

**Long Term and Behavioral Health Committee
Agency Report
Adjusted Need Petition for a
Medicare-Certified Home Health Office in Alexander and Iredell Counties
2025 State Medical Facilities Plan**

Petitioner:

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Request:

Gibson Care Corporation d/b/a/ Home Instead (“Home Instead”) requests an adjusted need determination for a Medicare-certified home health agency or office in Alexander and Iredell counties for the *North Carolina 2025 State Medical Facilities Plan (SMFP or “Plan”)*.

Background Information:

Chapter Two of the *SMFP* notes that during the summer, the Agency accepts petitions that “involve requests for adjustments to need determinations in the *Proposed SMFP*. Petitioners may submit a written petition requesting an adjustment to the need determination in the *Proposed SMFP* if they believe that special attributes of a service area or institution give rise to resource requirements that differ from those provided by the standard methodologies and policies.” Any person may submit a certificate of need (CON) application for a need determination in the *SMFP*. The CON review could be competitive and there is no guarantee that the Petitioner would be the approved applicant.

Annually, each home health agency collects patient and utilization data from July 1 or October 1 and submits reports of these data on the Licensure Renewal Applications (LRAs) to the Division of Health Service Regulation. The home health agency need methodology projects future need based on multiple data trends. Specifically, home health patient and utilization data are included in the calculation of the average annual rate of change in the number of home health patients over the previous three years; the aggregation of patient origin data according to four age groups (i.e., under 18, 18-64, 65-74, and 75 and over) during the previous three years; and the average annual rate of change in use rates per 1,000 population over the previous three years. Population is based on each county and the Council of Governments (COG) regions. It is important to note that the home health agency need determination methodology 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. Another basic assumption is that when the methodology determines a need for additional agencies or offices, in the next three Plans following certification of the agencies or offices developed based on that need, we 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.

During the 2023 data reporting year, 1,019 Alexander County residents were served by 10 Medicare-certified home health agencies. There were 4,886 Iredell County residents served by 20 Medicare-certified home health agencies.¹

Home Instead is a licensed home care agency in Iredell County. Since 2005, Home Instead has provided companion, in-home aide, respite and sitter services to residents of Alexander, Davie, Iredell and Rutherford counties. The Petitioner seeks to become a licensed Medicare-certified home health provider.

Analysis/Implications:

In the *Proposed 2025 SMFP*, Table 12D: 2026 Need Projections for Medicare-certified Home Health Agencies or Offices, Alexander County has a projected surplus of 46 patients. An additional 371 patients would be required for the methodology to produce a need determination in the county. Also, Iredell County has a projected surplus of 3 patients. Therefore, Iredell would require an additional 328 patients before triggering a need determination in the county.

Agency staff examined whether the Alexander or Iredell counties would need an additional home health office if each county were to be treated independently. We conducted an analysis using the rate of change in patients served for Alexander County and Iredell County separate from patients served for the entire COG. Tables 1 and 2 below are based on Table 12C: 2026 Need Projections for Medicare-certified Home Health Agencies or Offices in the *SMFP*. The most important difference is that Column C uses the three-year average patient figures for either only Alexander County (Table 1) or only Iredell County (Table 2), rather than using the figures for the COG. According to Staff's analysis, Alexander would have a projected deficit of 244 home health patients which is 81 home health patients fewer than those needed to trigger a need determination. This demonstrates that using Alexander County data consistently throughout the methodology results in a larger deficit than in the *Proposed 2025 SMFP*, but it is still below the level required to trigger a need determination.

¹ Chapter 12: Home Health Data by County of Patient Origin, December 2023 Data (updated as of 6-07-2024)
<https://info.ncdhhs.gov/dhsr/mfp/patientoriginreports.html#2023rpt>

Table 1. Healthcare Planning Calculations of Alexander County Need Determination

A	B	C	D	E	F	G	H	I
Age Groups	Home Health Patients Served in 2023	Alexander County Average Annual Rate of Change in # Patients Served	Alexander County Projected # Patients Receiving Services in 2026	Geographic Unit's Use Rates per 1,000 in 2023	Alexander County Average Annual Rate of Change in Use Rate	Alexander County Projected Use Rate per 1,000 in 2026	Projected 2026 Pop.	Alexander County Projected Home Health Patients in 2026
Under Age 18	1	-50.0000%	3.00	0.15	-50.0000%	-0.0750	6,720	-0.50
18-64	191	1.5011%	181.08	8.75	1.4409%	9.1282	21,814	199.16
65-74	281	8.9260%	285.90	66.15	9.8171%	85.6320	4,436	379.86
75 and Over	546	14.5031%	626.18	155.11	10.0938%	202.0795	3,769	761.66
Totals	1,019		1,096.16				36,739	1,340.18
Adjusted Projected Total Patients Served		1,096.16	Based on 2025 SMFP Home Health Need Methodology					
Projected Utilization in 2026		1,340.18	Based on 2025 SMFP Home Health Need Methodology calculated using all Alexander County rates instead of COG rates.					
Projected Surplus or Deficit		-244.02	Projected Deficit for 2026					

Source: 2024 Home Health Access Database

In the case of Iredell, there is a projected surplus of 1,565 home health patients for 2026; an additional 1,890 home health patients would be needed to reach the threshold for a need determination.

Table 2. Calculations of Iredell County Need Determination

A	B	C	D	E	F	G	H	I
Age Groups	Home Health Patients Served in 2023	Iredell County Average Annual Rate of Change in # Patients Served	Iredell County Projected # Patients Receiving Services in 2026	Geographic Unit's Use Rates per 1,000 in 2023	Iredell County Average Annual Rate of Change in Use Rate	Iredell County Projected Use Rate per 1,000 in 2026	Projected 2026 Pop.	Iredell County Projected Home Health Patients in 2026
Under Age 18	2	-60.7939%	1.04	0.05	-61.2988%	-0.0419	41,603	-1.7477
18-64	879	-10.1413%	1,073.02	6.90	-12.6916%	4.2728	135,535	578.89
65-74	1,273	0.6121%	1,670.58	61.35	-2.7195%	56.3448	23,518	1,325.17
75 and Over	2,732	3.6891%	3,581.38	186.43	-2.9572%	169.8907	16,827	2,858.80
Totals	4,886		6,326.02				217,483	4,761.12
Adjusted Projected Total Patients Served		6,326.02	Based on 2025 SMFP Home Health Need Methodology					
Projected Utilization in 2026		4,761.12	Based on 2025 SMFP Home Health Need Methodology calculated using all Iredell County rates instead of COG rates.					
Projected Surplus or Deficit		1,564.90	Projected Surplus for 2026					

Source: 2024 Home Health Access Database

The Petitioner did not include specific client data to support its statement that existing home health agencies in Alexander and Iredell counties are unable to adequately serve patient referrals or that the needs of the residents in Alexander and Iredell counties are not being currently met by the existing licensed Medicare-certified home health providers.

Agency Recommendation:

The Agency supports the standard methodology for a Medicare-certified home health agency or office as presented in the *Proposed 2025 Plan*. The Agency considered the available information and comments submitted by the August 7, 2024 deadline, and in consideration of factors discussed above, the Agency recommends denial of this Petition.