

**Long-Term and Behavioral Health Committee  
Agency Report  
Adjusted Need Petition for  
Medicare-certified Home Health Office in Randolph County  
Proposed 2020 State Medical Facilities Plan**

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***Petitioner:***

Fair Haven Home, Inc.  
149 Fairhaven Drive  
Bostic, NC 28018

***Contact:***

Mr. Mack McKeithan  
Owner  
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***Request:***

Fair Haven Home, Inc. (Fair Haven) requests an adjusted need determination for one Medicare-certified home health agency or office in Rutherford County in the *North Carolina 2020 State Medical Facilities Plan (SMFP)*.

***Background Information:***

Chapter Two of the *2019 SMFP* allows persons to petition for an adjusted need determination to allow consideration of "...unique or special attributes of a particular geographic area or institution..." if they believe that their needs are not appropriately addressed by the standard methodology. Fair Haven Home has submitted a petition to adjust the need determination to address unique attributes of Rutherford County. It should be noted that any person may submit a certificate of need (CON) application for a need determination in the Plan. The CON review could be competitive and there is no guarantee that the Petitioner would be the approved applicant.

The home health need methodology projects future need based on trends in historical data, including the "Average Annual Rate of Change in Number of Home Health Patients" over the previous three years and the "Average Annual Rate of Change in Use Rates per 1,000 Population" over the previous three years. The average annual rate of change is compiled based on Council of Governments (COG) regions.

Patient origin data used in the *SMFP* is compiled from Home Health Agency Annual Data Supplements to Licensure Applications as submitted to the Division of Health Service Regulation. The Data supplements request data for a 12-month period using a start date of July 1 or October

1. The methodology aggregates patient origin data by the following four age groups: under age 18, 18-64, 65-74, and 75 and over.

The methodology utilized in development of the *SMFP* does not project future need based on the number of home health agencies in any given county or the capacity of existing agencies. Rather, it projects need based on the number of patients served during the reporting years from each county within each COG region.

A basic assumption of the current methodology is that a new agency or office is needed if the projected unmet need in a single county is 325 patients or more. Therefore, the “threshold” for a need determination is a projected unmet need of 325 patients in a given county.

Another basic assumption states that when the methodology or policy determines a need for additional agencies or offices, the three annual Plans following certification of the agencies or offices developed based on that need count the greater of 325 patients or the actual number of patients served as part of the total patients served by the new agency or office.

***Analysis/Implications:***

The Petitioner is requesting an adjusted need determination for a Medicare-certified home health office. The primary reason conveyed in the petition is the absence of a locally owned home health company.

Medicare-certified Home Health Services

The petition correctly states, “there are eight companies offering certified home health in Rutherford County, but only two companies have offices in the county.” However, based on information reported on the LRA, 11 agencies reported serving patients who are residents of Rutherford County. In addition to the two agencies located in Rutherford County, the county’s residents are served by: two agencies from Cleveland; two agencies from Gaston; and one agency each from Buncombe, Burke, Henderson, McDowell and Polk counties.

The Petitioner asserts in several places in the Petition that a locally owned home health agency would provide services that, in their opinion, would not be available from home health agencies who are part of a larger company based outside the county or state. Neither intrinsic values nor location are elements used in the calculation of the standard methodology.

By application of the standard methodology, the *Proposed 2020 SMFP* identified a projected surplus of 32 patients in Rutherford County. The methodology will require a 32-patient deficit in addition to the standard 325-patient deficit threshold to trigger a need determination.

32 patient deficit + 325 patient deficit = 1 need determination in Rutherford County

The county has historically been well served by home health agencies as evidenced by the surpluses of patients over the past 5 years, shown below in Table 1.

**Table 1. Rutherford County – 5-Year Surplus/Deficit Overview**

	2015	2016	2017	2018	2019
<b>Surplus or Deficit ("-" = Deficit)</b>	30.11	32.69	31.49	1.01	20.38

*Source: Table 12D, SMFPs 2015-2019*

The Petition provided no clear evidence that the needs of the residents of Rutherford County are not being currently met by the existing licensed Medicare-certified home health providers providing home health services in Rutherford County.

***Agency Recommendation:***

The Agency supports the standard methodology for a Medicare-certified home health agency or office as presented in the Proposed 2020 Plan. The Agency considered the available information and comments submitted by the August 8, 2019 deadline for comments on petitions and comments, and in consideration of factors discussed above, recommends denial of this petition.