on the projected population growth rates from the NCOSBM. See the tables on page 142 of the application. The applicant projects market share percentages for the each county through the first three full fiscal years of operation, and applies those market share percentages to the projected deficits identified above to calculate the projected unduplicated home health patient to be served by the proposed agency from Union and Lincoln counties in each of the first three full fiscal years of operation. See the tables on pages 143-144 of the application. The applicant states, "*Well Care currently serves home health patients in Lincoln and Union counties via its existing Mecklenburg County home health agency (HC5130). During FFY2019, Well Care Home Health of the Piedmont served three patients in Lincoln County and six home health patients in Union County (see Section B of 2021 Home Health License Renewal Application for HC5130). Therefore, Well Care currently has established relationships with local physicians and other providers serving patients in these counties. The proposed additional home health agency will leverage these existing relationships and will develop more relationships upon completion of the proposed project with the intent of serving additional home health patients.*"

Step 7 – The applicant summarizes the projected unduplicated patients to be served by the proposed agency from Mecklenburg County (Step 5), and from Union and Lincoln counties (Step 6) in each of the first three full fiscal years of operation. See the table on page 144 of the application.

Step 8 – The applicant projects unduplicated home health patients by admitting discipline based on its FY2020 and FY2021 year-to-date experience for its existing Medicare-certified home health agency in Mecklenburg County. See the table on page 145 of the application.

Step 9 – The applicant projects unduplicated home health patients by payor source. See the table on page 146 of the application. In Section L.3, page 117, the applicant states, "*The projected payor mix is based on 1) a review of the historical payor mix of the existing*

*Medicare-certified home health agencies serving Mecklenburg County, 2) Well Care's experience in Mecklenburg County via Well Care Home Health of the Piedmont, 3) Well Care's overall enterprise experience for home health services throughout North Carolina, 4) a review of demographic information for Mecklenburg County (described previously in Section C), and Well Care's assessment of the local need for access to home health services, particularly as it relates to medically underserved patients."*

Step 10 – The applicant projects a readmission rate of 5 percent for Medicare and Medicaid patients based on the applicant's historical experience operating home health agencies. See the table on page 146 of the application.

Step 11 – The applicant projects Medicare patient episodes by reimbursement type. The applicant states the projection is "*based on Well Care's home health enterprise experience post PDGM [Patient Driven Groupings Model].*" See the tables on pages 147-148 of the application.

Step 12 – The applicant summarizes projected patients by Medicare and non-Medicare payor type and source. See the table on page 148 of the application.

Step 13 – The applicant projects visits per start of care for the proposed project based on its North Carolina home health agency operating experience since the implementation of PDGM. See the table on page 149 of the application.

Step 14 – The applicant projects visits by service discipline and payor type for the proposed project based on its North Carolina home health agency operating experience since the implementation of PDGM. See the tables on pages 150-151 of the application.

Step 15 – The applicant projects duplicated clients by service discipline for the proposed project based on its North Carolina home health agency operating experience since the implementation of PDGM. See the table on pages 152 of the application.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant's projections of home health clients that it projects to serve are consistent with and supported by the projected 2022 home health deficits for Mecklenburg, Lincoln and Union counties identified in the 2021 SMFP.
- The applicant's projections are supported by the projected growth and aging of the population in the proposed service area.
- The applicant's projections of admission by discipline, duplicated and unduplicated clients, and visits by discipline and payor type are based on the applicant's historical North Carolina home health agency operating experience.
- Exhibit I.2 contains letters from referral sources expressing support for the project.

### **Access to Medically Underserved Groups**

In Section C.6, page 71, the applicant states, "*Well Care does not exclude, deny benefits to, or otherwise discriminate against any person on the ground of race, color, or national origin, sex, age or on the basis of disability in admission to, participation in, or receipt of the services and benefits under any of its programs and activities, whether carried out by Well Care directly or through a contractor or any other entity with which Well Care Home Health Inc arranges to carry out its programs and activities.*" In Section C.6, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low income persons	13.5%
Racial and ethnic minorities	47.0%
Women	62.5%
Persons with Disabilities	NA*
The elderly	83.9%
Medicare beneficiaries	80.0%
Medicaid recipients	12.5%

\*On page 73, the applicant states, "Well Care does not have a method for estimating the percentage of patients with disabilities."

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on information provided in Section C.6, pages 71-73, and Section L, pages 113-120.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 all the reasons described above.

**Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency**  
PruittHealth proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. In Section Q, Form O, the applicant indicates that it currently operates eight Medicare-certified home health agencies in North Carolina, but none of the agencies are located in Mecklenburg County.

### **Patient Origin**

On page 217, the 2021 SMFP defines the service area for a Medicare-certified home health agency or office area as the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area. Thus, the service area for this facility consists of Mecklenburg. Facilities may also serve residents of counties not included in their service area.

The following table shows the applicant's projected patient origin.

County	1 <sup>st</sup> Full FY CY2022		2 <sup>nd</sup> Full FY CY2023		3 <sup>rd</sup> Full FY CY2024	
	Unduplicated Patients	% of Total	Unduplicated Patients	% of Total	Unduplicated Patients	% of Total
Mecklenburg	262	88.9%	524	88.7%	786	88.5%
Union	25	8.3%	50	8.5%	77	8.6%
Cabarrus	8	2.8%	17	2.9%	26	2.9%
Total	295	100.0%	591	100.0%	888	100.0%

Source: Table on page 70 of the application.

In Section Q, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s projected patient origin is based its projections of the unmet need for home health services in Mecklenburg, Union an Cabarrus counties and its projections of market share (“*capture rate*”) for the proposed home health agency in those counties through the first three full fiscal years operation, as described in the applicant’s “*Home Health Patient and Visit Methodology and Assumptions*” (Steps 2-4) in Section Q of the application. The applicant’s assumptions are reasonable and adequately supported.

**Analysis of Need**

In Section C.4, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On page 71, the applicant states the need is based on:

- 2021 State Medical Facilities Plan
- Population growth and aging in the service area
- Mecklenburg County life expectancies
- Service area home health utilization
- Increasing importance of in-home care and American Jobs Plan
- PruittHealth North Carolina home health agencies

The information is reasonable and adequately supported based on the following:

- The applicant’s statements regarding need are supported by the projected home health patient deficits identified in the 2021 SMFP for Mecklenburg, Union and Cabarrus counties.
- The applicant’s statements regarding need are supported by population growth, aging, and life expectancy data from the North Carolina Office of State Budget and Management and the North Carolina Center for Health Statistics for the proposed service area.
- The applicant provides data and documentation regarding the service area home health use rates, the impact of the American Jobs Plan, and the location of its existing home health agencies in North Carolina to support its assertions regarding the need for the proposed agency.

Projected Utilization

In Section Q, Form C.5, the applicant provides the projected utilization, as illustrated in the following table.

Form C.5 Home Health Utilization	1 <sup>st</sup> FY		2 <sup>nd</sup> FY		3 <sup>rd</sup> FY	
	F: 1/1/2022 T: 12/31/2022		F: 1/1/2023 T: 12/31/2023		F: 1/1/2024 T: 12/31/2024	
	Clients	Visits	Clients	Visits	Clients	Visits
<b>Unduplicated Clients by Admitting Discipline</b>						
Nursing	218		437		658	
Physical Therapy	77		154		231	
Total Unduplicated Clients	295		591		888	
<b>Duplicated Clients and Visits by Discipline</b>						
Nursing	295	2,389	628	5,081	944	7,639
Physical Therapy	310	2,235	660	4,755	993	7,149
Speech Therapy	21	116	44	246	66	369
Occupational Therapy	243	1,023	517	2,178	778	3,275
Medical Social Worker	60	89	127	190	192	285
Home Health Aide	21	156	45	333	67	500
Total Duplicated Clients and Visits	950	6,007	2,022	12,783	3,040	19,218
<b>Duplicated Medicare Clients and Visits</b>						
Full Episodes w/o Outlier	654	4,125	1,418	8,942	2,131	13,444
Full Episodes w/ Outlier	57	351	124	761	187	1,144
Partial Episode Payment (PEP)	1	5	2	12	3	18
Low Utilization Payment (LUPA)	8	61	18	131	28	197
Total Medicare Clients and Visits	721	4,542	1,562	9,847	2,349	14,803

Source: Section Q, page 149 of the application.

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

Step 1 – The applicant identifies the proposed service area as Mecklenburg, Union and Cabarrus counties for the proposed new home health agency.

Step 2 – The applicant summarizes the 2022 home health patient need projections from the 2021 SMFP, Table 12D, for Mecklenburg, Union and Cabarrus counties and projects the home health patient needs (deficits) for each of the counties from 2023 to 2025. See the table on page 152 of the application.

Step 3 – Based on the assumption that the applicant’s proposed home health agency will serve 50 percent of the 2022 Mecklenburg County deficit, and 10 percent of the Union and Cabarrus County deficits, the applicant projects the total unduplicated patients to be served for each of counties in the first year of operation (CY2023). See the table on page 153 of the application. The applicant states, “*PruittHealth Home Health conservatively projects that in its first year of operation it will serve 50.0 percent of the Mecklenburg County projected 523.92 home health patient deficit or 262 patients. A Mecklenburg County capture rate of 50.0 percent is feasible for several reasons including PruittHealth’s experience in serving home health*

*patients across North Carolina, PruittHealth's reputation for quality care, PruittHealth's commitment to provide access to home health services regardless of patient demographic or ability to pay, and PruittHealth's development of referral resources present in Mecklenburg County, some of whom have provided letters of support for this application. ... PruittHealth Home Health also conservatively projects that in its first year of operation it will serve 10.0 percent of the projected home health patient deficits in both Union County and Cabarrus County. A Union County and Cabarrus County service rate of 10.0 percent is feasible for several reasons. As a company, PruittHealth operates two skilled nursing facilities in these counties. As such, PruittHealth is very familiar with the market and has well-established relationships in the community. Skilled nursing facilities also serve as an important source of home health referrals. As previously stated, all PruittHealth Home Health agencies in North Carolina serve patients in adjacent counties, so it is reasonable to assume that PruittHealth @ Home - Charlotte will also serve patients in adjacent counties."*

Step 4 – The applicant projects market share percentages for each of the counties will grow in each of the first three years of operation. See the table on page 156 of the application. The applicant states, *"Again, PruittHealth's long-standing service in North Carolina, reputation for quality care, experience serving home health patients in North Carolina, commitment to provide access to home health services regardless of patient demographic or ability to pay, and familiarity with referral resources present in Mecklenburg County, Union County, and Cabarrus County support the growth in market share in all three counties. ... PruittHealth Home Health conservatively projects that its market share in each county will grow annually by the same percentage points captured in the First Year or by 1.24 percentage points in Mecklenburg County, 0.53 percentage points in Union County, and 0.14 percentage points in Cabarrus County."*

Step 5 – The applicant projects unduplicated patients by service discipline based on its state-wide experience in providing home health services in North Carolina. The applicant states its home health agency data from 2019 indicates that 74 percent of home health patients were admitted to the skilled nursing discipline and 26 percent of home health patients were admitted to the physical therapy discipline. See the table on page 159 of the application.

Step 6 – The applicant projected unduplicated home health patients by payor category based on the FY2019 average payor mix percentage and payor mix range for all Mecklenburg County home health patients as reported in the 2020 License Renewal Application for Home Care for the existing Mecklenburg County home health agencies. See the tables on page 160 of the application.

Step 7 – The applicant projects the readmitted patients by payor based on its state-wide experience in providing home health services in North Carolina. PruittHealth Home Health's North Carolina home health agency data from 2019 indicated that 17.3 percent of Medicare home health patients were readmitted in the same year. See the table on page 161 of the application.

Step 8 – The applicant projects Medicare episodes of care based on the FY2019 experience of the 11 existing Mecklenburg County home health agencies. The applicant states the average Medicare episode of care per beneficiary for Mecklenburg County during FY2019 was 1.37 episodes and the range in Medicare episodes was between 1.25 and 1.67 episodes. See the tables on page 162 of the application.

Step 9 – The applicant projects the Medicare episode by reimbursement type based on PruittHealth Home Health’s state-wide experience in providing home health services in North Carolina. See the tables on page 163 of the application.

Step 10 – The applicant states it used Mecklenburg County FY2019 data to project home health visits for Medicaid, insurance, indigent and self-pay payors. The applicant states FY2019 visits by payor for Mecklenburg County home health agencies average 8.8 visits for Medicaid, 15.3 visits for insurance, 12.4 visits for indigent, and 16.5 for the self-pay category. See the tables on page 164 of the application. The applicant states, “*However, because Medicare visits are not reported by reimbursement type in the License Renewal Application, PruittHealth Home Health projected the Medicare Visits by Reimbursement Type based on PruittHealth Home Health’s state-wide experience in providing home health services in North Carolina.*”

Step 11 – The applicant projects visits by service discipline based on PruittHealth Home Health’s state-wide experience providing home health services in North Carolina. See the tables on pages 165-166 of the application.

Step 12 – The applicant projects the total number of duplicated patients by service discipline by dividing the total visits by the average number of visits per patient receiving care in that service discipline using its North Carolina home health agencies’ data from 2019 to calculate the average visits per patient by service discipline. See the tables on pages 167-168 of the application.

Step 13 – The applicant summarizes the number of home health admissions by county of origin (Step 4), admissions by payor (Step 6), and visits by reimbursement (Step 10). See the table on page 169 of the application.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant’s projections of home health clients that it projects to serve are consistent with and supported by the projected 2022 home health deficits for Mecklenburg, Cabarrus and Union counties identified in the 2021 SMFP.
- The applicant’s projections are supported by the projected growth and aging of the population in the proposed service area.
- The applicant’s projections of admission by discipline, duplicated and unduplicated clients, and visits by discipline and payor type are based on the applicant’s historical North Carolina home health agency operating experience.
- Exhibit I.2 contains letters from referral sources expressing support for the project.

### **Access to Medically Underserved Groups**

In Section C.6, page 83, the applicant states, “*PruittHealth @ Home - Charlotte will be equally accessible to all persons, including those with low income, racial and ethnic minority groups, women, people with disabilities, the elderly, and Medicare beneficiaries and Medicaid recipients.*” In Section C.6, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low income persons	16.9%
Racial and ethnic minorities	54.0%
Women	52.0%
Persons with Disabilities	20.0%
The elderly	75.0%
Medicare beneficiaries	60.8%
Medicaid recipients	15.0%

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on information provided in Section C.6, pages 83, and Section L, pages 121-125.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 all the reasons described above.

- (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, ... persons [persons with disabilities], and other underserved groups and the elderly to obtain needed health care.

NA

The applicants do 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  
All Applications

**Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency**

Bayada proposes to develop a new Medicare-certified home health agency to be located in Matthews in Mecklenburg County.

In Section E, pages 77-78, 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 would not be an effective alternative because it would not address the need identified in the 2021 SMFP for additional home health services in Mecklenburg County.
- Develop a satellite office – The applicant states this option would not enable Bayada to achieve the same level of growth and maintain as stringent quality and safety standards as a fully licensed and Medicare-certified office.

On page 78, the applicant states that its proposal is the most effective alternative because the proposed location in Matthews is at the geographic nexus of the projected home health deficits for Mecklenburg, Union and Cabarrus Counties.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency**

Aldersgate proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section E, page 85, 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 would not be an effective alternative because it would not address the need identified in the 2021 SMFP for additional home health services in Mecklenburg County.

On page 85, the applicant states that its proposal is the most effective alternative because *“Aldersgate Home Health is in the unique position of being able to open a new home health agency with existing administrative and operational infrastructure in place, thereby creating a new option for Mecklenburg County patients more cost effectively than other new providers.”*

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

### **Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency**

PHC proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section E, pages 72-74, 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 would not be an effective alternative because it would not address the need identified in the 2021 SMFP for additional home health services in Mecklenburg County.
- Offer only basic services – The applicant states this option was not an effective alternative because basic services would not be sufficient to meet the special needs of patients.

On page 74, the applicant states that its proposal is the most effective alternative because *“PHC brings the resources and experience of a licensed, certified, and accredited North Carolina agency, as well as self-financing, increases its effectiveness.”*

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency**  
Well Care proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section E, pages 81-84, 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 would not be an effective alternative because it would not address the need identified in the 2021 SMFP for additional home health services in Mecklenburg County.
- Develop a new agency in another location – The applicant states this option was not an effective alternative because by locating the proposed new home health agency in western Mecklenburg County, the applicant can focus on the western and southern portions of Mecklenburg County and the existing Well Care home health agency can concentrate on the northern and eastern portions of Mecklenburg County, thereby maximizing access to home health services in the service area.
- Establish a workstation/waystation - The applicant states this option was not an effective alternative because of limitations imposed on such workstations/waystations.

On page 83, the applicant states that its proposal is the most effective alternative because “*Well Care has opened and now operates an agency in this service area, Well Care has the advantage of being in position to draw on its own internal resources as well as its relationships in the area in creating a new agency to serve the residents of Mecklenburg County and surrounding areas.*”

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency**  
PruittHealth proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section E, pages 93-94, 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 would not be an effective alternative because it would not address the need identified in the 2021 SMFP for additional home health services in Mecklenburg County.
- Construct a new facility – The applicant states this option was not an effective alternative because leasing office space is more cost-effective.
- Develop the project as a joint venture - The applicant states this option was not an effective alternative because individual home health agencies have established reputations and the idea of a joint venture “clouds” the distinction between how the separate agencies would merge to form a unified joint venture.

On page 94, the applicant states that its proposal is the most effective alternative because *“PruittHealth Home Health decided that development of a home health agency located in an existing facility and located in Charlotte, NC best serves patient needs and meets PruittHealth Home Health’s priorities.”*

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

- (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 All Applications

#### **Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency**

Bayada proposes to develop a new Medicare-certified home health agency to be located in Matthews in Mecklenburg County.

### **Capital and Working Capital Costs**

In Section Q, Form F.1(a), the applicant projects the total capital cost of the project, as shown in the table below.

Medical Equipment	\$50,000
Nonmedical Equipment	\$40,000
Furniture	\$20,000
Contingency	\$40,000
<b>Total</b>	<b>\$150,000</b>

On page 133, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the information in Section Q, page 133.

In Section F.3, page 81, the applicant projects that start-up costs will be \$100,000 and initial operating expenses will be \$650,000 for a total working capital of \$750,000. On page 81, the applicant provides the assumptions and methodology used to project the working capital needs

of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the information provided in Section F.3, page 81 of the application.

**Availability of Funds**

In Section F.2, page 79, the applicant states that the capital cost will be funded, as shown in the table below.

<b>Sources of Capital Cost Financing</b>		
<b>Type</b>	<b>Bayada Home Health Care, Inc.</b>	<b>Total</b>
Loans	\$0	\$0
Accumulated reserves or OE *	\$150,000	\$150,000
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
<b>Total Financing</b>	<b>\$150,000</b>	<b>\$150,000</b>

\* OE = Owner's Equity

In Section F.3, page 82, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

<b>Sources of Financing for Working Capital</b>	<b>Amount</b>
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$750,000
Lines of credit	\$0
Bonds	\$0
<b>Total</b>	<b>\$750,000</b>

In Exhibit F.2, the applicant provides a letter dated March 9, 2021 from the Chief Financial Officer for Bayada Home Health Care, Inc. stating its commitment of \$900,000 to fund the capital cost and working capital costs of the proposed project. Exhibit F.2 also contains a copy of a letter dated March 12, 2021 from Citizens Commercial Banking stating that Bayada Home Health Care, Inc. has sufficient assets in their operating account with the bank to fund the proposed capital and working capital costs for the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project based the information provided in Sections F.2 and F.3, and Exhibit F.2 of the application.

**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.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years of operation following completion of the project, as shown in the table below.

	<b>1<sup>st</sup> Full Fiscal Year CY2022</b>	<b>2<sup>nd</sup> Full Fiscal Year CY2023</b>	<b>3<sup>rd</sup> Full Fiscal Year CY2024</b>
Total Visits	22,759	37,362	44,703
Total Gross Revenues (Charges)	\$3,928,965	\$6,449,809	\$7,717,058
Total Net Revenue	\$3,665,724	\$6,014,447	\$7,192,298
Average Net Revenue per Visit	\$161	\$161	\$161
Total Operating Expenses (Costs)	\$3,394,199	\$5,293,193	\$6,489,927
Average Operating Expense per Visit	\$149	\$142	\$145
Net Income	\$271,525	\$721,254	\$702,371

Source: Revenue and operating expenses are from Form F.2b, and total visits are from Form C.5 of the application.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 135-139. The applicant provides the methodology and assumptions for projecting Medicare revenue in Section Q, Form C.5, pages 130-132, and Form F.5, pages 138-139. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant’s methodology and assumptions for projecting Medicare revenue are reasonable and supported.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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 for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

**Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency**  
 Aldersgate proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

**Capital and Working Capital Costs**

In Section Q, Form F.1(a), the applicant projects the total capital cost of the project, as shown in the table below.

Furniture	\$24,704
Consultant Fees	\$82,290
Contingency	\$10,700
<b>Total</b>	<b>\$117,694</b>

On page 125, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the information in Section Q, page 125.

In Section F.3, page 88, the applicant projects that start-up costs will be \$49,741 and initial operating expenses will be \$131,895 for a total working capital of \$181,636. On page 88, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the information provided in Section F.3, page 88 of the application.

**Availability of Funds**

In Section F.2, page 86, the applicant states that the capital cost will be funded, as shown in the table below.

Type	Aldersgate	Total
Loans	\$0	\$0
Accumulated reserves or OE *	\$0	\$0
Bonds	\$0	\$0
Lines of credit	\$117,694	\$117,694
<b>Total Financing</b>	<b>\$117,694</b>	<b>\$117,694</b>

\* OE = Owner's Equity

In Section F.3, page 89, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

<b>Sources of Financing for Working Capital</b>	<b>Amount</b>
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$0
Lines of credit	\$181,636
Bonds	\$0
<b>Total</b>	<b>\$181,636</b>

In Exhibit F.2, the applicant provides a March 19, 2021 letter and promissory note from the Chief Financial Officer for Aldersgate Life Plan Services, Inc. stating a commitment of a \$450,000 line of credit from Aldersgate United Methodist Retirement Community, Inc., an affiliated company to the applicant, to fund the capital cost and working capital costs of the proposed project. Exhibit F.2 also contains a March 19, 2021 letter and promissory note from the Chief Financial Officer for Aldersgate Life Plan Services, Inc., stating a commitment of a \$200,000 line of credit from Aldersgate Life Plan Services, Inc., the parent company for the applicant, to fund the capital cost and working capital costs of the proposed project. Exhibit F.2 contains the consolidated financial statements for Aldersgate United Methodist Retirement Community, Inc. (AUMRC) which indicates AUMRC had \$18.6 million in cash and investments as of December 31, 2019.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project based the information provided in Sections F.2 and F.3, and Exhibit F.2 of the application.

**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.2b, the applicant projects that revenues will exceed operating expenses in the second and third full fiscal years of operation following completion of the project, as shown in the table below.

	<b>1<sup>st</sup> Full Fiscal Year CY2023</b>	<b>2<sup>nd</sup> Full Fiscal Year CY2024</b>	<b>3<sup>rd</sup> Full Fiscal Year CY2025</b>
Total Visits	5,549	8,031	10,076
Total Gross Revenues (Charges)	\$1,157,494	\$1,691,237	\$2,150,000
Total Net Revenue	\$1,022,570	\$1,528,483	\$2,001,790
Average Net Revenue per Visit	\$184	\$190	\$199
Total Operating Expenses (Costs)	\$1,095,320	\$1,356,185	\$1,598,027
Average Operating Expense per Visit	\$197	\$169	\$159
Net Income	(\$72,750)	\$172,298	\$403,763

Source: Revenue and operating expenses are from Form F.2b, and total visits are from Form C.5 of the application.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, page 139. The applicant provides the methodology and assumptions for projecting Medicare revenue in Section Q, Form C.5, pages 130-138, and Form F.5, page 139.

The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant's methodology and assumptions for projecting Medicare revenue are reasonable and supported.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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 for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

### **Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency**

PHC proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

### **Capital and Working Capital Costs**

In Section Q, Form F.1(a), the applicant projects the total capital cost of the project, as shown in the table below.

Medical Equipment	\$1,000
Non-medical Equipment	\$35,000
Furniture	\$10,000
Consultant Fees	\$40,000
Contingency	\$8,600
<b>Total</b>	<b>\$94,600</b>

In Section Q, Form F.1a, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the information in Section Q, Form F.1a.

In Section F.3, page 78, the applicant projects that start-up costs will be \$21,130 and initial operating expenses will be \$269,093 for a total working capital of \$290,223. In Section F.3, page 78, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the information provided in Section F.3, page 78, of the application.

**Availability of Funds**

In Section F.2, page 76, the applicant states that the capital cost will be funded, as shown in the table below.

<b>Sources of Capital Cost Financing</b>		
<b>Type</b>		<b>Total</b>
Loans	\$0	\$0
Accumulated reserves or OE *	\$94,600	\$94,600
Bonds	\$0	\$0
Lines of credit	\$0	\$0
<b>Total Financing</b>	<b>\$94,600</b>	<b>\$94,600</b>

\* OE = Owner's Equity

In Section F.3, page 79, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

<b>Sources of Financing for Working Capital</b>	<b>Amount</b>
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$290,223
Lines of credit	\$0
Bonds	\$0
<b>Total</b>	<b>\$290,223</b>

In Exhibit F.2, the applicant provides an April 13, 2021 letter from the Managing Member of PHC stating a commitment of a \$500,000 to fund the development of the proposed project. Exhibit F.2 also contains an April 13, 2021 letter from the Banking Center Manager for First Horizon Bank stating that PHC has adequate assets on deposit to fund the capital cost and working capital costs of the proposed project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project based the information provided in Sections F.2 and F.3, and Exhibit F.2 of the application.

**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.2b, the applicant projects that revenues will exceed operating expenses in the second and third full fiscal years of operation following completion of the project, as shown in the table below.

	<b>1<sup>st</sup> Full Fiscal Year CY2023</b>	<b>2<sup>nd</sup> Full Fiscal Year CY2024</b>	<b>3<sup>rd</sup> Full Fiscal Year CY2025</b>
Total Visits	5,459	11,289	19,052
Total Gross Revenues (Charges)	\$622,994	\$1,310,007	\$2,248,087
Total Net Revenue	\$594,057	\$1,249,245	\$2,143,964
Average Net Revenue per Visit	\$109	\$111	\$113
Total Operating Expenses (Costs)	\$660,919	\$1,226,892	\$1,922,966
Average Operating Expense per Visit	\$121	\$109	\$101
Net Income	(\$66,862)	\$22,353	\$220,998

Source: Revenue and operating expenses are from Form F.2b, and total visits are from Form C.5 of the application.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant provides the methodology and assumptions for projecting Medicare revenue in Section Q, Form C.5 and Form F.5. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant’s methodology and assumptions for projecting Medicare revenue are reasonable and supported.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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 for all the reasons described above.

- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

**Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency**

Well Care proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

**Capital and Working Capital Costs**

In Section Q, Form F.1(a), the applicant projects the total capital cost of the project, as shown in the table below.

Non-medical Equipment	\$35,000
Furniture	\$20,000
Consultant Fees	\$40,000
Contingency	\$5,000
<b>Total</b>	<b>\$100,000</b>

In Section Q, page 159, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the information in Section Q, page 159.

In Section F.3, page 87, the applicant projects that start-up costs will be \$31,000 and initial operating expenses will be \$339,497 for a total working capital of \$370,497. On pages 87-89, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the information provided in Section F.3, pages 87-89 of the application.

**Availability of Funds**

In Section F.2, page 85, the applicant states that the capital cost will be funded, as shown in the table below.

Type	Well Care TPM, Inc.	Total
Loans	\$0	\$0
Accumulated reserves or OE *	\$100,000	\$100,000
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
<b>Total Financing</b>	<b>\$100,000</b>	<b>\$100,000</b>

\* OE = Owner's Equity

In Section F.3, page 89, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

<b>Sources of Financing for Working Capital</b>	<b>Amount</b>
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner’s Equity	\$370,497
Lines of credit	\$0
Bonds	\$0
<b>Total</b>	<b>\$370,497</b>

In Exhibit F.2, the applicant provides a letter dated March 19, 2021 from the Chief Executive Officer for Well Care stating its commitment to fund the capital cost and working capital costs of the proposed project. Exhibit F.2 also contains a copy of a letter dated March 19, 2021 from a Senior Vice President for Branch Banking and Trust Company stating that Well Care has sufficient assets with the bank to fund the proposed capital and working capital costs for the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project based the information provided in Sections F.2 and F.3, and Exhibit F.2 of the application.

**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.2b, the applicant projects that revenues will exceed operating expenses in the second and third full fiscal years of operation following completion of the project, as shown in the table below.

	<b>1<sup>st</sup> Full Fiscal Year FFY2023</b>	<b>2<sup>nd</sup> Full Fiscal Year FFY2024</b>	<b>3<sup>rd</sup> Full Fiscal Year FFY2025</b>
Total Visits	4,267	9,047	15,002
Total Gross Revenues (Charges)	\$417,935	\$1,659,806	\$2,756,285
Total Net Revenue	\$395,151	\$1,593,639	\$2,646,687
Average Net Revenue per Visit	\$93	\$176	\$176
Total Operating Expenses (Costs)	\$734,647	\$1,177,912	\$1,642,083
Average Operating Expense per Visit	\$172	\$130	\$109
Net Income	(\$339,496)	\$415,727	\$1,004,604

Source: Revenue and operating expenses are from Form F.2b, and total visits are from Form C.5 of the application.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 159-161. The applicant provides the methodology and assumptions for projecting Medicare revenue in Section Q, Form C.5, pages 133-152, and Form F.5, page 162. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant's methodology and assumptions for projecting Medicare revenue are reasonable and supported.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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 for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

**Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency**  
PruittHealth proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

### **Capital and Working Capital Costs**

In Section Q, Form F.1(a), the applicant projects the total capital cost of the project, as shown in the table below.

Non-medical Equipment	\$39,626
Furniture	\$24,196
Consultant Fees	\$35,000
Contingency	\$9,882
<b>Total</b>	<b>\$108,704</b>

In Section Q, pages 212-213, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the information in Section Q, pages 212-213.

In Section F.3, page 97, the applicant projects that start-up costs will be \$54,579 and initial operating expenses will be \$347,740 for a total working capital of \$402,319. On pages 97-98, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the information provided in Section F.3, pages 97-98 of the application.

**Availability of Funds**

In Section F.2, page 95, the applicant states that the capital cost will be funded, as shown in the table below.

<b>Sources of Capital Cost Financing</b>		
<b>Type</b>	<b>United Health Services, Inc.</b>	<b>Total</b>
Loans	\$0	\$0
Accumulated reserves or OE *	\$100,000	\$108,704
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
<b>Total Financing</b>	<b>\$108,704</b>	<b>\$108,704</b>

\* OE = Owner's Equity

In Section F.3, page 99, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

<b>Sources of Financing for Working Capital</b>	<b>Amount</b>
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$402,319
Lines of credit	\$0
Bonds	\$0
<b>Total</b>	<b>\$402,319</b>

In Exhibit F.2, the applicant provides a letter dated April 14, 2021 from the Senior Vice President of Treasury Management & Treasurer for PruittHealth stating that United Health Services, Inc., the parent company for the applicant, is committed to funding the capital cost and working capital costs of the proposed project. Exhibit F.2 also contains a copy of an account balance from Synovus Bank indicating that United Health Services, Inc. has sufficient assets with the bank to fund the proposed capital and working capital costs for the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project based the information provided in Sections F.2 and F.3, and Exhibit F.2 of the application.

**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.2b, the applicant projects that revenues will exceed operating expenses in the second and third full fiscal years of operation following completion of the project, as shown in the table below.

	<b>1<sup>st</sup> Full Fiscal Year CY2022</b>	<b>2<sup>nd</sup> Full Fiscal Year CY2023</b>	<b>3<sup>rd</sup> Full Fiscal Year CY2024</b>
Total Visits	6,007	12,783	19,218
Total Gross Revenues (Charges)	\$1,186,072	\$2,524,084	\$3,794,706
Total Net Revenue	\$713,739	\$1,954,552	\$2,938,473
Average Net Revenue per Visit	\$119	\$153	\$153
Total Operating Expenses (Costs)	\$1,061,479	\$1,945,944	\$2,868,880
Average Operating Expense per Visit	\$177	\$152	\$149
Net Income	(\$347,740)	\$8,608	\$69,593

Source: Revenue and operating expenses are from Form F.2b, and total visits are from Form C.5 of the application.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 214-232. The applicant provides the methodology and assumptions for projecting Medicare revenue in Section Q, Form C.5, pages 149-169, and Form F.5, pages 233-234. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant’s methodology and assumptions for projecting Medicare revenue are reasonable and supported.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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 for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.

- 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 revenues and operating expenses for all the reasons described above.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C  
 All Applications

On page 217, the 2021 SMFP defines the service area for a Medicare-certified home health agency or office area as the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area. Thus, the service area for this facility consists of Mecklenburg. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing Medicare-certified home health agencies or offices located in Mecklenburg County, and the in-county and out-of-county patient totals for FY2020 for each provider, from pages 225-226 of the Proposed 2022 SMFP.

License Number	Name	In-County Patients	Out-of-County Patients	Total Patients
HC0097	Kindred at Home	3247	4	3251
HC0138	Kindred at Home	29	0	29
HC0171	Advanced Home Health	2490	571	3061
HC0355	BAYADA Home Health Care, Inc.	1718	713	2431
HC0369	Brookdale Home Health Charlotte	1032	1027	2059
HC0787	Kindred at Home	364	418	782
HC1038	Atrium Health at Home Charlotte	2630	78	2708
HC1901	Interim HealthCare of the Triad, Inc.	2164	620	2784
HC3694	Liberty Home Care and Hospice	69	17	86
HC3966	PHC Home Health	612	330	942
HC4677	Atrium Health at Home University City	659	1305	1964
HC4783	Maxim Healthcare Services, Inc.	53	70	123
HC5130	Well Care Home Health of the Piedmont, Inc.	38	34	72

Source: Proposed 2022 State Medical Facilities Plan, Table 12A: Inventory of Licensed Medicare-certified Home Health Agencies or Offices.

**Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency**

Bayada proposes to develop a new Medicare-certified home health agency to be located in Matthews in Mecklenburg County. In Section Q, Form O, the applicant indicates that it currently operates nine Medicare-certified home health agencies in North Carolina, one of which is located in Mecklenburg County.

In Section G.2, pages 88-90, 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 Mecklenburg County. The applicant states:

*“The proposed project would not be duplicative of the existing BAYADA home health office because will be located 15 miles south of the existing office and it will provide expanded geographic coverage for patients specified zip codes. The goal of the proposed project is to greatly expand home health utilization working in collaboration with the existing BAYADA office.”*

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

- There is a need determination in the 2021 SMFP for the proposed Medicare-certified home health agency.
- The applicant adequately demonstrates that the proposed Medicare-certified home health agency is needed in addition to the existing or approved Medicare-certified home health agencies or offices in Mecklenburg County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 all the reasons described above.

**Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency**  
Aldersgate proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. In Section A.6, page 22, the applicant states that neither it nor any related entity currently operate any Medicare-certified home health agencies in North Carolina.

In Section G.2, pages 95-97, 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 Mecklenburg County. The applicant states:

*“As explained in detail in Section C, existing providers of home health services are not adequately serving Mecklenburg County residents. Existing Mecklenburg County providers are increasingly serving clients from outside of Mecklenburg County, despite*

*the growth and aging of Mecklenburg County. The service area needs a new provider needs to focus on enhancing access to patients originating from Mecklenburg County.”*

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

- There is a need determination in the 2021 SMFP for the proposed Medicare-certified home health agency.
- The applicant adequately demonstrates that the proposed Medicare-certified home health agency is needed in addition to the existing or approved Medicare-certified home health agencies or offices in Mecklenburg County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 all the reasons described above.

### **Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency**

PHC proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. In Section Q, Form O, the applicant indicates that it currently operates two Medicare-certified home health agencies in North Carolina, one of which is located in Mecklenburg County.

In Section G.2, page 86, 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 Mecklenburg County. The applicant states:

*“The 2021 SMFP includes a need determination for a home health agency office in Mecklenburg County. As discussed in Section C.4 and E.2, the proposed project is the most effective solution to meet the identified need in Mecklenburg County. The proposed project will not result in unnecessary duplication of the existing or approved hospice offices located in Mecklenburg County. Rather, the project will address an unmet need and increase access to quality, affordable, home health care for residents of Mecklenburg County and nearby areas.”*

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

- There is a need determination in the 2021 SMFP for the proposed Medicare-certified home health agency.
- The applicant adequately demonstrates that the proposed Medicare-certified home health agency is needed in addition to the existing or approved Medicare-certified home health agencies or offices in Mecklenburg County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 all the reasons described above.

### **Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency**

Well Care proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. In Section Q, Form O, the applicant indicates that it currently operates five Medicare-certified home health agencies in North Carolina, one of which is located in Mecklenburg County.

In Section G.2, pages 95-98, 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 Mecklenburg County. The applicant states:

*“As evidenced by the need determination for an additional Medicare-certified home health agency in Mecklenburg County in the 2021 SMFP, the projected number of Mecklenburg County patients who will need home health services will exceed the projected number of patients to be served by existing providers, including Well Care’s existing home health agency. The State considers the existing home health agencies serving Mecklenburg County inadequate to meet the growing demand for home health services by Mecklenburg County residents and has determined a need for one additional home health agency. ... The proposed project will not unnecessarily duplicate the existing Well Care home health agency in Mecklenburg County (HC5130) or any other existing home health agency in Mecklenburg County.”*

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

- There is a need determination in the 2021 SMFP for the proposed Medicare-certified home health agency.
- The applicant adequately demonstrates that the proposed Medicare-certified home health agency is needed in addition to the existing or approved Medicare-certified home health agencies or offices in Mecklenburg County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 all the reasons described above.

**Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency**  
PruittHealth proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. In Section Q, Form O, the applicant indicates that it currently operates eight Medicare-certified home health agencies in North Carolina, but none of the agencies are located in Mecklenburg County.

In Section G.2, page 105, 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 Mecklenburg County. The applicant states:

*“The 2021 State Medical Facilities Plan would not have generated a need for an additional Medicare-certified home health agency if the need did not exist and would not duplicate existing home health services. ... Additionally, after reviewing the projected increase in population growth and aging in the service area, increase in Mecklenburg County life expectancies, and the utilization of home health services in the service area, support for an additional home health agency in Mecklenburg County exists. ... Finally, although other home health agencies currently provide home health services in Mecklenburg County, PruittHealth Home Health believes that it will bring other tangible benefits to the service area that are not currently offered, forcing existing providers to reevaluate their services.”*

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

- There is a need determination in the 2021 SMFP for the proposed Medicare-certified home health agency.

- The applicant adequately demonstrates that the proposed Medicare-certified home health agency is needed in addition to the existing or approved Medicare-certified home health agencies or offices in Mecklenburg County.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 all the reasons described 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

#### All Applications

#### **Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency**

Bayada proposes to develop a new Medicare-certified home health agency to be located in Matthews in Mecklenburg County.

In Section Q, Form H, the applicant provides projected full-time equivalent (FTE) staffing for the first three full fiscal years of operation for the proposed services. The assumptions and methodology used to project staffing are provided in Section Q, Form H, pages 140-142. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, page 136. In Sections H.2 and H.3, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the information provided in Section H, pages 92-95, and Section Q, Form H, pages 140-142.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Responses to comments

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

**Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency**  
Aldersgate proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section Q, Form H, the applicant provides projected full-time equivalent (FTE) staffing for the first three full fiscal years of operation for the proposed services. The assumptions and methodology used to project staffing are provided in Section Q, Form H, pages 129 and 140. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, page 127. In Sections H.2 and H.3, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the information provided in Section H, pages 98-100, referenced exhibits, and Section Q, Form H, pages 129 and 140.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency**  
PHC proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section Q, Form H, the applicant provides projected full-time equivalent (FTE) staffing for the first three full fiscal years of operation for the proposed services. The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Sections H.2 and H.3, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the information provided in Section H, pages 87-89, referenced exhibits, and Section Q, Form H.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency**  
Well Care proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section Q, Form H, the applicant provides projected full-time equivalent (FTE) staffing for the first three full fiscal years of operation for the proposed services. The assumptions and methodology used to project staffing are provided in Section Q, Form H, pages 147 and 163. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, page 155. In Sections H.2 and H.3, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the information provided in Section H, pages 100-104, referenced exhibits, and Section Q, Form H, pages 147 and 163.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency**

PruittHealth proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section Q, Form H, the applicant provides projected full-time equivalent (FTE) staffing for the first three full fiscal years of operation for the proposed services. The assumptions and methodology used to project staffing are provided in Section Q, Form H, pages 235-236. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, page 223. In Sections H.2 and H.3, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the information provided in Section H, pages 107-110, referenced exhibits, and Section Q, Form H, pages 235-236.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described 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 All Applications**

#### **Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency**

Bayada proposes to develop a new Medicare-certified home health agency to be located in Matthews in Mecklenburg County.

### **Ancillary and Support Services**

In Section I.1, page 96, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 96-97, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit C.1. The applicant adequately demonstrates that the necessary ancillary and support services will

be made available based on the information provided in Section I.1, pages 96-97, and referenced exhibits.

### **Coordination**

In Section I.2, pages 97-100, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit C.4. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the information provided in Section I.2, pages 97-100 and referenced exhibits.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency**  
Aldersgate proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

### **Ancillary and Support Services**

In Section I.1, page 101, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 101-102, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibits A, C, I and K of the application. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the information provided in Section I.1, pages 101-102, and referenced exhibits.

### **Coordination**

In Section I.2, pages 102-103, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the information provided in Section I.2, pages 102-103 and referenced exhibits.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency**

PHC proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

**Ancillary and Support Services**

In Section I.1, page 91, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 91-92, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the information provided in Section I.1, pages 91-92, and referenced exhibits.

**Coordination**

In Section I.2, page 92, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the information provided in Section I.2, page 92 and referenced exhibits.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency**

Well Care proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

### **Ancillary and Support Services**

In Section I.1, page 106, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 106-107, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the information provided in Section I.1, pages 106-107, and referenced exhibits.

### **Coordination**

In Section I.2, page 107, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the information provided in Section I.2, page 107 and referenced exhibits.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency**  
PruittHealth proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

### **Ancillary and Support Services**

In Section I.1, page 112, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 112-114, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the information provided in Section I.1, pages 112-114, and referenced exhibits.

### **Coordination**

In Section I.2, page 114, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the information provided in Section I.2, page 114 and referenced exhibits.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

- (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  
All Applications

The applicants do 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 applicants do 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.

- (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

None of the applicants is 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  
All Applications

**All Applications.** None of the applicants 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 ... persons [with disabilities], 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;

C  
Bayada  
PHC  
Well Care

NA  
Aldersgate  
PruittHealth

**Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency**

Bayada proposes to develop a new Medicare-certified home health agency to be located in Matthews in Mecklenburg County. The applicant operates an existing Medicare-certified home health agency in Mecklenburg County. In Section L.1, page 107, the

applicant reports the payor mix for the applicant’s existing Mecklenburg County agency, as summarized in the following table.

<b>Payor Category</b>	<b>Clients</b>	<b>Clients as Percent of Total</b>
Self-Pay	2	0.0%
Charity Care	20	0.4%
Medicare*	3,573	79.0%
Medicaid*	45	1.0%
Insurance*	867	19.2%
Workers Compensation	2	0.0%
Other (Contract)	14	0.3%
<b>Total</b>	<b>4,523</b>	<b>100.0%</b>

\*Including any managed care plans.

In Section L.1, page 108, the applicant provides the following comparison.

	<b>Percentage of Total Patients Served by the Bayada agency during the Last Full FY</b>	<b>Percentage of the Population of the Mecklenburg County Service Area</b>
Female	65.0%	51.9%
Male	35.0%	48.1%
Unknown	NA	0.0%
64 and Younger	21.0%	88.5%
65 and Older	79.0%	11.5%
American Indian	NA*	0.8%
Asian	NA*	6.3%
Black or African-American	NA*	33.0%
Native Hawaiian or Pacific Islander	NA*	0.1%
White or Caucasian	70.0%	57.3%
Other Race	30.0%	13.8%
Declined / Unavailable	NA	0.0%

\*Included in other races.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the applicant adequately documents 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. Therefore, the application is conforming to this criterion.

**Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency**

Aldersgate proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. The applicant does not operate an existing Medicare-certified home health agency in Mecklenburg County. Therefore, there is no historical payor mix information.

**Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency**

PHC proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. The applicant operates an existing Medicare-certified home health agency in Mecklenburg County. The following table shows the payor mix for the applicant’s existing Mecklenburg County agency as reported in the *2021 License Renewal Application for Home Care with Home Health*.

Payor Category	Clients	Clients as Percent of Total
Indigent Non-pay	11	1.2%
Medicare*	518	55.0%
Medicaid*	227	24.1%
Insurance*	171	18.2%
Tricare/VA	15	1.6%
<b>Total</b>	<b>942</b>	<b>100.0%</b>

\*Including any managed care plans.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the applicant adequately documents 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. Therefore, the application is conforming to this criterion.

**Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency**

Well Care proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. The applicant operates an existing Medicare-certified home health agency in Mecklenburg County. The following table

shows the payor mix for the applicant’s existing Mecklenburg County agency as reported in the *2021 License Renewal Application for Home Care with Home Health*.

Payor Category	Clients	Clients as Percent of Total
Indigent Non-pay	1	1.3%
Medicare*	61	76.3%
Medicaid*	13	16.3%
Insurance*	3	3.8%
Tricare/VA	2	2.5%
<b>Total</b>	<b>80</b>	<b>100.0%</b>

\*Including any managed care plans.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the applicant adequately documents 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. Therefore, the application is conforming to this criterion.

**Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency**

PruittHealth proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. The applicant does not operate an existing Medicare-certified home health agency in Mecklenburg County. Therefore, there is no historical payor mix information.

- (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 ... persons [with disabilities] to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C  
All Applications

**Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency**

Bayada proposes to develop a new Medicare-certified home health agency to be located in Matthews in Mecklenburg County.

In Section L.2, page 109, the applicant states the facility is not obligated under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and persons with disabilities.

In Section L.2, page 109, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency**

Aldersgate proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section L.2, page 111, the applicant states the facility is not obligated under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and persons with disabilities.

In Section L.2, page 111, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency**

PHC proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section L.2, page 101, the applicant states the facility is not obligated under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and persons with disabilities.

In Section L.2, page 101, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency**

Well Care proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section L.2, pages 115-116, with regard to its obligation under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and persons with disabilities, the applicant states, *“Well Care does and will continue provide uncompensated care, community service and other services to the local community, including with its proposed additional agency. Well Care will continue to accept indigent patients and provide the clinical service and supplies needed, while also caring for patients that are Medicaid pending. There is no delay for care for indigent patients.”*

In Section L.2, page 116, with regard to patient civil rights access complaints that have been filed against the facility, the applicant states that the question is not applicable because it is proposing a new facility.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency**

PruittHealth proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section L.2, page 123, the applicant states the facility is not obligated under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and persons with disabilities.

In Section L.2, page 123, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

- (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  
All Applications

**Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency**

Bayada proposes to develop a new Medicare-certified home health agency to be located in Matthews in Mecklenburg County.

In Section L.3, page 110, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation (CY2024) following completion of the project, as shown in the table below.

<b>Payor Category</b>	<b>Percent of Total Patients Served</b>
Self-pay	0.04%
Charity	0.50%
Medicare*	79.12%
Medicaid*	1.00%
Insurance*	19.00%
Workers Compensation	0.04%
Other (contract)	0.30%
<b>Total</b>	<b>100.00%</b>

Source: Table on page 110 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.04% of total services will be provided to self-pay patients, 0.5% to charity care patients, 79.12% to Medicare patients and 1% to Medicaid patients.

On page 110, 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 the payor percentages for the proposed office are based on the historical payor percentages for the existing office *“with a minor adjustment for a modest increase in Charity as BAYADA is willing to accept additional charity referrals.”*

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency**

Aldersgate proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section L.3, page 112, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation (CY2025) following completion of the project, as shown in the table below.

<b>Payor Category</b>	<b>Percent of Total Patients Served</b>
Self-pay	0.2%
Charity	5.1%
Medicare*	74.3%
Medicaid*	3.5%
Insurance*	16.9%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 112 of the application.

\*Including any managed care plans. Applicant states Workers Compensation, TRICARE and Other payor categories are included in Insurance category.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.2% of total services will be provided to self-pay patients, 5.1% to charity care patients, 74.3% to Medicare patients and 3.5% to Medicaid patients.

In Section Q, pages 130-134, 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 the payor percentages for the proposed agency are based on the historical (FY2019) payor percentages for the existing Mecklenburg County home health agencies.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency**  
PHC proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section L.3, page 102, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation (CY2025) following completion of the project, as shown in the table below.

<b>Payor Category</b>	<b>Percent of Total Patients Served</b>
Charity	1.3%
Medicare*	65.6%
Medicaid*	22.9%
Insurance*	7.7%
Other (VA, Self-pay)	2.6%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 102 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.3% of total services will be provided to charity care patients, 65.6% to Medicare patients and 22.9% to Medicaid patients.

In Section Q, (Applicant's Steps 10-14), 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 the applicant used its historical (FY2019) experience at its existing home health agency in Charlotte to project the payor mix for the proposed agency.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency**

Well Care proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section L.3, page 116, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation (FFY2025) following completion of the project, as shown in the table below.

<b>Payor Category</b>	<b>Percent of Total Patients Served</b>
Self-pay	1.0%
Medicare*	80.0%
Medicaid*	12.5%
Insurance*	4.0%
TRICARE	2.5%
<b>Total</b>	<b>100.0%</b>

Source: Table on page 116 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1% of total services will be provided to self-pay patients, 80% to Medicare patients and 12.5% to Medicaid patients.

In Section L.3, pages 117-118, 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 the applicant states it is based on a review of the historical payor mix of the existing Medicare-certified home health agencies serving Mecklenburg County, Well Care's experience in Mecklenburg County at its existing home health agency, Well Care's overall enterprise experience for home health services throughout North Carolina, a review of demographic information for Mecklenburg County and Well Care's assessment of the local need for access to home health services, particularly as it relates to medically underserved patients.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

**Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency**

PruittHealth proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section L.3, page 124, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation (CY2024) following completion of the project, as shown in the table below.

<b>Payor Category</b>	<b>Percent of Total Patients Served</b>
Self-pay	0.4%
Charity	1.9%
Medicare*	60.8%
Medicaid*	15.0%
Insurance*	21.9%
<b>Total</b>	<b>100.00%</b>

Source: Table on page 124 of the application.

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.4% of total services will be provided to self-pay patients, 1.9% to charity care patients, 60.8% to Medicare patients and 15% to Medicaid patients.

On pages 124-125, 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 the applicant states the projected unduplicated home health patients by payor category are based on the FY2019 average payor mix percentage and payor mix range for all Mecklenburg County home health patients.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

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

- (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  
All Applications

**Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency**

Bayada proposes to develop a new Medicare-certified home health agency to be located in Matthews in Mecklenburg County.

In Section L.5, page 112, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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

**Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency**

Aldersgate proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section L.5, page 114, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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

**Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency**

PHC proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section L.5, page 104, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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

**Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency**

Well Care proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section L.5, page 119, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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

**Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency**

PruittHealth proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section L.5, page 125, the applicant adequately describes the range of means by which patients will have access to the proposed services.

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

All Applications

**All Applications.** In Section M, the applicants describe the extent to which health professional training programs in the area have or will have access to the facility for training purposes and provide supporting documentation in the referenced exhibits.

The Agency reviewed the:

- Applications
- Exhibits to the applications

Based on that review, the Agency concludes that all of the applicants adequately demonstrate that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore, all of the applications are 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**  
 All Applications

On page 217, the 2021 SMFP defines the service area for a Medicare-certified home health agency or office area as the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area. Thus, the service area for this facility consists of Mecklenburg. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing Medicare-certified home health agencies or offices located in Mecklenburg County, and the in-county and out-of-county patient totals for FY2020 for each provider, from pages 225-226 of the Proposed 2022 SMFP.

<b>License Number</b>	<b>Name</b>	<b>In-County Patients</b>	<b>Out-of-County Patients</b>	<b>Total Patients</b>
HC0097	Kindred at Home	3247	4	3251
HC0138	Kindred at Home	29	0	29
HC0171	Advanced Home Health	2490	571	3061
HC0355	BAYADA Home Health Care, Inc.	1718	713	2431
HC0369	Brookdale Home Health Charlotte	1032	1027	2059
HC0787	Kindred at Home	364	418	782
HC1038	Atrium Health at Home Charlotte	2630	78	2708
HC1901	Interim HealthCare of the Triad, Inc.	2164	620	2784
HC3694	Liberty Home Care and Hospice	69	17	86
HC3966	PHC Home Health	612	330	942
HC4677	Atrium Health at Home University City	659	1305	1964
HC4783	Maxim Healthcare Services, Inc.	53	70	123
HC5130	Well Care Home Health of the Piedmont, Inc.	38	34	72

Source: Proposed 2022 State Medical Facilities Plan, Table 12A: Inventory of Licensed Medicare-certified Home Health Agencies or Offices.

**Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency**

Bayada proposes to develop a new Medicare-certified home health agency to be located in Matthews in Mecklenburg County. In Section Q, Form O, the applicant indicates that it currently operates nine Medicare-certified home health agencies in North Carolina, one of which is located in Mecklenburg County.

Regarding the expected effects of the proposal on competition in the service area, in Section N.1, page 114, the applicant states, *“The proposed project will have a positive impact on competition and enhance service delivery to home health patients because BAYADA’s proposed office in Matthews will improve patient service levels through increased direct care time and decreased travel time for staff.”*

Regarding the impact of the proposal on cost effectiveness, in Section N.2, page 115, the applicant states, *“The proposed project will enable BAYADA to operate in Mecklenburg County more efficiently. Cost savings will be realized because the home health office location in southern Mecklenburg County will decrease travel distances and enhance staff productivity.”*

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N.2, pages 115-116, the applicant states, *“The proposed BAYADA Home Health office in Matthews will promote safety and quality based on implementation of a new home health office that fully complies with licensure requirements and CMS quality reporting programs.”*

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N.2, page 116, the applicant states, *“Bayada maintains a non-discriminatory policy and serves all patients regardless of age, race, color, creed, national origin, disability, sex, or ability to pay as seen in Exhibit B.2.”*

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.

- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 based on all the reasons described above.

**Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency**  
Aldersgate proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. In Section A.6, page 22, the applicant states that neither it nor any related entity currently operate any Medicare-certified home health agencies in North Carolina.

Regarding the expected effects of the proposal on competition in the service area, in Section N.1, page 116, the applicant states, *"While this project will have a positive impact on competition, cost-effectiveness, quality, and most importantly, access to home health services in Mecklenburg County, it will have little to no detrimental impact on existing providers."*

Regarding the impact of the proposal on cost effectiveness, in Section N.2, page 116, the applicant states, *"Aldersgate Home Health is in a unique position as a new provider of home health to establish a home health agency office with minimal costs related to infrastructure and typical overhead associated with new entities."*

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N.2, page 117, the applicant states, *"Quality of the proposed services and a history of quality by affiliated providers has been well established throughout the application. Aldersgate Home Health will benefit from a robust infrastructure in place in which to further build a distinct QAPI program for its home health service line."*

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N.2, page 117, the applicant states, *"Aldersgate Home Health is committed to serving home health patients of all ages, demographics, and levels of financial access to health care.."*

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services.
- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 based on all the reasons described above.

### **Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency**

PHC proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. In Section Q, Form O, the applicant indicates that it currently operates two Medicare-certified home health agencies in North Carolina, one of which is located in Mecklenburg County.

Regarding the expected effects of the proposal on competition in the service area, in Section N.1, page 107, the applicant states, *"Adding another local, rather than national, provider with a competitive price structure will provide market competition to keep other program offerings and increase access to low-cost home health services."*

Regarding the impact of the proposal on cost effectiveness, in Section N.2, page 107, the applicant states, *"Because PHC can share overhead costs with the existing certified Home Health Agency office in Mecklenburg County, administration will be cost effective compared to a startup applicant that has no other North Carolina office."*

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N.2, page 108, the applicant states, *“PHC will bring experience with operating as an ACHC accredited and certified home health agency that has a good track record. It has years of experience operating without licensure or Medicare/ Medicaid penalties.”*

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N.2, page 109, the applicant states, *“As demonstrated in the payor mix, PHC proposes a high mix of Medicare and Medicaid patients and generous charity care offering.”*

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 based on all the reasons described above.

**Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency**  
Well Care proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. In Section Q, Form O, the applicant indicates that it

currently operates five Medicare-certified home health agencies in North Carolina, one of which is located in Mecklenburg County.

Regarding the expected effects of the proposal on competition in the service area, in Section N.1, page 122, the applicant states, *“The proposed project to develop a second Medicare-certified home health agency in Mecklenburg County will promote competition in the service area 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 Mecklenburg County.”*

Regarding the impact of the proposal on cost effectiveness, in Section N.2, page 122, the applicant states, *“This project will have a positive impact on the cost effectiveness of services, as the addition of a second Medicare-certified home health agency in Mecklenburg County will not increase the charges or projected reimbursement for these services, which are established by Medicare, Medicaid, and/or existing private payor contracts.”*

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N.2, page 124, the applicant states, *“Well Care is dedicated to ensuring quality care and patient safety through compliance with all applicable licensure and certification standards established in regard to home health agencies.”*

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N.2, page 125, the applicant states, *“Well Care’s proposed additional home health agency will improve access in Mecklenburg County by adding additional home health services capacity. Well Care will make sure that its home health services continue to be available to and accessible by any patient having a clinical need for such services.”*

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 based on all the reasons described above.

**Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency**  
PruittHealth proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County. In Section Q, Form O, the applicant indicates that it currently operates eight Medicare-certified home health agencies in North Carolina, but none of the agencies are located in Mecklenburg County.

Regarding the expected effects of the proposal on competition in the service area, in Section N.1, page 129, the applicant states, *“Although other home health agencies currently provide home health services in Mecklenburg County, as a new home health provider, PruittHealth Home Health believes that it will bring other tangible benefits to the service area that are not currently offered, forcing existing providers to reevaluate their services. PruittHealth @ Home - Charlotte will lead to increased patient choice and competition in the service area.”*

Regarding the impact of the proposal on cost effectiveness, in Section N.2, page 132, the applicant states, *“As discussed in Section E. Question 2., PruittHealth Home Health has selected the most cost-effective alternative for enhancing home health services in Mecklenburg County. This project will result in the establishment of an additional home health agency located in Mecklenburg County, a rapidly growing county with a demonstrated need for another Medicare-certified home health agency.”*

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N.2, page 133, the applicant states, *“PruittHealth Home Health will be effective in managing the quality of its home health services because of its support and training resources and the standardization of care policies and procedures throughout its organization.”*

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N.2, page 134, the applicant states, *“PruittHealth Home Health does not limit access to its services based on any client characteristic, including the inability to pay for services.”*

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 based on all the reasons described 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.

NA  
Aldersgate

C  
All Other Applications

### **Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency**

Bayada proposes to develop a new Medicare-certified home health agency to be located in Matthews in Mecklenburg County.

In Form O, page 143, 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 nine of this type of facility located in North Carolina.

In Section O.5, page 120, the applicant states that, during the 18 months immediately preceding the submittal of the application, none of the facilities were determined by the Division of Health Service Regulation to have had any situations resulting in a finding of immediate jeopardy. 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, no incidents related to quality of care occurred in these facilities. 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 all nine facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency**

Aldersgate proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Section O.1, page 119, the applicant states that it does have any Medicare-certified home health agencies located in North Carolina owned, operated or managed by the applicant or a related entity. Therefore, Criterion (20) is not applicable to this application.

**Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency**

PHC proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Form O, 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 two of this type of facility located in North Carolina.

In Section O.5, page 112, the applicant states that, during the 18 months immediately preceding the submittal of the application, neither of the facilities were determined by the Division of Health Service Regulation to have had any situations resulting in a finding of immediate jeopardy. 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, no incidents related to quality of care occurred in these facilities. 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 the two facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency**

Well Care proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Form O, page 158, 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 five of this type of facility located in North Carolina.

In Section O.5, page 128, the applicant states that, during the 18 months immediately preceding the submittal of the application, none of the facilities were determined by the Division of Health Service Regulation to have had any situations resulting in a finding of immediate jeopardy. 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, no incidents related to quality of care occurred in these facilities. 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 all five facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency**  
PruittHealth proposes to develop a new Medicare-certified home health agency to be located in Charlotte in Mecklenburg County.

In Form O, page 237, 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 eight of this type of facility located in North Carolina.

In Section O.5, page 143, the applicant states that, during the 18 months immediately preceding the submittal of the application, one of the facilities, PruittHealth @ Home-Wake, was determined by the Division of Health Service Regulation to have a situation resulting in a finding of immediate jeopardy. The applicant states, "*The immediate jeopardy was abated on January 6, 2021 to a lower level and the Plan of Correction for the Survey was accepted on January 25, 2021 bringing PruittHealth @ Home - Wake into compliance.*" 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, all eight of the applicant's agencies have operated in compliance. 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 all eight facilities, 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.

G.S. 131E-183(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  
All Applications

The applications are with all applicable Criteria and Standards for Home Health Services 10A NCAC 14C .2000. The specific criteria are discussed below.

***SECTION .2000 – CRITERIA AND STANDARDS FOR HOME HEALTH SERVICES***

***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-     **Bayada.** In Section Q, Form C.5, the applicant projects to serve 1,863 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2021 State Medical Facilities Plan.
  
- C-     **Aldersgate.** In Section Q, Form C.5, the applicant projects to serve 550 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2021 State Medical Facilities Plan.
  
- C-     **PHC.** In Section Q, Form C.5, the applicant projects to serve 996 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2021 State Medical Facilities Plan.
  
- C-     **Well Care.** In Section Q, Form C.5, the applicant projects to serve 818 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2021 State Medical Facilities Plan.
  
- C-     **PruittHealth.** In Section Q, Form C.5, the applicant projects to serve 888 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2021 State Medical Facilities Plan.

## **COMPARATIVE ANALYSIS**

Pursuant to G.S. 131E-183(a)(1) and the 2021 SMFP, no more than one Medicare-certified home health agency or office may be approved for Mecklenburg County in this review. Because the five applications in this review collectively propose to develop five additional Medicare-certified home health agencies or offices, all the applications cannot be approved. Therefore, after considering all the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposal should be approved.

Below is a brief description of each project included in this review.

- Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency
- Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency
- Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency
- Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency
- Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency

### **Conformity with Statutory and Regulatory Review Criteria**

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved. All applications are conforming to all applicable statutory and regulatory review criteria. Therefore, regarding this comparative factor, all applications are equally effective alternatives.

### **Competition (Access to a New or Alternate Provider)**

The following table illustrates the existing and approved providers located in the service area. Generally, the introduction of a new provider in the service area would be the most effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer Medicare-certified home health agencies or offices than another provider would also presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

License Number	Name	In-County Patients	Out-of-County Patients	Total Patients
HC0097	Kindred at Home	3247	4	3251
HC0138	Kindred at Home	29	0	29
HC0171	Advanced Home Health	2490	571	3061
HC0355	BAYADA Home Health Care, Inc.	1718	713	2431
HC0369	Brookdale Home Health Charlotte	1032	1027	2059
HC0787	Kindred at Home	364	418	782
HC1038	Atrium Health at Home Charlotte	2630	78	2708
HC1901	Interim HealthCare of the Triad, Inc.	2164	620	2784
HC3694	Liberty Home Care and Hospice	69	17	86
HC3966	PHC Home Health	612	330	942
HC4677	Atrium Health at Home University City	659	1305	1964
HC4783	Maxim Healthcare Services, Inc.	53	70	123
HC5130	Well Care Home Health of the Piedmont, Inc.	38	34	72

Source: Proposed 2022 State Medical Facilities Plan, Table 12A: Inventory of Licensed Medicare-certified Home Health Agencies or Offices.

As shown in the table above, Bayada, PHC and Well Care are existing providers of Medicare-certified home health agencies or offices in Mecklenburg County. Aldersgate and PruittHealth do not currently operate Medicare-certified home health agencies or offices in Mecklenburg County. Therefore, Aldersgate and PruittHealth are more effective alternatives with regard to this comparative factor.

**Access by Service Area Residents**

The 2021 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 Mecklenburg County. Facilities may also serve residents of counties not included in their service area. Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is 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 Mecklenburg County service area residents during the third full fiscal year following project completion.

Rank	Applicant	Projected Mecklenburg County Residents Served in Year 3	Mecklenburg County Residents Served as a Percent of Total
1	Bayada	1,342	72%
2	PruittHealth	786	89%
3	Well Care	752	92%
4	PHC	599	59%
5	Aldersgate	550	100%

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

As shown in the table above, Bayada projects to serve the highest number of service area residents and Aldersgate projects to serve the highest percentage, but the lowest total number, of service area residents during the third full fiscal year following project completion. Therefore, regarding projected service to residents of the service area, the application submitted by Bayada is the most effective alternative.

**Access by Underserved Groups**

Underserved groups are defined in G.S. 131E-183(a)(13) as follows:

*“Medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], 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.”*

***Projected Access by Medicare Recipients***

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 application proposing the higher number of Medicare patients is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness based on the number of Medicare patients projected to be served.

<b>3<sup>rd</sup> Full FY</b>				
<b>Rank</b>	<b>Applicant</b>	<b>Total Number of Duplicated Patients</b>	<b>Total Number of Duplicated Medicare Patients</b>	<b>Duplicated Medicare Patients as a Percentage of Total Duplicated Patients</b>
1	PruittHealth	3,040	2,349	77%
2	Bayada	7,395	2,066	28%
3	PHC	1,277	930	73%
4	Well Care	2,521	844	33%
5	Aldersgate	675	443	66%

Source: Form C.5 of the applications.

As shown in the table above, PruittHealth projects to serve the highest number of duplicated Medicare patients in the third full fiscal year of operation. The application submitted by PruittHealth is the most effective alternative with regard to projected access by Medicare recipients.

***Projected Access by Medicaid Recipients***

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 third full fiscal year of operation ; and c) unduplicated Medicaid patients as a percentage of total

unduplicated patients. Generally, the application proposing the higher number of Medicaid patients is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness based on the number of Medicaid patients projected to be served.

<b>3<sup>rd</sup> Full FY</b>				
<b>Rank</b>	<b>Applicant</b>	<b>Total Number of Unduplicated Patients</b>	<b>Total Number of Unduplicated Medicaid Patients</b>	<b>Unduplicated Medicaid Patients as a Percentage of Total Duplicated Patients</b>
1	PHC	996	228	22.9%
2	PruittHealth	888	133	15.0%
3	Well Care	818	102	12.5%
4	Bayada	1,863	19	1.0%
4	Aldersgate	550	19	3.5%

Source: The total number of unduplicated patients is from Form C.5 of the 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, PHC projects to serve the highest number of unduplicated Medicaid patients in the third full fiscal year of operation. The application submitted by PHC is the most effective alternative with regard to projected access by Medicaid recipients.

**Average Number of Visits per Unduplicated Patient**

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

<b>3<sup>rd</sup> Full FY</b>				
<b>Rank</b>	<b>Applicant</b>	<b># of Unduplicated Patients</b>	<b>Projected # of Visits</b>	<b>Average # of Visits per Unduplicated Patient</b>
1	Bayada	1,863	44,703	24.0
2	PruittHealth	888	19,218	21.6
3	PHC	996	19,052	19.1
4	Well Care	818	15,002	18.3
4	Aldersgate	550	10,076	18.3

Source: The total number of unduplicated patients and the projected number of visits are from Form C.5. The average 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 the third full fiscal year of operation.

As shown in the table above, Bayada projects the highest average number of visits per unduplicated

patient in the third full fiscal year of operation. Therefore, the application submitted by Bayada is the most effective alternative with regard to the projected number of visits per unduplicated patient.

**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 application proposing the lowest average net revenue per visit is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor.

<b>3<sup>rd</sup> Full FY</b>				
<b>Rank</b>	<b>Applicant</b>	<b>Total Projected Visits</b>	<b>Total Net Revenue</b>	<b>Average Net Revenue per Visit</b>
1	PHC	19,052	\$2,143,964	\$112.53
2	PruittHealth	19,218	\$2,938,473	\$152.90
3	Bayada	44,703	\$7,192,298	\$160.89
4	Well Care	15,002	\$2,646,687	\$176.42
5	Aldersgate	10,076	\$2,001,790	\$198.67

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

As shown in the table above, PHC projects the lowest average net revenue per visit in the third full fiscal year following project completion. Therefore, regarding this comparative factor, the application submitted by PHC is the most effective alternative.

**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 application proposing the lowest average net revenue per unduplicated patient is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

<b>3<sup>rd</sup> Full FY</b>				
<b>Rank</b>	<b>Applicant</b>	<b>Projected Unduplicated Patients</b>	<b>Total Net Revenue</b>	<b>Average Net Revenue per Unduplicated Patient</b>
1	PHC	996	\$2,143,964	\$2,153
2	Well Care	818	\$2,646,687	\$3,236
3	PruittHealth	888	\$2,938,473	\$3,309
4	Aldersgate	550	\$2,001,790	\$3,640
5	Bayada	1,863	\$7,192,298	\$3,861

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

As shown in the table above, PHC projects the lowest average net revenue per unduplicated patient in the third full fiscal year of operation. The application submitted by PHC is the most effective

alternative with regard to average net revenue per unduplicated patient.

**Average Operating Expense 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 application proposing the lowest average operating expense per visit is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

3 <sup>rd</sup> Full FY				
Rank	Applicant	Total Projected Visits	Total Operating Expenses	Average Operating Expense per Visit
1	PHC	19,052	\$1,922,966	\$100.93
2	Well Care	15,002	\$1,642,083	\$109.46
3	Bayada	44,703	\$6,489,927	\$145.18
4	PruittHealth	19,218	\$2,868,880	\$149.28
5	Aldersgate	10,076	\$1,598,027	\$158.60

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

As shown in the table above, PHC projects the lowest average operating expense per patient day, surgical case or procedure in the third full fiscal year following project completion. Therefore, regarding this comparative factor, the application submitted by PHC is the most effective alternative.

**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 application proposing the lowest ratio is the more effective alternative with regard to this comparative factor. However, the ratio must equal one or greater in order for the proposal to be financially feasible. The applications are listed in the table below in decreasing order of effectiveness.

3 <sup>rd</sup> 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	PruittHealth	\$152.90	\$149.28	1.02
2	PHC	\$112.53	\$100.93	1.11
2	Bayada	\$160.89	\$145.18	1.11
4	Aldersgate	\$198.67	\$158.60	1.25
5	Well Care	\$176.42	\$109.46	1.61

As shown in the table above, PruittHealth 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 PruittHealth 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 application proposing the highest annual salary is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

**Average Annual Salaries – Third Full Fiscal Year**

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

Rank	Applicant*	Licensed Practical Nurse
1	Well Care	\$67,611
2	PruittHealth	\$62,433
3	Bayada	\$55,683
4	PHC	\$53,330

\*Aldersgate does not project to employ any LPNs.

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

Source: Form H of the applications.

Salaries are a significant contributing factor in recruitment and retention of staff. As shown in the tables above, Well Care projects the highest average annual salary for the registered nurse, licensed practical nurse and home health aide positions in the third full fiscal year of operation. Therefore, the application submitted by Well Care is the most effective alternative with regard to average annual salary for registered nurses, licensed practical nurses and home health aides.

**Summary**

The following table lists the comparative factors and indicates whether each application was determined most effective, more effective, less effective or least effective with regard to the factor. For purposes of the comparison, a ranking of 1 on a comparative factor was considered *Most Effective*, a ranking of 2 was considered *More Effective*, rankings of 3 or 4 were considered *Less Effective*, and a ranking of 5 was considered *Least Effective*. The comparative factors are listed in the same order

they are discussed in the Comparative Analysis which should not be construed to indicate an order of importance.

Comparative Factor	Bayada	Aldersgate	PHC	Well Care	PruittHealth
Conformity with Statutory and Regulatory Review Criteria	Equally Effective	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Competition (Access to a New or Alternate Provider)	Less Effective	<b>More Effective</b>	Less Effective	Less Effective	<b>More Effective</b>
Access by Service Area Residents	<b>Most Effective</b>	Least Effective	Less Effective	Less Effective	<b>More Effective</b>
Access by Medicare Patients	<b>More Effective</b>	Least Effective	Less Effective	Less Effective	<b>Most Effective</b>
Access by Medicaid Patients	Less Effective	Less Effective	<b>Most Effective</b>	Less Effective	<b>More Effective</b>
Average Number of Visits per Unduplicated Patient	<b>Most Effective</b>	Less Effective	Less Effective	Less Effective	<b>More Effective</b>
Average Net Revenue per Visit	Less Effective	Least Effective	<b>Most Effective</b>	Less Effective	<b>More Effective</b>
Average Net Revenue per Unduplicated Patient	Least Effective	Less Effective	<b>Most Effective</b>	<b>More Effective</b>	Less Effective
Average Operating Expense per Visit	Less Effective	Least Effective	<b>Most Effective</b>	<b>More Effective</b>	Less Effective
Ratio of Net Revenue per Visit to Operating Cost per Visit	Less Effective	Less Effective	<b>More Effective</b>	Least Effective	<b>Most Effective</b>
Nursing and Home Health Aide Salaries	Less Effective	Less Effective	Least Effective	<b>Most Effective</b>	<b>More Effective</b>

All five applications are conforming to all applicable statutory and regulatory review criteria, and thus all five applications are approvable standing alone. However, collectively they propose a total of five Medicare-certified home health agencies or offices, and the need determination is for only one Medicare-certified home health agency or office. Therefore, only one Medicare-certified home health agency or office can be approved.

As shown in the table above, PruittHealth was determined to be the most effective or more effective alternative for the following factors:

- 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
- Ratio of Net Revenue per Visit to Operating Cost per Visit
- Nursing and Home Health Aide Salaries

## DECISION

Each application is individually conforming to the need determination in the 2021 SMFP for one additional Medicare-certified home health agency or office for Mecklenburg County as well as individually conforming to all review criteria. However, G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of Medicare-certified home health agencies or offices that can be approved by the Healthcare Planning and Certificate of Need Section.

Based upon the independent review of each application and the Comparative Analysis, the following application is approved as submitted:

- Project ID # F-12072-21/PruittHealth/Develop a Medicare-certified home health agency

And the following applications are denied:

- Project ID # F-12053-21/Bayada/Develop a Medicare-certified home health agency
- Project ID # F-12058-21/Aldersgate/Develop a Medicare-certified home health agency
- Project ID # F-12061-21/PHC/Develop a Medicare-certified home health agency
- Project ID # F-12071-21/Well Care/Develop a Medicare-certified home health agency

Project I.D. # F-12072-21 is approved subject to the following conditions.

1. PruittHealth Home Health, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.
2. The certificate holder shall develop one Medicare-certified home health agency or office in Mecklenburg County.
3. Upon completion of the project, the certificate holder shall be licensed for no more than one Medicare-certified home health agency or office in Mecklenburg County.
4. Progress Reports:
  - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.
  - b. The certificate holder shall complete all sections of the Progress Report form.
  - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
  - d. Progress reports shall be due on the first day of every fourth month. The first progress report shall be due on March 1, 2022. The second progress report shall be due on July 1, 2022 and so forth.

5. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.
6. No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder 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.
7. The certificate holder 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.