

Comments on Well Care Hospice of the Eastern Carolinas

submitted by

Home Health and Hospice Care, Inc.

In accordance with N.C. GEN. STAT. § 131E-185(a1)(1), Home Health and Hospice Care, Inc. (3HC) submits the following comments related to competing applications to develop an additional hospice home care agency in Cumberland County. 3HC's comments include "*discussion and argument regarding whether, in light of the material contained in the application and other relevant factual material, the application complies with the relevant review criteria, plans and standards.*" See N.C. GEN. STAT. § 131E-185(a1)(1)(c). In order to facilitate the Agency's review of these comments, 3HC has organized its discussion by issue, noting the general CON statutory review criteria and specific regulatory criteria and standards creating the non-conformity relative to each issue, for the following application:

M-11530-18 Well Care Hospice of the Eastern Carolinas, Inc. (Well Care)

GENERAL COMMENTS

While the comments below will discuss the multiple specific deficiencies in the Well Care application that necessitate its denial, 3HC believes that an overall comparison of the applications demonstrates the clear superiority of its proposed project over that of Well Care.

First, while Well Care is an established provider of home health services in North Carolina, it currently has no hospice experience. On page 10 of its application, Well Care explains that in December 2015, it acquired Davie County Home Health, which was licensed for both Medicare-certified home health and hospice home care. However, while Well Care continued operation of the home health arm of Davie County Home Health upon acquisition, it did nothing to operationalize hospice services. As of the time of preparation of its CON application, two and a half years after acquiring it, Well Care had still not yet operationalized the Davie County hospice service, instead focusing only on the provision of home health services. As explained on page 10 of its application, it was not until December 2017 (two full years after acquiring the dually-licensed Davie County agency), that Well Care took any steps toward operationalizing the hospice service, presumably in light of its intentions to seek CON approval in the 2018 Cumberland County review. At that time, Well Care separated the Davie County hospice license from the home health license and began the early stages of planning work to launch hospice home care operations; it anticipates the hospice agency will resume operations during Fall 2018 nearly three years after acquiring it, but that remains to be seen. During that three-year period, Well Care's failure to operationalize the hospice service resulted in less access to hospice services for Davie County residents than could have been available. In comparison, 3HC has a proven track record of dedicated service to the residents of southeastern North Carolina for over 35 years and has extensive experience and expertise providing comprehensive hospice services in North Carolina.

In its application, Well Care touts its existing relationships with other healthcare providers in Cumberland County, which it says are the result of its strong home health presence in the county. On page 31 of its application, Well Care shows that it served a total of four Cumberland County home health patients in Federal Fiscal Year (FY) 2017, which is consistent with data reported in the *Proposed 2019 State Medical Facilities Plan (SMFP)*. It goes on to say that from January 1 through April 30 of 2018, it served 134 Cumberland County home health patients, and as a result assumes it will serve 401 Cumberland County

home health patients by the end of Calendar Year (CY) 2018. In contrast, as reported in the *Proposed 2019 SMFP*, 3HC served more than 1,200 Cumberland County home health patients in addition to nearly 50 Cumberland County hospice deaths in FY 2017.

Because of its long history of providing hospice services in southeastern North Carolina and its historical service to Cumberland County discussed above, 3HC has established a significant level of support and coordination with other healthcare providers in Cumberland County, something that Well Care fails to adequately demonstrate. In fact, of Well Care's 60 letters of support, only six are from physicians. In comparison, 3HC received over 100 letters of support, 44 of which are from local physicians. Further, Well Care has no commitments or even expressed interest from any Cumberland County facility for establishing contractual agreements for the provision of inpatient and respite care. In comparison, 3HC operates Kitty Askins Hospice Center, a 24-bed inpatient and residential hospice facility in Goldsboro and has an existing contract with Cape Fear Valley Health System in Fayetteville for the provision of inpatient services and respite care for its Cumberland County patients. 3HC also has existing contracts to provide hospice care to patients of three skilled nursing facilities in Cumberland County: Bethesda Health Care Facility, Rehabilitation and Health Care Center at Village Green, and Autumn Care of Fayetteville. 3HC also currently provides residential hospice care to residents of area assisted living facilities, including Carolina Inn Assisted Living, Carillon Assisted Living, Cumberland Village Assisted Living, Forest Hills Family Care, Hope Mills Retirement Center, Heritage Place, Fayetteville Manor, and Whispering Pines Nursing and Rehabilitation Center in Cumberland County. Well Care, however, only provides a letter from First Health Hospice and Palliative Care, which states its willingness to work with Well Care to provide inpatient and/or respite services for Well Care's Cumberland County patients in its Moore County inpatient hospice facility as space is available in the facility. The First Health Moore County inpatient hospice facility is located 44 miles, or one-hour drive time, from Fayetteville. Such a distance can be a significant burden on family members who wish to visit their loved ones frequently, often on a daily basis, especially considering that many are elderly. As a result, many of Well Care's patients in need of inpatient or respite care might forego admission to a Moore County facility an hour away and instead face admission to an acute care bed or skilled nursing facility. However, Well Care has not demonstrated any support or interest from any local hospital or skilled nursing facility to provide this level of care. As such, Well Care does not demonstrate that it will provide reasonably accessible availability of inpatient and respite care for the patients of its proposed Cumberland County agency.

Well Care states in its application that it intends to promote access to hospice services specifically to the African American population by extending outreach to minority populations in Cumberland County. Well Care states on page 44 of its application that African Americans accounted for 26.7 percent of hospice care in Cumberland County in FY 2017, but 38.7 percent of the county's total population. Well Care seems to suggest that it might surpass this historical level of service to the African American population in Cumberland County, but provides no substantiated evidence of its ability to do so. To the contrary, 3HC has a documented history of service to the African American population in southeastern North Carolina. Specifically, more than 21 percent of the hospice patients 3HC served through its Wayne County office in FY 2017 (as reported on its 2018 license renewal application), were African American. Notably, 3HC provided this level of service to African Americans through its Wayne County office, which is comprised of patients who predominantly originate (more than 90 percent) from Wayne County, which has a lower overall percentage of its population comprised of African Americans than does Cumberland County (38.6 percent in Cumberland County versus 32.4 percent in Wayne County)¹. Race and ethnicity are not reported on home health license renewal application forms. As such, because Well Care only has historical

¹ www.census.gov/quickfacts

home health experience and no historical hospice experience or hospice license renewal applications to reference, it is impossible to know to what extent Well Care has historically served the African American population through its existing agencies; therefore, it is impossible to know whether or not it is likely to be more successful than existing Cumberland County hospice agencies in serving this population as it suggests it will be.

Finally, 3HC has demonstrated its significant experience and expertise in providing comprehensive hospice service to veterans and pediatric patients as discussed in detail on pages 33 through 44 of its application.

APPLICATION-SPECIFIC COMMENTS

Well Care’s application should not be approved as proposed. 3HC identified the following specific issues, each of which contributes to ’s non-conformity:

- (1) Unsupported Utilization Projections**
- (2) Unreasonable Projection of Days of Care**
- (3) Unsupported Revenue Projections**
- (4) Failure to Provide Ancillary and Support Services**

Each of the issues listed above is discussed in turn below. Please note that relative to each issue, 3HC has identified the statutory review criteria and specific regulatory criteria and standards creating the non-conformity.

Unsupported Utilization Projections

Well Care’s utilization methodology fails to support its projected number of deaths to be served and as a result its projected utilization overall. On page 96 of its application, Well Care summarizes the projected deficits in deaths to be served by hospice home care during 2019 per the *2018 SMFP*, as excerpted below.

Projected Deficits in Deaths to be Served by Hospice Home Care for 2019

County	Projected Number of Additional Patients In Need
Cumberland	140
Bladen	38
Harnett	98
Hoke	41
Sampson	112

Source: 2018 SMFP, Table 13B, Column K

Well Care projects that these deaths to be served will grow 3.2 percent annually through it project years as shown on page 98 based on the two-year trailing average growth rate for hospice deaths statewide as calculated in the Draft of Table 13B prepared as part of the development of the *2019 SMFP*:

Projected Deficits in Deaths to be Served by Hospice Home Care 2019-2022

County	FY2019	Growth Rate*	FY2020	FY2021	FY2022
Cumberland	140	3.2%	144	149	154
Bladen	38	3.2%	39	40	42
Harnett	98	3.2%	101	104	108
Hoke	41	3.2%	42	44	45
Sampson	112	3.2%	116	119	123

*Based on statewide two-year trailing growth rate for hospice deaths.
Totals may not foot due to rounding.

However, Well Care’s projected number of additional deaths to be served are unsupported. In particular, the Draft of Table 13B prepared as part of the development of the 2019 SMFP projected that these counties will have 204 deaths to be served in 2020, or 238 fewer than projected by Well Care, as shown below.

2020 Projected Number of Additional Hospice Deaths in Need

	<i>Projected by Well Care</i>	<i>Deficit/(Surplus) Projected in Table 13B</i>	<i>Difference</i>
Cumberland	144	82 ²	62
Bladen	39	(6)	45
Harnett	101	33	68
Hoke	42	14	28
Sampson	116	81	35
Total Well Care Service Area	442	204	238

Source: Well Care application, page 98, Draft of Table 13B prepared as part of the development of the 2019 SMFP.

As shown above, WellCare’s projected additional deaths are more than double the 204 deaths in need projected in Draft of Table 13B. Well Care does not address this significant overstatement in any way in its application. However, it is clear from its application that Well Care was aware of the draft of Table 13B during the preparation of its application. As noted above, Well Care projects that deaths will grow 3.2 percent annually based on the two-year trailing average growth rate of hospice deaths statewide as shown in the excerpt below from page 97:

² As explained in 3HC’s application, the draft of Table 13B prepared as part of the development of the 2019 SMFP shows a placeholder for 180 deaths, including a placeholder of 90 deaths representing the approved but not yet operational BAYADA hospice home care office that resulted from the need determination in the 2017 SMFP as well as an additional placeholder of 90 deaths for the hospice home care office need determination in the 2018 SMFP to which the 3HC and Well Care proposed projects are responsive, for a total adjustment of 180. For purposes of a CON utilization methodology that proposes to meet the need identified in the 2018 SMFP, it is necessary to remove the latter placeholder of 90 deaths, which results in a total deficit of 82 additional hospice deaths in need in Cumberland County.

Well Care projects deficits in deaths to be served by hospice during the initial three project years (FY2020-FY2022) by applying the two-year trailing average growth rate for hospice deaths statewide. Please see the following table.

Statewide Hospice Deaths

Fiscal Year	Statewide Hospice Deaths
FY2015	39,164
FY2016	40,438
FY2017	41,685
2-Yr Trailing Growth Rate	3.2%

Source: 2017-2018 SMFP, Proposed 2019 SMFP (based on self-reported data provided in 2016-2018 Hospice Data Supplements)

Well Care states that the calculated 3.2 percent growth rate is from the *Proposed 2019 SMFP*; however, this is impossible as that document was not published until July 2018, after the submission of Well Care’s application on June 15, 2018. Rather, the 3.2 percent growth rate was available only in the draft of Table 13B prepared as part of the development of the *2019 SMFP*. Well Care utilized the growth rate from Draft Table 13B but excluded the 2020 projected number of additional hospice deaths in need. This exclusion resulted in an overstatement of hospice deaths in need by more 100 percent.

Well Care’s utilization methodology relies entirely on its overstated projected additional hospice deaths in need. Well Care projects additional hospice deaths in need in Step 1 of utilization methodology and all of its projected utilization is calculated based on these overstated hospice deaths, including Projected Well Care Hospice Patients in Step 3, Projected Well Care Hospice Unduplicated Admissions in Step 4, Projected Hospice Days of Care in Step 5, Projected Days of Care by Level of Care in Step 6, and Projected Hospice Visits in Step 7. As a result, all of Well Care’s projected utilization is overstated by more than 100 percent. Furthermore, Well Care’s financial revenues are based on its projected utilization. As a result, Well Care’s projected revenue is overstated by more than 100 percent.

Based on the issue described above, 3HC believes that the Well Care application is non-conforming with Criteria 3, 4, 5, and 6.

Unreasonable Projection of Days of Care

On page 105-106 of its application, Well Care provides the assumptions it uses to project hospice days of care. Well Care states that it “*projects hospice average length of stay (ALOS) based on the FY2016 statewide median length of stay (74.5)*” (page 105). Well Care projects this ALOS to remain consistent throughout the project years as shown in the excerpt below from page 106:

**Well Care Hospice
Hospice Days of Care, FY2020-FY2022**

County	FY2020	FY2021	FY2022
Cumberland	7,003	10,803	11,920
Bladen	149	373	522
Harnett	447	969	1,490
Hoke	224	447	671
Sampson	596	1,267	1,937
Total	8,419	13,857	16,539
ALOS	74.5	74.5	74.5

Totals may not foot due to rounding.

This assumption is simply not reasonable. The projected days of care for Well Care’s first year of operation fail to reflect that no patients from a previous year will be cared for. A hospice agency’s total days of care and its ALOS in any year reflect the patients it admits and cares for during that year in addition to any patients admitted in the prior year that remain in its care. Because a new hospice agency does not have any patients admitted in a prior year when it opens, the ALOS and days of care are lower. Well Care’s projected ALOS does not reflect the impact of its lack of patients from a prior year. Thus, its projected days of care are overstated and unreasonable.

Based on the issue described above, 3HC believes that the Well Care application is non-conforming with Criteria 3, 4, 5, and 6.

Unsupported Revenue Projections

In Form F.3, Well Care provides its projected reimbursement rates for Medicare Routine Home Care per patient day. In its first full fiscal year, FY 2020, Well Care projects to receive \$169.60 per patient day for Medicare Routine Home Care. As shown on Form F.4, Medicare Routine Home Care in FY 2020 is projected to result in \$1,109,286 in revenue or 82 percent of its total net revenue in that year (82 percent = \$1,109,286 ÷ \$1,348,725). However, Well Care’s projected reimbursement rate for Medicare Routine Home Care is incorrect. In its Financial Assumptions, Well Care states “3 Medicare hospice payment rates based upon CMS Final CY2018 rates, as published in the Federal Register.” Well Care does not provide the cited Federal Register. However, 3HC’s application includes data and supporting documentation for Medicare Routine Home Care per patient day rates. As shown below 3HC’s Form F.3, FY 2018 Medicare reimbursement (adjusted based on wage index) for Routine Home Care (days 1-60) is \$169.60, the exact same rate stated by Well Care. However, Medicare reimbursement for Routine Home Care (days 61+) is lower, \$133.20. Based on this data, it is clear that Well Care has assumed that 100 percent of its Medicare patient days will be reimbursed at the days 1-60 rate. This is incorrect. As noted above, Well Care projects that its ALOS will be 74.5 days. As such, a significant portion of the routine home care patient days it serves will be after the patient has had 60 days of hospice services. Medicare routine home care patients who have had 60 days of hospice services receive the lower reimbursement rate for the remainder of their care. Well Care incorrectly assumes that it will receive the higher reimbursement rate throughout

each patient's care. Specifically, Well Care has overstated its reimbursement by \$36 to \$37 for each and every day past the 60th day of care for its Medicare routine home care patients. Because Well Care does not project what portion of its Medicare routine home care days will be provided to patients in days 1-60 and what portion will be provided for days 61+, it is impossible to determine the degree to which Well Care has overstated its revenue. Regardless, Well Care's projected revenue is overstated and unsupported and, as a result, it is impossible to determine if the proposed hospice agency will be profitable in any of its three years of operation.

Because WellCare's projected revenue is overstated, it has overstated its projected revenue or cash inflows during its initial operating period. As such, Well Care's initial operating expenses are understated. As its actual initial operated expenses cannot reasonably be determined using the information included in the application, it is impossible for Well Care to document that it has sufficient funding for its initial operating expenses.

As such, Well Care has failed to demonstrate the financial feasibility of its proposed project. Based on the issue described above, 3HC believes that the Well Care application is non-conforming with Criterion 5.

Failure to Provide Ancillary and Support Services

Well Care has no commitments or even expressed interest from any Cumberland County facility for establishing contractual agreements for the provision of inpatient and respite care. Well Care only provides a letter from First Health Hospice and Palliative Care, which states its willingness to work with Well Care to provide inpatient and/or respite services for its patients in its Moore County inpatient hospice facility as space is available in the facility. The First Health Moore County inpatient hospice facility is located 44 miles, or one-hour drive time, from Fayetteville. Such a distance can be a significant burden on family members who wish to visit their loved ones frequently, often on a daily basis, especially considering that many are elderly. As a result, many of Well Care's patients in need of inpatient or respite care might forego admission to a Moore County facility an hour away and instead face admission to an acute care bed or skilled nursing facility. However, Well Care has not demonstrated any support or interest from any local hospital or skilled nursing facility to provide this level of care. As such, Well Care does not demonstrate that it will provide reasonably accessible availability of inpatient and respite care for the patients of its proposed Cumberland County agency.

Based on the issue described above, 3HC believes that the Well Care application is non-conforming with Criterion 8.

COMPARATIVE ANALYSIS

Given that both 3HC and Well Care propose to meet the need for the additional hospice home care agency in Cumberland County, only one of the applications can be approved as proposed. In reviewing comparative factors that are applicable to this review, 3HC compared the applications on the following factors:

- Conformity with Review Criteria
- Consistency with *SMFP* Policy GEN-3
- Demonstration of Need
- Services to the Medically Underserved
- Geographic Access/Location of Office
- Charges per Level of Care
- Net Revenue per Patient
- Net Revenue per Patient Day
- Total Cost per Patient
- Total Cost per Patient Day
- Salaries for Key Direct Care Staff
- Benefits and Taxes
- Average Total Compensation for Direct Care Staff
- Average Total Compensation for Management/Administrative Personnel
- Direct Care FTEs per Patient
- Demonstration of Adequate Staffing
- Volunteer Services, Clergy, Bereavement Services
- Provision of Ancillary and Support Services
- Support and Coordination

3HC believes that the factors presented above and discussed in turn below should be used by the Analyst in reviewing the competing applications. These factors are appropriate and have been used in previous competitive hospice home care office review findings including the most recent competitive review of hospice home care offices in the state, the 2017 Cumberland County Hospice Home Care Review as well as the 2013 Granville County Hospice Home Care Review.³

Conformity with Review Criteria

As noted above, Well Care's application is non-conforming with multiple statutory review criteria. 3HC's application is conforming with all applicable review criteria. With regard to conformity with review criteria, 3HC is the more effective alternative.

³ Note that previous reviews included comparative factors that are no longer applicable to the new hospice home care agency CON application form, which no longer requires an applicant to project visits or costs by level of care, among other things.

Consistency with SMFP Policy GEN-3

As noted above, Well Care’s utilization projections are unreasonable. Thus, Well Care fails to demonstrate the need for its project and therefore does not demonstrate that its proposal is consistent with SMFP Policy GEN-3. 3HC’s application demonstrates the need for its proposed project and is consistent with SMFP Policy GEN-3. With regard to consistency with SMFP Policy GEN-3, 3HC is the more effective applicant.

Demonstration of Need

As noted above, Well Care’s utilization projections are unreasonable. Thus, Well Care fails to demonstrate the need for its project. 3HC’s application demonstrates the need for its proposed project. With regard to demonstration of need, 3HC is the more effective applicant.

Services to the Medically Underserved

The table below shows 3HC and Well Care’s proposed Year 2 Medicare, Medicaid, self pay, and combined patient mix.

Year 2	Medicare Admissions as % of Total	Medicaid Admissions as % of Total	Self Pay Admissions as % of Total	Medicare/Medicaid Combined	Self Pay/Medicare/Medicaid Combined
3HC	88.90%	6.70%	1.40%	95.60%	97.00%
Well Care	87.20%	7.60%	1.80%	94.80%	96.60%

Both applicants state that their proposed payor mix is based on the historical experience of Cumberland County hospice agencies. Well Care goes on to provide assumptions for its projected admissions by payor, which it arbitrarily adjusted from the historical Cumberland County experience by reducing the percentage of admissions attributable to Medicare and private insurers and increasing the percentage of admissions attributable to Medicaid and self pay. Well Care’s justification for these adjustments is that it intends “to serve a higher Medicaid mix based on the relatively less affluent population of Cumberland County.” However, Well Care fails to explain the basis for the actual payor mix it projects nor does Well Care explain why it can reasonably expect to experience a payor mix different from the existing providers in Cumberland County. Even with Well Care’s arbitrary adjustments, 3HC projects a slightly higher percentage of combined Medicare and Medicaid admissions as well as a slightly higher percentage of combined Medicare, Medicaid, and self pay admissions. Given that both applicants project a comparable payor mix, 3HC and Well Care are both effective alternatives with regard to access to the medically underserved.

Geographic Access/Location of Office

Both applicants propose to locate their hospice office in Fayetteville and serve residents of Cumberland County. In addition, both applicants propose to serve Hoke, Harnett, and Bladen counties. Well Care also proposes to serve Sampson County, while 3HC does not as 3HC has an existing hospice agency in Sampson County. Neither of the applicants propose to serve patients in a county without any existing hospice

agency. Given these factors, the proposed projects are comparable with regard to geographic access to hospice services.

Charges per Level of Care

The table below shows 3HC and Well Care’s proposed Year 2 projected Medicare gross charges per patient day. The applicants’ projected charges for Medicare are used, as Medicare is the predominant payor for each applicant.

Year 2		Routine	Inpatient	Respite	Continuous Care (Hourly)
3HC	Medicare Charge per Patient Day	\$191.00	\$737.00	\$172.00	\$41.00
Well Care	Medicare Charge per Patient Day	\$171.30	\$666.86	\$157.97	\$36.15

While Well Care projects the lowest charges for all four levels of care, due to differences in the reimbursement as percentage of charges assumed by each applicant, gross charges are not an effective measure of revenue. As shown below, Well Care assumes that 98 percent of charges will be reimbursed in comparison to 3HC which assumes that only 85 percent of charges will be reimbursed.

Year 2	Total Gross Revenue	Total Net Revenue	% Reimbursement
3HC	\$2,535,583	\$2,157,266	85.1%
Well Care	\$2,506,701	\$2,451,942	97.8%

As a result, this comparative factor may be of the little value. Comparisons based on net revenue, shown in the following two factors, and which reflect only the reimbursement or revenue received by each applicant, are more effective comparative measures.

Net Revenue per Patient

The table below shows 3HC and Well Care’s proposed Year 2 net revenue per patient. Net revenue per patient is calculated by dividing net revenue in year 2 by the projected number of patients.

Year 2	Projected Total Patients	Net Revenue	Net Revenue per Patient
3HC	218	\$2,157,266	\$9,896
Well Care	186	\$2,451,942	\$13,182

3HC projects the lowest net revenue per patient. Therefore, with regard to net revenue per patient, 3HC is the more effective alternative.

Net Revenue per Patient Day

The table below shows 3HC and Well Care's proposed Year 2 net revenue per patient day. Net revenue per patient day is calculated by dividing net revenue in year 2 by the projected number of patient days.

Year 2	Projected Total Patient Days	Net Revenue	Net Revenue per Patient Day
3HC	13,201	\$2,157,266	\$163.42
Well Care	13,857	\$2,451,942	\$176.95

3HC projects the lowest net revenue per patient day. Therefore, with regard to net revenue per patient day, 3HC is the more effective alternative.

Total Cost per Patient

The table below shows operating cost per patient for each applicant.

Year 2	Projected Total Patients	Operating Cost	Operating Cost per Patient
3HC	218	\$1,977,989	\$9,073
Well Care	186	\$2,348,500	\$12,626

3HC projects lower operating costs per patient compared to Well Care and therefore is the more effective applicant from this perspective.

Total Cost per Patient Day

The table below shows operating cost per patient day for each applicant.

Year 2	Projected Patient Days	Operating Cost	Operating Cost per Patient Day
3HC	13,201	\$1,977,989	\$149.84
Well Care	13,857	\$2,348,500	\$169.48

3HC projects lower operating costs per patient day compared to Well Care and therefore is the more effective applicant from this perspective.

Salaries for Key Direct Care Staff

The table below shows average annual salaries for direct care staff for 3HC and Well Care.

Year 2	RN	CNA	Social Worker
3HC	\$69,360	\$24,276	\$53,060
Well Care	\$75,217	\$29,848	\$59,959

Well Care projects higher average annual salaries for direct care staff compared to 3HC. However, the figures above do not include salaries and benefits and therefore are not reflective of actual total compensation. Salaries and benefits are important factors in staff recruitment and retention. As such, a comparison of salaries alone is not conclusive. An analysis of benefits, taxes, and total compensation, included below, provides a more meaningful comparison.

Benefits and Taxes

The table below shows each applicant’s projected benefits and taxes as a percentage of salaries, calculated by dividing benefits and taxes by total salaries.

<i>Year 2</i>	<i>Total Salaries</i>	<i>Taxes & Benefits</i>	<i>Taxes & Benefits as % of Salary</i>
3HC	\$801,711	\$272,929	34.0%
Well Care	\$1,008,538	\$193,441	19.2%

3HC provides a significantly higher percentage of taxes and benefits and therefore is the more effective alternative from this perspective. As noted above, taxes and benefits have a significant impact on total compensation, which is discussed in the following factor.

Average Total Compensation for Direct Care Staff

The table below shows total average annual compensation for direct care staff for 3HC and Well Care. Salaries and benefits are important factors in staff recruitment and retention. Average total compensation includes average direct care staff annual salary as well as benefits.

<i>Year 2</i>	<i>RN</i>	<i>CNA</i>	<i>Social Worker</i>
3HC	\$92,972	\$32,540	\$71,123
Well Care	\$89,644	\$35,573	\$71,459

3HC provides higher total compensation to RNs while Well Care provides higher total compensation to CNAs. Both applicants provide comparable total compensation to social workers (less than 0.5 percent difference). As such, both applicants are equally effective with regard to total compensation for direct care staff.

Management/Administrative Personnel

The table below shows total average annual compensation (including salary and benefits) for the management and administrative personnel that are common between 3HC and Well Care’s proposals.

<i>Year 2</i>	<i>Administrator</i>	<i>Secretary/ Office/Support</i>	<i>Marketing</i>	<i>Medical Records</i>
3HC	\$112,962	\$41,838	\$99,573	\$83,675
Well Care	\$127,046	\$41,671	\$83,343	\$41,671

Well Care provides the higher total compensation to the Administrator position. However, 3HC provides the higher total compensation to the marketing and medical records positions and comparable total compensation to the secretary/office/support position when compared with Well Care. As such, overall, 3HC and Well Care are both effective alternatives with regard to total compensation for management and administrative personnel.

Direct Care FTEs per Patient

The table below shows the number of direct care FTEs per patient for both applicants in Year 2.

<i>Year 2</i>	<i>Total Direct Care FTEs</i>	<i>Total Unduplicated Patients</i>	<i>Direct Care FTEs per Patient</i>
3HC	11.00	218	0.05
Well Care	7.65	186	0.04

Both 3HC and Well Care project a comparable number of direct care FTEs per patient and they are both effective alternatives in this regard.

Demonstration of Adequate Staffing

The table below shows the average annual caseload projected for both applicants in Year 2.

<i>Year 2</i>	<i>Projected Patient Days /</i>	<i>Days per Year =</i>	<i>Average Annual Caseload</i>
3HC	13,201	365	36
Well Care	13,857	365	38

The table below shows 3HC and Well Care’s assumed average caseload per position as stated in Section H.2 of each application.

<i>Position</i>	<i>RN</i>	<i>Social Worker</i>	<i>CNA</i>	<i>Clergy</i>
3HC	12.0	30.0	12.0	40.0
Well Care	5.0	3.5	5.5	4.0

3HC determined average caseload by position consistent with the instructions in Section H.2 and with reporting on the Data Supplement to the Hospice License Renewal Application, which is the preferred number of patients for which a staff member has responsibility or to which she or he is assigned at any one time. Based on the information provided in response to Section H.2, it would appear that Well Care provided statistics regarding visits per day (as one would for a home health application) and failed to provide average caseloads per position as requested in the hospice CON application. Because average hospice caseloads and visits per day (as would be calculated for a home health application) are not analogous, it is impossible to make a direct comparison between the two applicants.

Therefore, 3HC is the more effective alternative with regard to demonstration of adequate staffing.

Volunteer, Bereavement, and Clergy Services

The table below shows the number of FTEs projected by each applicant related to volunteer, bereavement, and clergy services.

<i>Year 2</i>	<i>Volunteer Coordinator</i>	<i>Bereavement Counselor</i>	<i>Clergy</i>
3HC	0.5	0.25	1.0
Well Care	1.0	0.25	0.5

3HC projects a greater number of Clergy FTEs while Well Care projects a greater number of Volunteer Coordinator FTEs. Both applicants project the same number of Bereavement Counselor FTEs. As such, each applicant is an effective alternative with regard to provision of volunteer, bereavement, and clergy services.

Provision of Ancillary and Support Services

3HC projects to provide physical therapy, occupational therapy, speech therapy, and dietary counseling with employed staff. To the contrary, Well Care projects no staff for the provision of these services, but provides letters from various providers indicating an interest in potentially contracting with Well Care to provide these services to its proposed Cumberland County hospice home care agency. 3HC has an existing contract in place for the provision of durable medical equipment and pharmaceuticals. Well Care provides letters from providers who again indicate an interest in potentially contracting with Well Care to provide these services.

Further, Well Care has no commitments or even expressed interest from any Cumberland County facility for establishing contractual agreements for the provision of inpatient and respite care. In comparison, 3HC operates Kitty Askins Hospice Center, a 24-bed inpatient and residential hospice facility in Goldsboro and has an existing contract with Cape Fear Valley Health System for the provision of inpatient services and respite care. 3HC also has existing contracts to provide hospice care to patients of three skilled nursing facilities in Cumberland County: Bethesda Health Care Facility, Rehabilitation and Health Care Center at Village Green, and Autumn Care of Fayetteville. 3HC also currently provides residential hospice care to residents of area assisted living facilities, including Carolina Inn Assisted Living, Carillon Assisted Living, Cumberland Village Assisted Living, Forest Hills Family Care, Hope Mills Retirement Center, Heritage Place, Fayetteville Manor, and Whispering Pines Nursing and Rehabilitation Center in Cumberland County. Well Care only provides a letter from First Health Hospice and Palliative Care, which states its willingness to work with Well Care to provide inpatient and/or respite services for its patients in its Moore County inpatient hospice facility as space is available in the facility. The First Health Moore County inpatient hospice facility is located 44 miles, or one hour drive time, from Fayetteville. As such, Well Care does not demonstrate that it will provide reasonably accessible availability of inpatient and respite care for the patients of its proposed Cumberland County agency.

For these reasons, 3HC is a more effective alternative with regard to provision of ancillary and support services.

Support and Coordination

As noted above, 3HC has established support and coordination with other healthcare providers in Cumberland County including an existing contract with Cape Fear Valley Health System for the provision of inpatient services and respite care, existing contracts to provide hospice care to patients of three skilled nursing facilities in Cumberland County, and existing relationships and provision of residential hospice care to residents of several Cumberland County assisted living facilities.

As also noted above, Well Care’s application fails to adequately demonstrate support and coordination with other healthcare providers in Cumberland County. Well Care has no commitments from any Cumberland County facility for establishing contractual agreements for the provision of inpatient and respite care.

Finally, 3HC’s application includes a total of 102 letters of support, more than half of which are from physicians and other local healthcare providers. Of the 60 support letters included with Well Care’s application, only six are from physicians. The table below shows the number of support letters by type included with both applications.

Letter of Support	Physicians	Other Healthcare Providers	Business/Community/Government	Total
3HC	44	17	41	102
Well Care	6	27	27	60

3HC clearly has demonstrated a greater level of support and coordination with local healthcare providers and members of the Cumberland County community and therefore represents the more effective alternative in this regard.

Summary of Comparative Analysis

As summarized in the table below, 3HC’s application is clearly superior to Well Care’s as demonstrated by the fact it represents a more effective alternative in 11 out of 19 comparative factors. Moreover, 3HC represents a superior or equally effective alternative in 18 out of 19 comparative factors. Note that a green check mark in the applicant’s column indicates that the applicant has demonstrated its proposal to be a more effective alternative. In cases where both applications represent effective alternatives, a black check mark is indicated in each applicant’s column.

Comparative Factor	3HC	Well Care
Conformity with Review Criteria	✓	
Consistency with SMFP Policy GEN-3	✓	
Demonstration of Need	✓	
Services to the Medically Underserved	✓	✓
Geographic Access/Location of Office	✓	✓
Charges by Level of Care	✓	✓
Net Revenue per Patient	✓	

Comparative Factor	3HC	Well Care
Net Revenue per Patient Day	✓	
Total Cost per Patient	✓	
Total Cost per Patient Day	✓	
Salaries for Key Direct Care Staff		✓
Benefits and Taxes	✓	
Average Total Compensation for Direct Care Staff	✓	✓
Average Total Compensation for Management/Administrative Personnel	✓	✓
Direct Care FTEs per Patient	✓	✓
Demonstration of Adequate Staffing	✓	
Volunteer Services, Clergy, Bereavement Services	✓	✓
Provision of Ancillary and Support Services	✓	
Support and Coordination	✓	

SUMMARY

As noted above, 3HC maintains that Well Care's application cannot be approved as proposed. As such, 3HC maintains that it has the only approvable application based on the comments herein. Based on both its comparative analysis and the comments on Well Care's application, 3HC believes that its application represents the most effective alternative for meeting the need identified in the 2018 SMFP for an additional hospice home care agency in Cumberland County. As such, the CON Section can and should approve 3HC's application.

Please note that in no way does 3HC intend for these comments to change or amend its application as filed on June 15, 2018. If the Agency considers any statements to be amending 3HC's application, those comments should not be considered.