

Aldersgate Home Health, Inc.
Comments in Opposition to Competing Applications for
A New Home Health Agency in Mecklenburg County
May 1, 2021 CON Review Cycle

INTRODUCTION

The 2021 State Medical Facilities Plan (“2021 SMFP”) recognized a need for one new home health agency in Mecklenburg County. Five total applicants have filed Certificate of Need (“CON”) applications that were accepted for review in response to the identified need, including Project I.D. F-012058-21 Aldersgate Home Health, Inc. (“Aldersgate”). The other four projects include:

- BAYADA Home Health Care, Inc. (“BAYADA”) – Project I.D. F-012053-21
- Personal Home Care of North Carolina, LLC (“PHC”) – Project I.D. F-012061-21
- PruittHealth Home Health, Inc. (“PruittHealth”) – Project I.D. F-012072-21
- Well Care TPM, Inc. (“Well Care”) – Project I.D. F-012071-21

Aldersgate has completed a detailed review of each project and found that multiple applicants fail to meet one or more of the applicable review criteria and cannot be approved. Of these applications, only one applicant, Aldersgate, offers a truly unique and different approach to providing home health as part of a continuum of care. Aldersgate is the only applicant with a significant established presence in Mecklenburg County that will allow them to quickly ramp up to meet the need that has not been met by other traditional home health agencies. Mecklenburg has been plagued by chronic unmet need with two new agencies approved and implemented in the last several years. Despite these approvals, home health care in Mecklenburg County continues to lag behind in addressing the growth in demand that comes with a growing and aging population. As a result, it is critical that the Agency approve a unique and different type of agency with existing community connections that has already worked with community leaders to meet a wide range of unique long term care needs in Mecklenburg County. That applicant is Aldersgate. Approval of another generic regional or national chain agency will not meet the needs of Mecklenburg County as has been proven through the last approval of Well Care.

COMMENTS ON INDIVIDUAL APPLICATIONS

Overview and Introduction

Mecklenburg County has a chronic unmet need that has persisted despite the fact that new agencies were approved in 2018 and 2019. Despite these approvals, again there is a need in Mecklenburg County. The only way to address this chronic need is to approve an applicant that demonstrates existing and strong community linkages and the ability to address the unmet need via a different

approach than existing agencies. As will be shown, Aldersgate is this applicant. Notably, three of five applicants are existing agencies that already serve Mecklenburg County. Importantly, the need persists in Mecklenburg County despite the fact that these three applicants already serve the county.

First and foremost, Well Care should not be a qualified applicant for this filing as it already has been approved and just started operations in Mecklenburg County in 2019 (HC 5130 license). As of the time of filing, there was no data available on the operations of this new agency that was publicly available. It is unclear how Well Care can meet the need identified in the 2021 SMFP if they are not meeting it today since opening. There is no reasonable basis to approve another application for a provider that is already approved for and recently licensed to serve the very same county.

Likewise, PHC is not a reasonable applicant to meet the need identified in the SMFP for the same reason. PHC already operates as a licensed home health agency in Mecklenburg County (HC 3966 license). There is no basis to believe that approval of a second agency to serve the same county will allow PHC to meet the need identified in the SMFP particularly when the need has arisen while PHC is already serving the county.

Finally, BAYDA is also already serving Mecklenburg County (HC 0355 license). Again, it is unreasonable to assume an existing agency that is already serving the county will be able to meet the identified need when the need has occurred despite the presence of this existing agency.

These three applicants have quite clearly applied simply to suppress competition in the county. While each claim they can better serve the county with a second agency, it has been shown quite clearly that approving an existing provider to serve the same county, specifically Mecklenburg County, does not address the identified need. Atrium Health was approved for a second agency and now operates two agencies in Mecklenburg County, with the second agency licensed in 2018, yet its utilization has been virtually flat from 2017 to 2019. See **Table 1**. Likewise, Kindred serves Mecklenburg County from three separate agencies in Mecklenburg County and has experienced a significant decline in utilization. See **Table 1**. It is very clear that approving another existing agency to duplicate its services to Mecklenburg County will not address the unmet need.

Table 1

Utilization Trend for Existing Multi-Agency Home Health Providers in Mecklenburg County					
Facility Name	Mecklenburg County Unduplicated Admissions			CAGR	Percent Change
	2017	2018	2019	2017-2019	2017-2019
Kindred at Home (3 Licenses)	5,296	5,246	4,893	-3.88%	-7.61%
Atrium Health at Home (2 licenses) - Healthy at Home	3,161	3,271	3,138	-0.36%	-0.73%

Source: 2019 and 2020 SMFP and 2020 LRAs¹

With the elimination of Bayada, PHC, and Well Care as reasonable and appropriate applicants, the only two remaining applicants are PruittHealth and Aldersgate. As will be discussed, Aldersgate represent a unique and different approach to meeting the needs of Mecklenburg County as part of a continuum of care that is already enmeshed within the community and with established linkages. By contrast, while PruittHealth also provides a continuum of long term care, PruittHealth does not have a presence in Mecklenburg County. Aldersgate’s existing relationships and documented referral sources will allow it to meet the chronic unmet need in Mecklenburg County that continues to persist despite multiple agency approvals over the last several years.

BAYADA Home Health Care, Inc. – Project I.D. F-012053-21

Non-Conformity with Review Criteria

Criterion (1) and Policy GEN-3

As an existing provider of services to Mecklenburg County, it is unclear why BAYADA cannot continue to grow its utilization without approval for a second agency. Any agency can set up a drop site or way station location that would operationally assist with any geographic issues in serving the same county. BAYADA’s project has therefore not projected reasonable utilization levels and simply represents a duplication of existing services. Moreover, approval of BAYADA would limit competition by simply furthering the status quo of existing providers. As such, BAYADA does not maximize healthcare value. BAYADA should be found non-confirming with Criterion (1) and Policy GEN-3.

Criterion (3) – Inconsistencies in BAYADA’s Projected Utilization

BAYADA’s projected utilization is unreasonable because it does not explain why such utilization cannot be achieved with its existing agency. In fact, BAYADA projects to shift a substantial number of patients to the agency office in Matthews. Of the projected patients to be served, 65% are from BAYADA’s existing office (848 patients of 1,342). See CON application page 129. This

¹ Aldersgate’s representatives requested 2021 LRAs from the Agency and were told these were not yet publicly available.

does not demonstrate that BAYADA is focused on meeting the unmet need but instead is simply shifting patient volume around.

In addition, 68% of BAYADA’s patients are from outside of Mecklenburg County further demonstrating that BAYADA is not focused on meeting the unmet needs of Mecklenburg County. The SMFP identifies a need for 534 patients in Mecklenburg County in 2022, yet in 2024 BAYADA only projects to serve 494 incremental patients in Mecklenburg County, and thus is not meeting the identified need in the SMFP. See CON application page 129.

The incremental 494-patient increase in Mecklenburg County that BAYADA projects in Year 3, is less than the incremental increase BAYADA achieved in the last three reporting years for Mecklenburg County. See **Table 2**. If BAYADA achieved a growth of 674 incremental patients between 2017 and 2019, then there is no reason Bayada cannot serve its projected incremental 494 patients without a new agency. It is clear that BAYADA’s project is simply meant to suppress competition in the market.

Table 2
BAYADA Historical Mecklenburg County Utilization

Facility Name	Mecklenburg County Unduplicated Admissions			Net Increase
	2017	2018	2019	
BAYADA Home Health Care, Inc.	1,096	1,413	1,770	674

Source 2019 and 2020 SMFP, 2020 LRAs.

It should also be noted that BAYADA has an existing agency in Cabarrus County, another of its service area counties. The fact that there is need in Cabarrus County, wherein BAYADA currently operates, further shows that BAYADA is not meeting the need. This additional agency further represents an unnecessary duplication and another reason why BAYADA has not and will not address the needs of its service area.

Finally, as will be discussed below, BAYADA has a track record of minimal services to Medicaid and indigent/charity care patients, far less than the average for Mecklenburg County. It is not reasonable to believe that BAYADA will meet the identified unmet need in Mecklenburg County if it is not serving low income and uninsured patients today.

For all of these reasons, BAYADA should be found non-conforming with Criterion (3).

Criterion (4) – BAYADA is Not an Effective Alternative to Existing Home Health Providers

BAYADA’s project is not an effective alternative as there is no reason that it cannot continue to increase its services to Mecklenburg County without approval of a new agency. BAYADA’s

approval would simply result in duplication of existing services and not a new approach to meeting the needs of Mecklenburg County. The exact same applicant entity is already licensed to serve Mecklenburg County. There is no reason that BAYADA cannot expand through a drop site or way station location office in Matthews to accomplish exactly what it proposes in this application. Therefore, it is logical that BAYADA cannot be an effective alternative to itself, as an existing home health provider. It has been demonstrated specifically in Mecklenburg County that approving an existing agency for a second agency in the same county does not meet the identified unmet need. BAYADA should be found non-conforming with Criterion (4).

Criterion (5) – BAYADA’s Project is Not Financially Feasible

BAYADA’s financial projections are flawed for two fundamental reasons:

- First, the projections for the new agency are based on 65% of Bayada’s existing patients at its existing agency. It is impossible to determine the financial feasibility of the agency based on the projected incremental patients only and whether the agency would be financially feasible based on the projected 658 incremental patients alone.
- Second, BAYADA does not provide any financial information for its existing agency once 1,204 patients (65% of the new agency’s patients) are shifted away from this existing agency.

As an existing provider in North Carolina and specifically in Mecklenburg County, BAYADA should have provided historical and interim projections for the existing agency operated under the exact same applicant entity as the existing Mecklenburg County agency – HC0355 Bayada Home Health Care, Inc. Moreover, BAYADA should have provided projected financial schedules in Section Q for the entire entity (both agencies) serving Mecklenburg County and the impact of adding a new agency office but serving the majority of the same patients. BAYADA failed to provide this information, simply ignoring the financial schedules calling for historical and interim financial information for the same exact entity.

Because BAYADA does not provide a full picture of its financial performance following the development of a new agency by the same entity in the same county, BAYADA should be found non-conforming with Criterion (5).

Criterion (6) – BAYADA Represents a Duplication of Services

BAYADA’s application simply represents a total duplication of existing services. Its existing agency, operated by the same applicant entity, is already licensed in Mecklenburg and Cabarrus County and already serves Mecklenburg, Cabarrus, and Union Counties. This is a clear case for duplication of existing services. BAYADA should be found non-conforming with Criterion (6).

Criterion (7) - BAYADA is Not Adequately Staffed

BAYADA does not project to have any home health aide staff FTEs but projects 1,404 aide visits in Year 3. Moreover, it does not appear that BAYADA has projected sufficient Speech Therapy FTEs. It is unreasonable for BAYADA to provide 7,446 speech therapy visits with only 0.81 FTEs. In year 3, each patient would get only a 13.58-minute visit not even considering travel time between patients' home as shown in **Table 3** below.

Table 3
BAYADA – Projected Caseload per Day for PY3

Visits	FTEs	Staff Days*	Caseload per Day	Min per Visit**
7,446	0.81	211	35.36	13.58

** FTEs x 260 days per year (5 days per week x 52 weeks per year).*

BAYADA should be found non-conforming with Criterion (7).

Criterion (13) – BAYADA Will Not be Financially Accessible

BAYADA has not provided a financially accessible service to Mecklenburg County historically and will not do so with the proposed new Agency. BAYADA's 2020 LRA reveals that they have provided virtually no care for self-pay/charity/indigent patients and less than 1% care to Medicaid patients. See **Table 4**. This is substantially less than the historical 1% indigent/charity care and 5.9% Medicaid average for Mecklenburg County. It is clear that BAYADA is not historically financially accessible.

Table 4

Historical Payor Mix for Mecklenburg County Agency		
BAYADA Home Health Care, Inc. HC0355		
	Number of Clients	Percent of Total Clients
Medicare	3,748	81.6%
Medicaid	35	0.8%
Commercial	808	17.6%
Other	-	-
Self Pay/Indigent/Charity	2	0.0%

Source: 2020 LRA

Consistent with this abysmal track record, BAYADA projects 0.1% self-pay patients and 0.38% Medicaid patients. It is clear that BAYADA will not reasonably serve the low income and uninsured residents of Mecklenburg County and as such it is not financially accessible. BAYADA should not be found conforming with Criterion (13).

Criterion (18a) BAYADA's – BAYADA's Proposed Project Will Not Positively Impact Competition in the Proposed Service Area

It is clear that BAYADA's project is designed to suppress competition in Mecklenburg County by eliminating the possibility of a new agency entering the market. The approval of BAYADA will not have a positive impact on competition. Because BAYADA simply represents a complete duplication of services, it also does not have a positive impact on cost effectiveness. Finally, BAYADA has not proven to be historically financially accessible to the medically underserved population. BAYADA also fails to demonstrate financial accessibility of the proposed home health agency. As such, the applicant will not have favorable impact on access to care. For reasons discussed above, BAYADA should be found non-confirming with Criterion (18a).

Personal Home Care of North Carolina, LLC – Project I.D. F-012061-21

Non-Conformity with Review Criteria

Criterion (1) and Policy GEN-3

As an existing provider of services to Mecklenburg County, PHC is not an appropriate applicant to meet the needs of Mecklenburg County. One or more drop-sites or waystations could easily be established in the University area to better address the needs of staff in the area and other operation needs PHC is having in serving the same county for which it is now applying to serve again. PHC's project has therefore not projected reasonable utilization levels and simply represents a duplication of services. Moreover, approval of PHC would limit competition by simply furthering the status quo of existing providers. As such, PHC does not maximize healthcare value. PHC should be found non-confirming with Criterion (1) and Policy GEN-3.

Criterion (3) – PHC's Projected Utilization is Unreasonable

PHC claims it will expand its scope of services with the proposed new agency; however, it is unclear what new services will be offered. The same services (nursing, PT, OT, ST, MSW, and Home Health Aides) that it currently offers today, according to its 2020 LRA for its existing Mecklenburg County home health agency, will be offered at its proposed new agency. PHC enumerates the services it already provides on pages 30-31 of its application. It is completely unclear how the new agency will expand these services. On CON Application page 32, PHC says it will be open 7 days a week and then goes on to state they already accept admissions on weekend. Again, it is completely unclear what the new agency will provide that is not already available. PHC argues that traffic congestion and staff retention have been a challenge, yet it does not explain why it cannot establish a drop-site or way station to support staff in this area to address these concerns.

PHC’s projected utilization is unreasonable because it does not explain why such utilization cannot be achieved with its existing agency, nor does its historical utilization support its projected utilization. PHC claims it has served Mecklenburg County for 18 years but has only less than 500 unduplicated patients for the last three years. See **Table 5**.

Table 5
PHC Home Health Historical Utilization

Facility Name	Mecklenburg County Unduplicated Admissions		
	2017	2018	2019
PHC Home Health	439	491	496

Source: 2020 and 2021 SMFP, 2020 LRAs

With this track record, PHC unreasonably projects it will serve over 1,000 unduplicated patients in the third year of operation. See Section Q assumptions page 10. This is based on unsupported market shares by county that have no basis or foundation in PHC’s historical operations. With no basis, PHC projects it will capture 30% market share of the Mecklenburg County unmet need despite the fact that it has historically captured only 3% market share of the county as a whole. This projection is completely unreasonable and unsupported by PHC’s track record. See **Table 6**. Likewise, PHC projects unreasonable market share capture in Cabarrus and Iredell Counties both of which it already serves.

Table 6
2017-2019 PHC Home Health Market Share

Provider Name	Mecklenburg County Unduplicated Admissions		
	2017	2018	2019
PHC Home Health	439	491	496
TOTAL All Providers	15,409	16,126	15,923
Market Share	2.8%	3.0%	3.1%

Source: 2020 and 2021 SMFP, 2020 LRAs.

PHC’s projections are also unreasonable because they project an unmet need in Mecklenburg County for 1,995 patients in 2025. The 2021 SMFP found a need for just 524 patients in 2022. It is unclear how the unmet need in Mecklenburg County will increase from 524 in 2022 to 1,995 in 2025 representing a 56% increase in just three years. PHC’s overall county need projections are unreasonable and flawed. Moreover, even if the county need projections were not flawed, it is completely unrealistic that PHC would double from under 500 unduplicated patients in 2019 to over 1,000 patients in just 3 years with no explanation or basis. PHC projects to more than triple its Cabarrus County patients and almost double its Iredell County patients.

PHC has significant inconsistencies in its projected utilization. On page 9 of the Section Q assumptions, it projects to serve 1,007 unduplicated patients in 2025 (Year 3). Yet, in Schedule C.5, PHC projects to serve 996 unduplicated patients in 2025. There is no explanation for this discrepancy. The same discrepancies occur in the partial and first two years of operation as well.

Finally, PHC does not provide any historical actual, interim, or projected utilization for its existing Mecklenburg County agency. It appears to have treated all projections as if it is entirely new and does not consider how its new proposed agency will impact its existing agency. This is a complete disconnect and is far from transparent.

For all of these reasons, PHC should be found non-conforming with Criterion (3).

Criterion (4) – PHC is Not an Effective Alternative to Existing Home Health Providers

PHC's project is not an effective alternative as there is nothing in the application that demonstrates how its proposed agency would offer anything new or different than its existing Mecklenburg County agency. PHC's approval would simply result in duplication of services and not a new approach to meeting the needs of Mecklenburg County. The exact same applicant entity is already licensed to serve Mecklenburg County. There is no reason that PHC cannot expand through a drop site or way station in the University area to accomplish exactly what it proposes in this application. Therefore, it is logical that PHC cannot be an effective alternative to itself, as an existing home health provider. Moreover, PHC's track record of minimal market share in Mecklenburg County (3%) does not demonstrate that it has the ability to more than double its admissions to meet the unmet need in Mecklenburg County. It has been demonstrated specifically in Mecklenburg County that approving an existing agency for a second agency in the same county does not meet the identified unmet need. PHC should be found non-conforming with Criterion (4).

Criterion (5) – PHC's Project is Not Financially Feasible

PHC's financial projections are flawed for two fundamental reasons:

- There is no historical actual or interim financial information provided for PHC's existing Mecklenburg County agency operated by the same entity.
- Second, PHC's financial feasibility is flawed because of its unreasonable and unrealistic projected utilization. PHC projects to more than double its patient volume from the same service area it has served for more than 18 years.

As an existing provider in North Carolina and specifically in Mecklenburg County, PHC should have provided historical and interim projections for the existing agency operated under the exact same applicant entity as the existing Mecklenburg County agency – HC3966 PHC Home Health

Care, Inc. Moreover, PHC should have provided projected financial schedules in Section Q for the entire entity (both agencies) serving Mecklenburg County and the impact of adding a new agency office but serving most of the same patients. PHC failed to provide this information, simply ignoring the financial schedules calling for historical and interim financial information for the same exact entity.

PHC appears to have a mistake in its financial projection model that appears in Form F.5. PHC shows the average cost per visit for MSW is \$489.25 while the charge per visit is \$203.65.

Because PHC's projected utilization is unreasonable and it does not provide a full picture of its financial performance following the development of a new agency by the same entity in the same county, PHC should be found non-conforming with Criterion (5).

Criterion (6) – PHC Represents a Duplication of Services

PHC's application simply represents a full duplication of services. Its existing agency operated by the same applicant entity is already licensed in Mecklenburg and Cabarrus County and already serves Mecklenburg, Cabarrus, and Union Counties. There is no more clear case of duplication of existing services. PHC should be found non-conforming with Criterion (6).

Criterion (7) - PHC is Not Adequately Staffed

PHC includes current staff of 3 FTEs in its Form H. It is not clear if these staff will leave the existing agency and move to the new agency. If this shift happens, it is unclear how the existing agency will be staffed, or if such a shift will have adverse impact the operations of the existing agency. It is also unclear why PHC failed to provide any historical or interim financial information for its existing agency but provides historical staffing in Form H.

On PHC's 2020 LRA, it lists 74 existing staff that served a reported 896 patients. Yet in Form H, PHC projects just 17.8 FTEs to serve 1,007 patients. Based on PHC's own track record, it does not appear that it has projected sufficient staff to support the project.

In addition, PHC appears to have projected insufficient Nursing and Speech Therapy FTEs to provide sufficient visits volume. As shown in **Table 7**, PHC's projections would require each nurse to carry a caseload of more than 8 patients per day and each ST to provide a caseload of 17.35 patient per day, both of which are unrealistic.

**Table 7
PHC – Projected RN and ST Case Load**

	Visits	FTEs	Staff Days*	Caseload per Day	Min per Visit**
RN	13,051	6.10	1,586	8.23	58.33
ST	1,353	0.30	78	17.35	27.67
<i>* FTEs x 260 days per year (5 days per week x 52 weeks per year).</i>					

PHC should be found non-conforming with Criterion (7).

Criterion (18a) PHC’s – PHC’s Proposed Project Will Not Positively Impact Competition in the Proposed Service Area

It is clear that PHC’s project is designed to suppress competition in Mecklenburg County by eliminating the possibility of a new agency entering the market. The approval of PHC will not have a positive impact on competition. Because PHC simply represents a complete duplication of existing services, it also does not have a positive impact on cost effectiveness. PHC should be found non-conforming with Criterion (18a).

PruittHealth Home Health, Inc. – Project I.D. F-012072-21

Non-Conformity with Review Criteria

Criterion (1) and Policy GEN-3

PruittHealth presents flawed need and utilization projections that demonstrate it will not meet the published unmet need and the continued increase in need resulting from population growth and aging. Moreover, PruittHealth’s projections demonstrate that it will take market share from existing providers resulting in adverse impact and duplication of services. PruittHealth will not increase home health utilization and access to care but will simply substitute for existing providers. PruittHealth will not maximize healthcare value because it is simply duplicating existing providers with added cost to the system because it will not expand access and address the unmet need. PruittHealth should be found non-conforming with Criterion (1).

Criterion (3) – Inconsistencies with PruittHealth’s Projected Utilization

PruittHealth’s utilization projections are based theoretically on capture of market share from exiting providers. There is no linkage between such projections and how PruittHealth will capture this market share. PruittHealth does not provide any experiential data to support its projected ramp up in utilization. By year 3, PruittHealth projects to serve 888 total patients, including 786 from Mecklenburg County. This rapid ramp up of volume is unrealistic given that the most recent two

approved providers in Mecklenburg County have fallen far short of this. Well Care projected to serve over 1,000 patients in year three and has served only 273 over its first two full years of operation. Likewise, Atrium Health at Home, approved before Well Care, has not ramped up to serve any meaningful incremental volume.

PruittHealth does not present any meaningful letters of support that would suggest that it can ramp up to such high levels of utilization exceeding the unmet need in Mecklenburg County. PruittHealth’s letters include: 2 sent out to providers from PruittHealth @ Home, 2 generic form letters from affiliated nursing homes in Harrisburg, NC, and Monroe, NC (Union County) and 1 from a physician in Concord, NC (Cabarrus County). This minimal level of support hardly documents PruittHealth’s ability to meet its projected volume, which well exceeds the unmet need.

PruittHealth projects to take its patient volume from existing providers instead of expanding access to care and meeting the unmet need. On page 152, PruittHealth projects that the total Mecklenburg County home health patient volume will remain constant from 2022 through 2024 as shown in the excerpt below:

County	2022	2023	2024	50% of FY2017- FY2019 CAGR
Mecklenburg	21,056	21,056	21,056	0.00%
Union	4,613	4,704	4,796	1.96%
Cabarrus	6,115	6,244	6,376	2.11%

Calculations: 2023 = (2022 x (1+50% of FY2017-FY2019 CAGR))
 2024 = (2023 x (1+50% of FY2017-FY2019 CAGR))

Mecklenburg County’s population is both growing and aging, which will result in incremental demand for home health patients. By holding projected utilization constant, PruittHealth has not reflected any growth in demand nor its ability to meet the 2022 unmet need and the increasing unmet need generated by population growth. Moreover, the foundation of this projection assumes that with no growth in market demand all market share that PruittHealth captures will come at the expense of existing providers. Thus, PruittHealth’s projections do not show that the unmet need will be addressed and simply show adverse impact to existing providers.

For these reasons, PruittHealth should be found non-conforming with Criterion (3).

Criterion (4) – PruittHealth is Not an Effective Alternative to Existing Home Health Providers

PruittHealth is not a reasonable or effective alternative to existing providers because it will not address the growing unmet need but will instead simply capture market share from existing providers. PruittHealth’s own projections show that any patient volume it serves will come directly from the market base of existing patient volume. PruittHealth represents a direct

duplication of existing providers without any increase in access to care. PruittHealth should be found non-conforming with Criterion (4).

Criterion (5) – PruittHealth’s Project is Not Financially Feasible

PruittHealth’s financial projections are flawed because they rely on flawed assumptions, unsupported by any tangible evidence such as letters of support that demonstrate PruittHealth’s ability to meet its very high utilization projections.

In addition, PruittHealth’s financial assumptions contain inconsistencies and miscalculations that impact the resultant financial projections. These errors include:

- In Step 7, PruittHealth presented a Medicare readmitted percentage of 17.3%; however, for Project Year 1, the readmitted Medicare patient was calculated at 12.3% of the total Medicare patients without explanation.
- In Step 10, PruittHealth miscalculated the average visit per episode for Medicare – PEPs to be 10.3. Calculated correctly based on the presented information, the actual average visit per episode for Medicare – PEPs is 12.7.
- In Step 11 for all project years, PruittHealth mistakenly switched the percentage columns for Medicare – PEPs and Medicare – LUPAs. Consequently, the projected visits by service discipline are miscalculated for these categories.
- In Form F.5, PruittHealth’s costs per visit for OT is significantly higher than expected in each year. For example, the cost per visit for OT is \$385.34 in Year 3, while the charge per visit for OT is only \$175.

Such inconsistencies and miscalculations trickled through to the rest of the steps in PruittHealth’s financial projections. PruittHealth should be found non-conforming with Criterion (5).

Criterion (6) – PruittHealth Represents a Duplication of Services

PruittHealth does not project the total home health utilization of Mecklenburg County residents to continue to increase with population growth and aging. As a result, PruittHealth projects that the market share it will capture will all come at the expense of existing providers. This fact demonstrates that PruittHealth will simply result in a duplication of existing services as opposed to an expansion of access to care for Mecklenburg County residents. Therefore, PruittHealth will not address the identified unmet need. PruittHealth should not be found conforming with Criterion (6).

Criterion (7) - PruittHealth is Not Adequately Staffed

PruittHealth does not project to have a full time Administrator. It is unclear how a newly licensed home health agency can function without a full-time administrator or director. Moreover, it does not appear that PruittHealth has projected sufficient Speech Therapy FTEs. It is unreasonable for PruittHealth to provide 3,275 speech therapy visits with only 0.48 FTEs. In Year 3, each patient would get only an 18-minute visit not even considering travel time between patients’ homes as shown in **Table 8** below.

Table 8
PruittHealth – Year 3 Projected ST Caseload per Day

Visits	FTEs	Staff Days*	Caseload per Day	Min per Visit**
3,275	0.48	125	26.24	18.29

** FTEs x 260 days per year (5 days per week x 52 weeks per year).*

PruittHealth should be found non-conforming with Criterion (7).

Criterion (18a) – PruittHealth’s Proposed Project Will Not Positively Impact Competition in the Proposed Service Area

PruittHealth’s project will not have a positive impact on competition. Based on its projections, it will not meet the unmet need in Mecklenburg County as it does not project the county patient volume to increase. Therefore, PruittHealth’s projected patient volume and market share will come at the direct expense of existing providers. For this reason, PruittHealth will not increase access to care. Because PruittHealth will represent a duplication of existing providers, it will not have a positive impact on cost effectiveness. PruittHealth should be found non-conforming with Criterion (18a).

Well Care TPM, Inc. – Project I.D. F-012071-21

Non-Conformity with Review Criteria

Criterion (1) and Policy GEN-3

As the newest existing provider of home health services in Mecklenburg County, it is unclear why Well Care needs to be approved for a second agency in the same county it just started to serve. If there were any legitimate reason for a brand-new agency to duplicate its operations, any agency can set up one or more drop site or way station that would assist existing staff with any geographic issues in serving the same county. Well Care’s project has therefore not projected reasonable utilization levels and simply represents a duplication of services. Moreover, approval of Well Care would limit competition by simply furthering the status quo of existing providers. As such, Well

Care does not maximize healthcare value. Well Care should be found non-confirming with Criterion (1) and Policy GEN-3.

Criterion (3) – Inconsistencies with Well Care’s Projected Utilization

Well Care already operates several home health agencies in North Carolina including Well Care Home Health of the Piedmont, Inc. (HC5130) which primarily serves Mecklenburg County. See CON Application Page 35-36. Well Care Home Health of the Piedmont’s existing service area also includes Lincoln and Union Counties, both of which Well Care already serves in addition to Mecklenburg. Well Care’s projected utilization is unreasonable because it does not explain why such utilization cannot be achieved with its existing agency. It claims the new agency will serve western Mecklenburg County; however, there is no reason why Well Care cannot just establish a drop site or way station location in Mecklenburg County. Well Care does not claim to offer any services not offered by its existing agency.

On page 51, Well Care states it was licensed in August 2018 but did not enter the market until mid-2019. This slow start was well before the COVID-19 Pandemic, so it is unclear why there was almost a year delay in opening. Despite this inauspicious start, Well Care now believes they should be approved for a second unneeded agency. Well Care should instead focus on fully developing its existing agency as opposed to undertaking an expansion clearly proposed simply to suppress competition. In FFY 2020, Well Care admitted a total of only 66 patients. In its application to serve Mecklenburg County, Well Care projected to serve 393 Mecklenburg County patients in the first year of operation, yet it only served 13 patients in 2019.² See CON Application page 52. As shown in **Table 9**, Well Care projected to serve over 1,000 patients in Mecklenburg County by 2020. Despite serving just a tiny fraction of these patients, Well Care now suggests it should be approved for a second agency serving fewer Mecklenburg County patients. It is unclear whether the 752 patients in its 2021 application are in addition to the projections from its 2017 or instead of.

Table 9
Well Care Comparison of Projections

	Year 1	Year 2	Year 3
2017 Application	393	795	1,012
2021 Application	211	444	752

Source: CON p. 144, Application F-113-41-17 p. 58

² Well Care served 14 patients according to their narrative in p 51.

Year to date 2021, Well Care has admitted just 194 patients. See CON Application page 52. While this most recent trend is positive, again Well Care's focus should be on continuing this ramp up and not establishing a new agency.

Well Care bases its projections on service to western Mecklenburg County; however, Well Care already was approved to serve this very same area in its prior CON. See CON application page 133. Inconsistently, Well Care also claims Union County as part of its service area, which is on the east side of Mecklenburg County. There is no logical basis for why a new agency located in Western Mecklenburg County would have a service area including Union County contiguous to the east of the county. Well Care's numerical basis for its utilization projections set forth on pages 134 through 144 of its CON application, is flawed by the fact that it has no rational basis for the market share it projects to capture.

For Project Year 3, Well Care projects to serve between 6% and 7% market share of western Mecklenburg County despite capturing less than 1% market share from this area for its first two years of operation. See CON application page 139. This is a 6-fold increase in utilization. While not clearly stated, it appears Well Care will shift its minimal 1% market share from the western Mecklenburg County area to the new agency but does not explain what this will do to the dismal utilization of the existing agency.

Well Care also projects that 20% of its utilization will come from Union and Lincoln Counties, with no meaningful support or basis. Most importantly, Well Care does not explain why it cannot achieve this utilization from its existing agency office.

For all of these reasons, Well Care should be found non-conforming with Criterion (3).

Criterion (4) – Well Care is Not an Effective Alternative to Existing Home Health Providers

Well Care's project is not an effective alternative as there is no reason that it cannot continue to increase its services to Mecklenburg County without approval of a new agency. Well Care's approval would simply result in duplication of existing services and not a new approach to meeting the needs of Mecklenburg County. The applicant admittedly is the newest licensed home health agency in Mecklenburg County and has only been in operation for two years. During the first 18 months of operation in total, Well Care admitted just 79 patients. See CON Application page 52. There is no reason that Well Care cannot address operations issues through a drop site or way station located in western Mecklenburg County to accomplish exactly what it proposes in this application. Therefore, Well Care cannot be an effective alternative to itself, as an existing home health provider. It has been demonstrated specifically in Mecklenburg County that approving an existing agency for a second agency in the same county does not meet the identified unmet need. Well Care should be found non-conforming with Criterion (4).

Criterion (5) – Well Care’s Project is Not Financially Feasible

Well Care’s financial projections are flawed by its unreasonable and unrealistic projected utilization, which is inconsistent with its minimal historical track record of serving Mecklenburg County.

As an existing provider in North Carolina and specifically in Mecklenburg County, Well Care should have provided historical and interim projections for the existing agency. Moreover, Well Care should have provided projected financial schedules in Section Q for the entire entity (both agencies) serving Mecklenburg County and the impact of adding a new agency office but serving many of the same patients. Well Care failed to provide this information, simply ignoring the financial schedules calling for historical and interim financial information for the same exact entity.

Given that Well Care seems to shift western Mecklenburg County utilization to the new agency, it is highly questionable that the existing agency with minimal utilization would be profitable with this loss. In its 2017 application, Well Care projected to operate at a loss at just 449 unduplicated patients. Well Care is clearly operating its existing agency at a loss with such minimal volume presented on page 52 of its application, yet the financial performance of the existing agency is simply ignored.

Because Well Care’s projected utilization is unreasonable and it does not provide a full picture of its financial performance following the development of a new agency by the same entity in the same county, Well Care should be found non-conforming with Criterion (5).

Criterion (6) – Well Care Represents a Duplication of Services

Well Care’s application simply represents a full duplication of existing services. Its existing agency, operated by the same applicant entity, is already licensed in Mecklenburg, Lincoln, and Union Counties and already serves Mecklenburg, Lincoln, and Union Counties. There is no more clear case of duplication of existing services. Well Care should be found non-conforming with Criterion (6).

Criterion (7) – Well Care is Not Adequately Staffed

Well Care does not appear to provide sufficient Speech Therapy staffing to align with projected visits volume. As shown in **Table 10**, Well Care’s Speech Therapy FTEs for Project Year 3 would require a caseload of 24.85 patients per day or less than 20 minutes per visit not even including travel time.

Table 10
Well Care – Projected ST Caseload for Project Year 3

Visits	FTEs	Staff Days*	Caseload per Day	Min per Visit**
1,938	0.30	78	24.85	19.32
<i>* FTEs x 260 days per year (5 days per week x 52 weeks per year).</i>				

Well Care should be found non-conforming with Criterion (7).

Criterion (18a) – Well Care’s Proposed Project Will Not Positively Impact Competition in the Proposed Service Area

It is clear that Well Care’s project is designed to suppress competition in Mecklenburg County by eliminating the possibility of a new agency entering the market. The approval of Well Care will not have a positive impact on competition. Because Well Care simply represents a complete duplication of services, it also does not have a positive impact on cost effectiveness. In fact, Well Care’s proposal will simply add more costs to an existing operation in Mecklenburg County that is currently operating at a loss based on its 2017 CON projections. Well Care should be found non-conforming with Criterion (18a).

COMPARTIVE REVIEW

As discussed above BAYADA, PHC, Pruitt, and Well Care should be found non-conforming with multiple project review criteria. As a result, these applications should not be considered under the comparative review. Moreover, the comparative review in this instance is highly complex because three of five applicants are existing providers, none of whom provided information on their existing operations in the very same county and service area. These existing agency applicants’ financial performance is so highly questionable that it cannot be reasonably compared. Moreover, projected utilization levels are so high for many of the applicants that it skews any meaningful comparison that involves utilization driven factors. For example, Well Care and BAYADA’s projections rely on what appears to be shifts in patient volumes from their existing agencies, but the financial implications of such shift are not shown.

Comparison of Competition

Well Care, BAYADA, and PHC will not increase competition in the service area and will not add any new services or new approaches to home health care that are not already available in Mecklenburg County. Aldersgate and PruittHealth are the only applications that are approvable.

Relationships in Mecklenburg County

While Well Care, BAYADA, and PHC all have existing relationships in Mecklenburg County, those applicants should be focusing on and using those relationships to grow their existing agencies. Despite these relationships, a need still exists in Mecklenburg County. PruittHealth is not an existing provider of any type in Mecklenburg County, and thus, must establish new relationships. By contrast, Aldersgate is a well-established community provider and leader in ensuring access to a wide range of long-term care services. Aldersgate will bring these relationships to its new home health agency. Aldersgate has the best community linkages to ensure that it will meet the unmet need in the service area and address the chronic unmet need in Mecklenburg County.

In comparing the relevant new applicants qualified to serve Mecklenburg County (as opposed to existing providers), Aldersgate's letters of support far surpass those of PruittHealth. PruittHealth's Exhibit I.2 provides two letters from PruittHealth notifying others of their application, two generic form letters from affiliated PruittHealth facilities, and one letter from a doctor in Concord, North Carolina. This is just one independent letter of support.

By contrast, Aldersgate presents letters from a wide variety of organizations in Mecklenburg County with which it has existing relationships including PACE of the Southern Piedmont, ourBridge for Kids, The United Methodist Church, Laurel Street, Jewish Family Services, Lavine Jewish Community Center, the YMCA, as well as multiple other community and referral sources in Mecklenburg County. It is clear Aldersgate presents the comparatively best community linkages and letters of support.

Impact on Existing Providers

PHC, BAYADA, and Well Care will all potentially adversely impact their existing operations by shifting volume as opposed to serving incremental patients. Only Aldersgate and PruittHealth will not adversely impact existing related agencies. The unmet need in the SMFP is 524 patients. In relation to this need, Aldersgate projects to serve 550 Mecklenburg County patients while PruittHealth projects to serve 786 Mecklenburg County patients (see p. 85). To meet such high utilization PruittHealth will like also adversely impact existing providers. Only Aldersgate will meet the identified need without harming existing providers.

Focus on the Needs of Mecklenburg County Patients.

The identified need in the 2021 SMFP is solely for Mecklenburg County. Nonetheless, all applicants, other than Aldersgate, are focused on serving other counties in addition to Mecklenburg. Mecklenburg County has a chronic unmet need despite approval of two new

agencies. It is critical that the next agency approved is focused on the needs of Mecklenburg County

Projected Access by Medicare Recipients

Aldersgate compared provision of care to Medicare patients between the applicants. PHC and Aldersgate projections most closely align with the average for existing patients served in Mecklenburg County.

Applicant	Medicare Patients as Percentage of Total Unduplicated Patients
PruittHealth	60.8%
PHC	65.6%
2019 Mecklenburg Average	65.6%
Aldersgate	74.3%
BAYADA	79.1%
WellCare	80.0%

Projected Access to Underserved Populations

Aldersgate provides a comparison of the provision of care to underserved patients including Medicaid, Self-pay (uninsured), indigent and charity as shown below. Aldersgate projects the highest level of indigent/charity care. Combined with access to underserved patients, Aldersgate most closely aligns with the county average but yet exceeds this level. Several applicants have unrealistically high levels of Medicaid and most have minimal indigent/charity care. PruittHealth has the highest level of care to commercial insurance companies.

Section L Question 3b: Projected Payor Sources during 3rd Full FY of Operation

Payor Source	Aldersgate	BAYADA	PHC	Pruitt	Well Care
Medicare	74.30%	79.12%	65.60%	60.80%	80.00%
Insurance	16.90%	19.00%	7.70%	21.90%	4.00%
Self-Pay	0.20%	0.04%	(2)	0.40%	1.00%
Charity Care	5.10%	0.50%	1.30%	1.90%	0.00%
Medicaid	3.50%	1.00%	22.90%	15.00%	12.50%
Other	(1)	0.34%	2.60%	0.00%	2.50%
Total	100.0%	100.0%	100.1%	100.0%	100.0%

Total Underserved (Self Pay, Charity, Medicaid)	8.80%	1.54%	24.20%	17.30%	13.50%
Mecklenburg Average 2019	7.30%				

(1) included in other. (2) included in other.

Average Number of Visits per Unduplicated Patient

Aldersgate compared the projected number of visits per unduplicated patient for each applicant and the existing county average. Aldersgate most closely aligns with and also exceeds this average.

Average Number of Visits per Unduplicated Patient - Project Year 3			
Applicant	# of Unduplicated Patients	Projected # of Visits	Average # of Visits per Unduplicated Patient
BAYADA	1,863	44,702	24.0
PruittHealth	889	19,217	21.6
PHC	995	19,052	19.1
WellCare	818	15,002	18.3
Aldersgate	550	10,076	18.3
Mecklenburg Average 2019	21,981	370,863	16.9

Source: 2020 LRA, respective CON applications Form C.5

Average Net Patient Revenue per Visit

Typically, the Agency compares the net revenue per patient visit for applicants; however, all applicants will be paid under the same current reimbursement method for government payors. In this instance it appears that not all applicants fully considered the new reimbursement methodology incorporating PDGM under the Medicare program. In reviewing the assumptions for Section Q, it appears only Aldersgate incorporated visits by PDGM clinical groupings. It appears that other applicants may have based their Medicare projections on outdated reimbursement methodologies making it difficult to compare across applications. See Aldersgate application pages 135-137.

Average Total Cost per Visit

Typically, the Agency compares operating costs per visit across applicants in various forms including direct costs, administrative costs, etc. This comparison is primarily a measure of how high the projected utilization is for each applicant as the higher the visits the lower the costs. For example, Well Care ranked highly in the Agency Findings in 2017 with low costs per visit because they projected the highest patient and visit volume. After two full years since licensure, Well Care has not come close to the projected visit volume in its application rendering this comparison meaningless.

In this instance, because there are multiple applicants with unreasonably high projected utilization (See discussion of Criterion 3), the comparison is likewise meaningless. The providers with either the most unreasonably high utilization or those that are simply shifting patients from their existing agencies appear most cost effective although these same existing agencies simply represent a

duplication of services. Moreover, several applicants failed to provide sufficient staffing to meet their projected visit volume. This insufficient staff would result in lower costs-per-visit, but this would not be indicative of a cost saving but instead of a failure to adequately project required staff.

Comparative Staffing

Often the Agency compares salaries per FTE by position for home health application. This comparison is meaningless in those higher salaries, typically considered favorable, may in fact mean that an applicant will lure staff away from existing providers. In this instance, the most relevant comparative factor is the caseload that each applicant has projected for clinical staff by position. Based on projected visits by discipline and projected FTEs by position, Aldersgate calculated a projected caseload by discipline for each provider. As shown in **Table 11**, all applicants other than Aldersgate appear to have under projected Speech Therapy FTEs required to provide the visit volume projected. In addition, PHC, Pruitt, and Well Care appear to have over projected FTEs in certain disciplines, which results in inefficiencies.

Table 11

Comparison of Workload by Staff Position (Year 3)

VISITS	Aldersgate*	Bayada	PHC	Pruitt	Well Care
RN/LPN	3,458	16,688	13,051	7,639	6,215
PT	4,143	15,963	4,077	7,149	5,199
OT	1,577	2,570	381	369	407
ST	405	7,446	1,353	3,275	1,938
MSW	159	631	19	285	193
HHA/CNA	334	1,404	171	500	1,050
Total	10,076	44,702	19,052	19,217	15,002
FTEs	Aldersgate*	Bayada	PHC	Pruitt	Well Care
RN/LPN	3.26	12.84	9.30	6.33	5.20
PT	-	10.44	3.20	5.83	3.20
OT	-	4.87	1.10	2.75	0.70
ST	-	1.98	0.30	0.48	0.30
MSW	0.14	0.81	0.10	0.37	0.20
HHA/CNA	0.22	1.08	0.20	0.40	0.60
Staff Days*	Aldersgate*	Bayada	PHC	Pruitt	Well Care
RN/LPN	846.88	3,338.40	2,418.00	1,645.80	1,353.00
PT	NA	2,714.40	832.00	1,515.80	832.00
OT	NA	1,266.20	286.00	715.00	182.00
ST	NA	514.80	78.00	124.80	78.00
MSW	36.75	210.60	26.00	96.20	52.00
HHA/CNA	57.89	280.80	52.00	104.00	156.00
<i>* FTEs x 260 days per year (5 days per week x 52 weeks per year).</i>					
Caseload per Day	Aldersgate*	Bayada	PHC	Pruitt	Well Care
RN	4.08	5.00	5.40	4.64	4.59
PT	4.50	5.88	4.90	4.72	6.25
OT	4.50	2.03	1.33	0.52	2.24
ST	4.80	14.46	17.35	26.24	24.85
MSW	4.33	3.00	0.73	2.96	3.71
HHA/CNA	5.77	5.00	3.29	4.81	6.73

Note: Aldersgate projects contract therapy staff with daily caseloads of 4.5 per day. PHC, Pruitt and Well Care all rely on LPN staffing at a lower skill level than RN care.

Summary of Comparisons

This application cycle is most unusual with three of five applicants seeking approval to directly duplicate their existing agencies in the same county. None of these providers included projected utilization or financial information their application that would allow the Agency to determine the impact of the new agency on the existing agency. This alone renders the applications not only unapprovable, but also incomparable. Thus, Aldersgate has attempted to identify several factors that are appropriate for comparison in this review. Only Aldersgate meets all review criteria and is most favorable for the comparisons that can be reasonably be performed and relevant.

CONCLUSION

Aldersgate represents the only approvable application for Mecklenburg County. Moreover, approval of Aldersgate presents a unique alternative to approve an existing provider of rehabilitation and long-term care services in Mecklenburg County that already has a positive track record of working with community leaders and a wide variety of organizations to meet the needs of a wide variety of patient constituent groups. This proven track record is demonstrated by Aldersgate's letters of support. Only Aldersgate has the ability to address the chronic unmet need in Mecklenburg County and is therefore the uniquely qualified applicant.