DELIVERED VIA EMAIL

June 1, 2021

Lisa Pittman, Interim Chief
Mike McKillip, Project Analyst
Health Planning and Certificate of Need Section
Division of Health Service Regulation
NC Department of Health and Human Services
809 Ruggles Drive
Raleigh, North Carolina 27603
Lisa.Pittman@dhhs.nc.gov
(Mike.McKillip@dhhs.nc.gov)

RE: Comments on Competing Applications for a Certificate of Need for a new home health agency in Mecklenburg County, Project ID Numbers:

F-012053-21	**BAYADA Home Health Care, Inc.**
F-012058-21	**Aldersgate Home Health, Inc.**
F-012061-21	**Personal Home Care of North Carolina, LLC**
F-012071-21	**Well Care TPM, Inc.**
F-012072-21	**PruittHealth Home Health, Inc.**

Dear Mr. McKillip and Ms. Pittman:

On behalf of Personal Home Care of North Carolina, LLC ("PHC"), Project ID F-012061-21, thank you for the opportunity to comment on the above referenced applications for one new home health agency in Mecklenburg County. During your review of the projects, I trust that you will thoughtfully consider these comments.

The five applications propose different approaches. When considered as a group, PHC is the best long-term choice for the new Mecklenburg County home health agency. We recognize that the State's Certificate of Need (CON) award for the proposed home health agency will be based upon North Carolina Statutory Review Criteria, as defined in G.S. 131E-183. The Agency also has the opportunity to review conforming applications against comparative criteria of its own.

To that end, we request that the CON Section give careful consideration to the extent to which each applicant:

- Represents a cost-effective alternative for developing a new Medicare-certified home health agency;
- Will increase and improve accessibility to home health agency services, especially for the medically underserved residents of the service area;
- Projects a reasonable caseload for key staff, and;
- Will address the unmet need for home health agency services in the Mecklenburg County Service Area.

COST-EFFECTIVENESS

Effective initiatives to contain unnecessary costs and expenditures are especially important to promote value in healthcare. The Centers for Medicare and Medicaid Services ("CMS") publishes a comparison of how much Medicare spends on an episode of care at a given home health agency to Medicare spending across all agencies nationally.

Table 1 below summarizes the comparison for all applicants in this CON batch. Data are taken directly from the Medicare Compare Home Health website. Lower ratios indicate the agency spends less on an episode of care than the Medicare national average. It should be noted that the Medicare national average for this measure is 1.00. In the table below, for each applicant, we used the closest existing office to Mecklenburg County that had available data.

Table 1— CMS Home Health Compare Report Payment & Value of Care Ratings

	PHC	BAYADA	Aldersgate	Well Care	PruittHealth
	a	b	c	d	e
CMS Scores	**0.79**	1.09	NA	0.93	0.89

Source: Medicare Home Health Compare, CMS, last updated Oct. 28, 2020 (Attachment A)
Notes:

a: PHC – Charlotte
b: BAYADA – Charlotte
c: Does not currently operate a home health agency
d: Well Care – Mocksville
e: PruittHealth @ Home – Forsyth

PHC has the lowest payment ratio, demonstrating that CMS considers it the most cost-effective among the four agencies compared. Bayada's ratio, 1.09, was above the national average (1.0). Aldersgate is not rated, because it has no home health agency. However, Table 2 shows that Aldersgate projects higher costs per visit than any applicant in the batch. Thus, CMS would likely give Aldersgate a higher payment ratio than any of the applicants in this application batch. Aldersgate, would then be the least cost effective.

CMS ratings are consistent with information in the applications. Table 2 shows that PHC proposes the lowest average cost per visit among these applicants.

Table 2—Average Total Operating Cost per Visit, Year 3

Notes		PHC	BAYADA	Aldersgate	Well Care	PruittHealth
a	Total Operating Cost	$ 1,922,966	$ 6,489,927	$ 1,598,027	$ 2,868,880	$ 1,642,083
b	Number of Visits	19,052	44,703	10,076	19,218	15,002
c	Cost per Visit	**$ 100.93**	$145.18	$ 158.60	$ 149.28	$ 109.46

Notes:

a: As reported on Form F.3
b: As reported on Form C.5
c: a/b

In summary, among these applicants, consistent with Policy Gen=3, PHC's best maximizes healthcare value for resources expended. PHC's application is clearly the most effective alternative.

ACCESS TO UNDERSERVED POPULATIONS

Medicaid Access

Today, Medicaid beneficiaries are among the most difficult home health agency patients to serve. By definition, they are low income and likely to have fewer resources in their homes. They also tend to have more complex care requirements.

A key factor in considering the relative accessibility of the alternative proposals is the extent to which each applicant expands access to the medically underserved, particularly Medicaid recipients. Generally, the application proposing the higher Medicaid patient percent of total patients is the more effective alternative with regard to this comparative factor. As indicated in the following table, PHC's proposal represents the most effective alternative. The table below summarizes the percent of each applicant's proposed home health agency care associated with service to Medicaid beneficiaries.

Table 3—Medicaid as a Percentage of Total Patients Served, Project Year 3

Notes	PHC	BAYADA	Aldersgate	Well Care	PruittHealth
a	**22.90%**	1.00%	3.50%	15.00%	12.50%

Notes:

a: As reported in application section L.3

Consistent with the Table 3 metric, PHC also projects the highest percentage of total unduplicated patients as Medicaid recipients. Percentage is only one perspective, PHC also proposes to serve the largest number of unduplicated Medicaid patients, as shown in Table 4 below.

Table 4—Proposed Medicaid Recipients, Project Year 3

	PHC	BAYADA	Aldersgate	Well Care	PruittHealth
Notes	*a*	*b*	*c*	*d*	*e*
# of Unduplicated Medicaid Patients	**230**	19	19	102	133
Unduplicated Medicaid Patients as a % of Total Unduplicated Patients	**22.90%**	1.00%	3.45%	12.50%	15.00%

Sources:

a: As reported in Need Methodology pg.11
*b: Percent Medicaid recipients (pg.67) * Unduplicated patients (Form C.5)*
c: As reported on application pg. 130
d: As reported on application pg.145
e: As reported on application pg.160

At present, unlike Medicaid, Medicare patients are the easiest home health agency patients to place. Relative to other payers, Medicare pays well and its paperwork is not as onerous. Some local home health agencies now accept only Medicare patient referrals. See Attachment B for a letter from a Mecklenburg County home health discharge planner that reinforces this observation.

On the other hand, Medicaid patients, patients of NCBCBS and other managed care insurers are more difficult to place. These programs pay per visit, rather than per episode, and have heavy documentation requirements. Agencies who serve these patients cannot achieve the same efficiency as those with a higher proportion of Medicare patients. This is one reason why many existing agencies are not taking these patients. To address this problem, the next Mecklenburg home health agency office should be one that will accept a large proportion of Medicaid and managed care insured patients. PHC proposes to serve the most Medicaid patients.

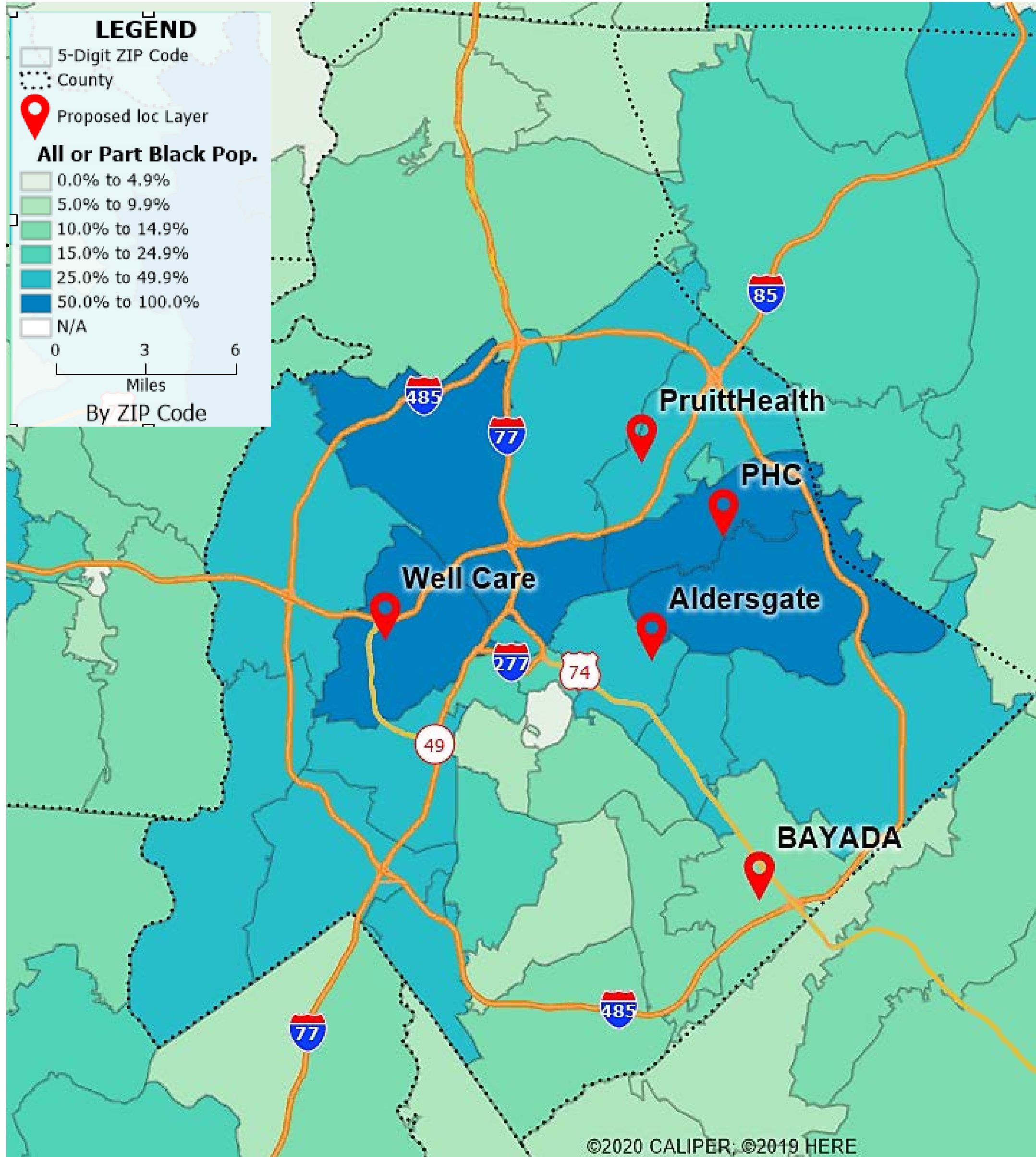
PHC has learned how to provide to home health services for Medicaid patients in Mecklenburg County and is willing to organize a second agency to focus on this population. PHC's history is proof that it can serve a high proportion of Medicaid patients and maintain quality healthcare services. This philosophy is also consistent with the Access Basic Principle as described in the 2021 SMFP which states, "*equitable access to timely, clinically appropriate and high-quality health care for all the people of North Carolina is a foundational principle…"* (2021 SMFP, p.2)

Racial and Ethnic Minorities

The SMFP lists "*geography… race, ethnicity, culture, language, education and health literacy"* as barriers to health service access (2021 SMFP, p.2). PHC's proposal best addresses these barriers.

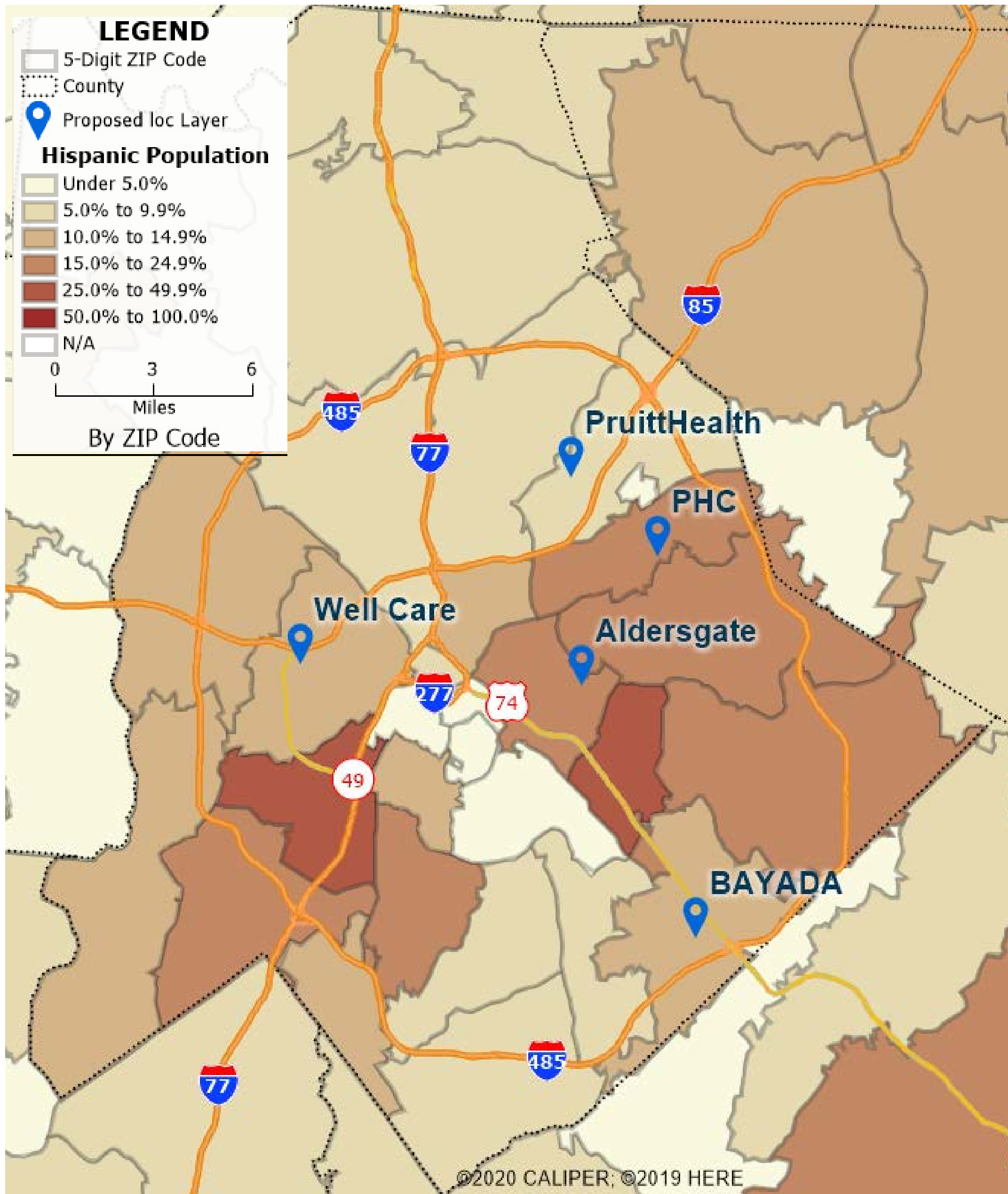
As of 2017, only 11.5% of the geographic area surrounding PHC's proposed location identifies as White or Caucasian; approximately 65 percent are African Americans and 18.5 percent are Hispanic or Latino. Typically, African Americans and Hispanics have less access to health services, are more likely to be uninsured and have poorer health outcomes. PHC is a culturally-sensitive home health agency with multilingual staff. As shown in Figure 1 below, only two applicants, Well Care and PHC, propose locations central to large Black/African American populations. Similarly, Figure 2 demonstrates PHC's proposed location is also central to a large Hispanic population.

Figure 1—Distribution of Black/African-American Residents, Mecklenburg County, 2019



Source: Maptitude Mapping Software, 2020

Figure 2—Distribution of Hispanic Residents, Mecklenburg County, 2019



Source: Maptitude Mapping Software, 2020

Proximity to health care is associated with increased utilization and improved health outcomes1. Research has indicated that neighborhoods with predominantly minority residents and lower socioeconomic status have less geographic access to care.2 Because proposed location is nearby a large portion of Mecklenburg County's minority residents, it would increase geographic access to home health care for a largely underserved population.

As stated previously, PHC's proposal is the most cost-effective. This will translate to more capacity to serve residents whose coverage is limited to Medicaid or to insurance policies that require copayment.

For the aforementioned reasons, PHC's proposal is the most effective alternative in regards to increasing accessibility to home health services for underserved populations.

KEY STAFF CASELOAD

The nursing shortage, was exacerbated by the COVID-19 pandemic, producing a high demand for nurses throughout the health care system. High demand translates to competition among employers. Salary is only one means to attract and retain nurses. PHC has found that low caseloads are more attractive for new hires.

On the other hand, there are several important consequences of high nursing workload. Research shows that a heavy nursing workload negatively affects nursing job satisfaction and, as a result, contributes to high turnover, nurse burnout, and, in turn, worsens the nursing shortage.[3] Furthermore, it adversely affects patient safety[4]. Nursing shortages lead to errors, higher morbidity, and mortality rates. Appropriate staffing levels will decrease errors, increase patient satisfaction, and improve nurse retention rates.[5]

What is true for nurses is also true for therapists, another key home health agency provider group. PHC provides the lowest caseloads in key positions. Overall, PHC ranks the best on this metric as demonstrated in the summary in Table 5 below.

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[1] Tsui J, Hirsch JA, Bayer FJ, et al. Patterns in Geographic Access to Health Care Facilities Across Neighborhoods in the United States Based on Data From the National Establishment Time-Series Between 2000 and 2014. JAMA Netw Open. 2020;3(5):e205105. doi:10.1001/jamanetworkopen.2020.5105
[2] Ibid
[3] Duffield C, O'Brien-Pallas L. The causes and consequences of nursing shortages: a helicopter view of the research. Aust Health Rev. 2003;26(1):186–93.
[4] Lang TA, Hodge M, Olson V, et al. Nurse-patient ratios: a systematic review on the effects of nurse staffing on patient, nurse employee, and hospital outcomes. J Nurs Adm. 2004;34(7–8):326–37.
[5] Haddad LM, Annamaraju P, Toney-Butler TJ. Nursing Shortage. [Updated 2020 Dec 14]. In: StatPearls [Internet]. Treasure Island (FL): StatPearls Publishing; 2021 Jan-. Available from: https://www.ncbi.nlm.nih.gov/books/NBK493175/

Table 5—Caseload by Staff Discipline, PY3

Staff Discipline		PHC	BAYADA	Aldersgate	Well Care	PruittHealth
Nurses (RNs, LPNs)	Duplicated clients[a]	875	2,370	347	944	779
	FTEs[b]	9.3	12.84	3.26	6.33	3.8
	Caseload[c]	**94**	**185**	**106**	**149**	**205**
Physical Therapy	Duplicated clients[a]	273	2,353	447	993	736
	FTEs[b]	3.2	10.44	NA[1]	5.83	1.7
	Caseload[c]	**85**	**225**		**170**	**433**
Speech Therapy	Duplicated clients[a]	26	532	243	66	106
	FTEs[b]	0.3	1.98	NA[1]	0.48	0.3
	Caseload[c]	**87**	**269**		**138**	**353**
Occupational Therapy	Duplicated clients[a]	91	1,533	73	778	574
	FTEs[b]	1.1	4.87	NA[1]	2.75	0.7
	Caseload[c]	**83**	**315**		**283**	**820**

Notes:

1. *Aldersgate will contract PT, ST, and OT staff. FTEs for these positions were not provided.*

Sources:

a: Duplicated clients by discipline—Form C.5
b: FTEs—Form H
c: Caseload—Duplicated clients/FTEs

HOME HEALTH UNMET NEED

All applications propose to serve residents of Mecklenburg County and nearby communities. However, not all focus on the unmet need. PHC projects to serve the highest number of new, unduplicated patients in the third project year. For purposes of this discussion, new patients are defined as those who are not being served by an existing facility. Thus, patients served as a result of a shift from another facility are not considered new patients served. Table 6 below demonstrates PHC proposed the highest new patient utilization.

Table 6—Proposed New Unduplicated Patients, Project Year 3

PHC	BAYADA	Aldersgate	Well Care	PruittHealth
a	*b*	*c*	*d*	*e*
1,007	658	550	888	818

Sources:
a: As reported on application pg.127
b: As reported on application pg.130
c: As reported on application pg. 132
d: As reported on application pg.162
e: As reported on application pg.145

PHC's application is the most effective alternative in terms of capturing unmet need in Mecklenburg County.

We have provided additional comments on individual applicants showing why we believe that, with the exception of PHC, all other applicants should be found non-conforming on one or more statutory criteria (shown in Table 7).

Table 7– Comparison of Applicants' Conformance to Statutory Criteria

Statutory Criterion	PHC	BAYADA	Aldersgate	Well Care	PruittHealth
1	C	C	NC	C	C
3	C	NC	NC	C	C
3a	NA	NA	NA	NA	NA
4	C	C	C	NC	C
5	C	NC	NC	NC	NC
6	C	C	C	C	C
7	C	C	C	C	C
8	C	C	C	C	C
9	NA	NA	NA	NA	NA
12	NA	NA	NA	NA	NA
13	C	C	C	C	C
14	C	C	C	C	C
18(a)	C	C	C	C	NC
20	C	C	C	C	NC

Notes: "C" means conforming, "NC" means non-conforming, "NA" means not applicable

For explanations of non-conformity, see detailed comments attached to this letter.

COMPETITIVE METRICS

PHC understands that the Agency may consider any metric in its competitive review of the applications. We believe that the Agency should consider metrics that represent the spirit and intent of the SMFP regarding value, quality, and accessibility. Table 8 presents a strong and reasonable comparison of the eight applications with regard to these elements.

For ease of presentation, Table 8 ranks applications 1 to 5 on each metric with 1 being the least favorable with regard to the metric and 5 being the most favorable. All scores are based on five possible ranks. In the case of a tie, the ranks associated with the tie position are summed and divided by the number of ranks. The best possible score on any metric is 5. Thus, on the table, the best possible overall score is 95 (perfect score of 5 * 19 comparative metrics). The most favorable applicant is that with the highest total score. **A more detailed scorecard, along with supporting data, is included in Attachment A.**

Metrics Considered and Rejected

Medicare

To fairly compare eight different applications, metrics must be consistent across all applications. In the past, the Agency has included several metrics associated with the number of Medicare beneficiaries, such as: the number of duplicated Medicare patients, duplicated Medicare patients as a percentage of total duplicated patients, and Medicare visits as percentage of total visits

In this instance, in which Medicare patients are preferred over other groups of patients, as discussed on page 4, we recommend eliminating those comparative metrics.

Nonetheless, as demonstrated in the Table in Attachment C, even with Medicare metrics included, PHC scores far better than any applicant in this batch.

Table 8—Comparison of Competing Applications

Comparative Metric	PHC	BAYADA	Aldersgate	Well Care	PruittHealth
New (Unduplicated) Patients	5	2	1	3	4
# of Duplicated Medicaid Patients	5	2	1	4	3
Duplicated Medicaid Patients as a % of Total Duplicated Patients	5	1	2	4	3
Charity Care (%)	3	1	5	2	4
Medicaid Visits as % of Total Visits	5	2	1	4	3
Medicaid (Payor Mix)	5	1	2	3	4
Average Number of Visits per Unduplicated Patient	3	5	1	2	4
Average Net Revenue per Visit	5	3	1	2	4
Average Net Revenue per Unduplicated Patient	5	1	2	4	3
Average Total Operating Cost per Visit	5	3	1	4	2
Average Direct Operating Cost per Visit	5	3	2	4	1
Average Administrative Operating Cost per Visit	4	1	2	3	5
Average Direct Care Operating Cost per Visit as a % of Average Total Operating Cost per Visit	4	1	2	3	5
Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit	3	4	2	1	5
Registered Nurse Salary	2	3	1	5	4
Licensed Practical Nurse Salary	2	3	1	5	4
Home Health Aide Salary	1	2	3	5	4
Number of Nurses in Budget (FTEs)	4	5	1	2	3
Nurse Caseload	5	2	4	1	3
TOTAL	**76**	**45**	**35**	**61**	**68**

CONCLUSION

PHC is clearly the most cost-effective and highest value option among all applications in this batch. PHC fully conforms to the statutory review criteria; therefore, because the rules permit only one award, the Agency should approve PHC.

We understand that because of the number of applicants alone, this will be a difficult review and appreciate the Agency's time and thoughtful consideration.

Sincerely,

Ivan Belov
Managing Member
Personal Home Care of NC, LLC

ATTACHMENTS

CMS Medicare Home Health Compare Reports .... A
Discharge Planner Letter .... B
Comparison Scorecard with Medicare Metrics C
Scorecard Supporting Information .... D
F-012053-21 BAYADA Comments .... E
F-012058-21 Aldersgate Comments .... F
F-012071-21 Well Care Comments .... G
F-012072-21 PruittHealth Comments .... H

Attachment A

Phc Home Health

Quality of patient care

While the quality of patient care star rating provides a summary of agency performance, you may prefer to compare agencies on the individual measures that are related to the types of services you'll need, based on your own condition.

Find out why these measures are important

Get more information about the data

Get current data collection period

Quality rating

The star ratings are based on 7 measures of quality that give a general overview of performance.

- A 4- or 5-star rating means that the agency performed better than other agencies on the 7 measured care practices and outcomes.
- A 1- or 2-star rating means that the agency's average performance on the 7 measured care practices and outcomes was below the averages of other agencies.
- Across the country, most agencies fall "in the middle" with 3 or 3½ stars.

Managing daily activities

How often patients got better at walking or moving around

Higher percentages are better

67.3%
National average: 79.6%
North Carolina average: 83.1%

How often patients got better at getting in and out of bed

How much Medicare spends on an episode of care at this agency, compared to Medicare spending across all agencies nationally

- *Higher (lower) ratios means that the agency spends more (less) on an episode of care than the Medicare national average*

0.79
National average: 1.00

Understanding costs improves transparency and can help patients and families assess a provider.

Bayada Home Health Care, Inc

Quality of patient care

While the quality of patient care star rating provides a summary of agency performance, you may prefer to compare agencies on the individual measures that are related to the types of services you'll need, based on your own condition.

Find out why these measures are important

Get more information about the data

Get current data collection period

Quality rating

The star ratings are based on 7 measures of quality that give a general overview of performance.

- A 4- or 5-star rating means that the agency performed better than other agencies on the 7 measured care practices and outcomes.
- A 1- or 2-star rating means that the agency's average performance on the 7 measured care practices and outcomes was below the averages of other agencies.
- Across the country, most agencies fall "in the middle" with 3 or 3½ stars.

Managing daily activities

How often patients got better at walking or moving around
Higher percentages are better

86.6%
National average: 79.6%
North Carolina average: 83.1%

How often patients got better at getting in and out of bed

How much Medicare spends on an episode of care at this agency, compared to Medicare spending across all agencies nationally
- *Higher (lower) ratios means that the agency spends more (less) on an episode of care than the Medicare national average*

1.09
National average: 1.00

Pruitthealth at Home - Forsyth

Quality of patient care

While the quality of patient care star rating provides a summary of agency performance, you may prefer to compare agencies on the individual measures that are related to the types of services you'll need, based on your own condition.

Find out why these measures are important

Get more information about the data

Get current data collection period

Quality rating

The star ratings are based on 7 measures of quality that give a general overview of performance.

- A 4- or 5-star rating means that the agency performed better than other agencies on the 7 measured care practices and outcomes.
- A 1- or 2-star rating means that the agency's average performance on the 7 measured care practices and outcomes was below the averages of other agencies.
- Across the country, most agencies fall "in the middle" with 3 or 3½ stars.

Managing daily activities

How often patients got better at walking or moving around

Higher percentages are better

85.9%
National average: 79.6%
North Carolina average: 83.1%

How often patients got better at getting in and out of bed

How much Medicare spends on an episode of care at this agency, compared to Medicare spending across all agencies nationally

- *Higher (lower) ratios means that the agency spends more (less) on an episode of care than the Medicare national average*

0.89
National average: 1.00

Well Care Home Health Inc

Quality of patient care

While the quality of patient care star rating provides a summary of agency performance, you may prefer to compare agencies on the individual measures that are related to the types of services you'll need, based on your own condition.

Find out why these measures are important

Get more information about the data

Get current data collection period

Quality rating

The star ratings are based on 7 measures of quality that give a general overview of performance.

- A 4- or 5-star rating means that the agency performed better than other agencies on the 7 measured care practices and outcomes.
- A 1- or 2-star rating means that the agency's average performance on the 7 measured care practices and outcomes was below the averages of other agencies.
- Across the country, most agencies fall "in the middle" with 3 or 3½ stars.

Managing daily activities

How often patients got better at walking or moving around

Higher percentages are better

88.6%

National average: 79.6%

North Carolina average: 83.1%

How often patients got better at getting in and out of bed

How much Medicare spends on an episode of care at this agency, compared to Medicare spending across all agencies nationally

- *Higher (lower) ratios means that the agency spends more (less) on an episode of care than the Medicare national average*

0.93

National average: 1.00

Attachment B

May 17, 2021

DELIVERED VIA EMAIL

Ms. Lisa Pittman, Acting Assistant Chief Certificate of Need Section

Mr. Mike McKillip, Project Analyst

RE: Mecklenburg Home Health Agency Office Need 2021

Dear Ms. Pittman and Mr. McKillip,

NC DHSR will soon make an important decision about the next home health agency office in Mecklenburg County. I work in the county as a Health Services Executive in Nursing Homes and Assisted Living facilities. In that role I make arrangements for home health agency patients. I am writing this email to make you aware of the local market regarding patient placement and home health staffing.

First, Medicare patients are now the easiest to place. Relative to other payers, Medicare pays well and its paperwork is not as onerous. Some local home health agencies now accept only Medicare patient referrals.

Medicaid patients, patients of NCBCBS and other managed care insurers are the most difficult to place. These programs pay per visit and have heavy documentation requirements. Agencies who serve these patients cannot achieve the same efficiency as those with a higher proportion of Medicare patients. As a result, we find many existing agencies are not taking these patients. Mecklenburg needs an agency office that will accept a larger proportion of Medicaid and Managed care insured patients. I can tell you from experience that Personal Home Care of North Carolina ("PHC") is one of our go-to agencies for this critical group of patients.

My next issue is nurse staffing. Not every home health agency can attract and retain nurses willing to serve Medicaid and Managed private insured patients. There are times when we have to "call around" to find a provider who has sufficient staffing and payment contracts to serve our patients.

Home health nursing requires a special skill set. Nurses work alone in environments that change from one patient to the next. Good agencies have protocols and on-call support, but the individual field nurse is still the first person contact and bridge between patient, physician, and the rest of the health care delivery system. I notice that many local agencies are experiencing difficulty recruiting and retaining staff. However, I can attest from first-hand experience that PHC does a remarkable job with this critical aspect of home health agency care; I have never been turned down for a patient referral due to insufficient staffing. They take a personal interest in their staff and constantly strive to build teamwork and make the work environment enjoyable. This is important; and I see the results in patient health improvement.

Part of staff retention is making travel easy on staff. Zoning can achieve some of this, but an office near both patient and staff homes makes a difference in recruitment and retention.

For these reasons, I ask that you give serious consideration to approving PHC for its proposed second office in Mecklenburg County.

Thank you for your time on this important decision

Regards,

Cassandra Dority, HSE

Interim Executive Director

Charlotte Square Assisted Living
5820 Carmel Road
Charlotte, NC 28226

Attachment C

ATTACHMENT C

Comparison Socrecard with Medicare Metric, PY3

Comparative Metric	Relevant Statutory Criterion	PHC	BAYADA	Aldersgate	Well Care	PruittHealth
New (unduplicated) px	3 Need; 18a Access	5	2	1	3	4
# of Duplicated Medicare Patients	3 Need; 13 Medically Underserved; 18a Access	3	4	1	2	5
Duplicated Medicare Patients as a % of Total Duplicated Patients	3 Need; 13 Medically Underserved; 18a Access	4	1	3	2	5
# of Duplicated Medicaid Patients	3 Need; 13 Medically Underserved; 18a Access	5	2	1	4	3
Duplicated Medicaid Patients as a % of Total Duplicated Patients	3 Need; 13 Medically Underserved; 18a Access	5	1	2	4	3
Charity care (%)	13 Medically Underserved	3	1	5	2	4
Medicare Visits as % of Total Visits	13 Medically Underserved	3	5	1	4	2
Medicaid Visits as % of Total Visits	13 Medically Underserved	5	2	1	4	3
Percent Medicare Total Patients (Payor Mix)	13 Medically Underserved	2	4	3	5	1
Percent Medicaid Total Patients (Payor Mix)	13 Medically Underserved	5	1	2	3	4
Average Number of Visits per Unduplicated Patient	3 Need; 18a Access and Quality of Proposed Services	3	5	1	2	4
Average Net Revenue per Visit	3 Long-Term Feasibility	5	3	1	2	4
Average Net Revenue per Unduplicated Patient	5 Long-Term Feasibility	5	1	2	4	3
Average Total Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	5	3	1	4	2
Average Direct Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	5	3	2	4	1
Average Administrative Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	4	1	2	3	5
Average Direct Care Operating Cost per Visit as a % of Average Total Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	4	1	2	3	5
Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	3	4	2	1	5
Registered Nurse Salary	7 Health Manpower and Management Personnel	2	3	1	5	4
Licensed Practical Nurse Salary	7 Health Manpower and Management Personnel	2	3	1	5	4
Home Health Aide Salary	7 Health Manpower and Management Personnel	1	2	3	5	4
Number of nurses (FTEs-RNs, LPNs)	7 Availability of Resources; 18a Quality of Proposed Services	4	5	1	2	3
Nurse Caseload	7 Health Manpower and Management Personnel	5	2	4	1	3
Total		**88**	**59**	**43**	**74**	**81**
Rank (1st to 5th place)		**1**	**4**	**5**	**3**	**2**

Attachment D

RAW DATA

Comparative Metric	Relevant Statuatory Criteria	PHC	BAYADA	Aldersgate	Well Care	PruittHealth	Notes
New (Unduplicated) Patients	3 Need; 18a Access	1,007	658	550	818	888	See Notes #2
# of Duplicated Medicare Patients	3 Need; 13 Medically Underserved; 18a Access	930	2,066	442	844	2,349	
Duplicated Medicare Patients as a % of Total Duplicated Patients	3 Need; 13 Medically Underserved; 18a Access	72.8%	27.9%	66.6%	33.48%	77.3%	See Notes #3
# of Duplicated Medicaid Patients	3 Need; 13 Medically Underserved; 18a Access	230	73.95	17	209	133	
Duplicated Medicaid Patients as a % of Total Duplicated Patients	3 Need; 13 Medically Underserved; 18a Access	18.0%	1.0%	2.6%	8.29%	4.4%	See Notes #4
Charity Care (%)	13 Medically Underserved	1.30%	0.50%	5.10%	1.0%	1.9%	
Medicare Visits as % of Total Visits	13 Medically Underserved	78.3%	79.5%	15%	78%	77%	See Notes #5
Medicaid Visits as % of Total Visits	13 Medically Underserved	13.3%	1.0%	0.1%	12%	6.1%	See Notes #6
Percent Medicare Patients (Payor Mix)	13 Medically Underserved	65.6%	79.1%	74.3%	80.0%	60.8%	See Notes #7
Percent Medicaid Patients (Payor Mix)	13 Medically Underserved	22.9%	1.0%	3.5%	12.5%	15.0%	See Notes #8

Comparative Metric	Relevant Statuatory Criteria	PHC	BAYADA	Aldersgate	Well Care	PruittHealth	Notes
Average Number of Visits per Unduplicated Patient	3 Need; 18a Access and Quality of Proposed Services	18.93	24.00	18.32	18.34	21.64	
Average Net Revenue per Visit	3 Long-Term Feasibility	$ 112.53	$ 160.89	$ 198.67	$ 176.42	$ 152.90	
Average Net Revenue per Unduplicated Patient	5 Long-Term Feasibility	$ 2,151.63	$ 3,860.60	$ 3,639.62	$ 3,235.56	$ 3,309.09	
Average Total Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	$ 100.93	$ 145.18	$ 158.60	$ 109.46	$ 149.28	
Average Direct Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	$ 93.43	$ 102.80	$ 133.72	$ 99.32	$ 144.55	See Notes #9
Average Administrative Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	$ 7.50	$ 42.38	$ 24.88	$ 10.14	$ 4.73	See Notes #10
Average Direct Care Operating Cost per Visit as a % of Average Total Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	92.57%	70.81%	84.31%	90.74%	96.83%	See Notes #11
Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	1.11	1.11	1.25	1.61	1.02	
Registered Nurse Salary	7 Health Manpower and Management Personnel	$ 84,699.95	$ 85,059.00	$ 74,533.00	$ 103,487.00	$ 98,093.00	
Licensed Practical Nurse Salary	7 Health Manpower and Management Personnel	$ 53,329.60	$ 55,683.00	$ -	$ 67,611.00	$ 62,433.00	
Home Health Aide Salary	7 Health Manpower and Management Personnel	$ 36,598.74	$ 36,835.00	$ 36,971.00	$ 44,126.00	$ 42,451.00	

Comparative Metric	Relevant Statuatory Criteria	PHC	BAYADA	Aldersgate	Well Care	PruittHealth	Notes
Number of Nurses in Budget (FTEs)	7 Availability of Resources; 18a Quality of Proposed Services	9.30	12.84	3.26	5.46	6.33	See Notes #12
Nurse Caseload	7 Health Manpower and Management Personnel	94.09	184.58	106.44	205.00	149.13	

Notes:

1) All data is for PY3 where applicable

2) Excludes patients shifted from an existing facility

3) Duplicated Medicare patients / total duplicated patients

4) Duplicated Medicaid patients / total duplicated patients

5) Medicare Visits/Total Visits

6) Medicaid Visits/Total Visits

7) As reported in projected payor source table in Section L.3

8) As reported in projected payor source table in Section L.3

9) Includes salaries, taxes and benefits, travel expense, training, medical supplies, professional fees

10) (Total Operating Cost- Direct Operating Cost)/ visit

11) Direct operating cost per visit/ total operating cost per visit

12) Number of FTEs projected in Form H for RNs, LPNs

SOURCE/PAGE NUMBER (PDF)

Comparative Metric	Relevant Statuatory Criteria	PHC	BAYADA	Aldersgate	Well Care	PruittHealth
New (unduplicated) px	3 Need; 18a Access	127	130	132	145	162
# of Duplicated Medicare Patients	3 Need; 13 Medically Underserved; 18a Access	Form C.5	Form C.5	Form C.5	Form C.5	Form C.5
Duplicated Medicare Patients as a % of Total Duplicated Patients	3 Need; 13 Medically Underserved; 18a Access	Form C.5	Form C.5	Form C.5	Form C.5	Form C.5
# of Duplicated Medicaid Patients	3 Need; 13 Medically Underserved; 18a Access	128	131*111	136	147	173
Duplicated Medicaid Patients as a % of Total Duplicated Patients	3 Need; 13 Medically Underserved; 18a Access	128	111	136	147	173
Charity care (%)	13 Medically Underserved	102	111	114	119	128
Medicare Visits as % of Total Visits	13 Medically Underserved	131	131	140	150	168
Medicaid Visits as % of Total Visits	13 Medically Underserved	131	111	140	150	168
Percent Medicare Total Patients (Payor Mix)	13 Medically Underserved	102	111	114	117	128
Percent Medicaid Total Patients (Payor Mix)	13 Medically Underserved	102	111	114	117	128

Comparative Metric	Relevant Statuatory Criteria	PHC	BAYADA	Aldersgate	Well Care	PruittHealth
Average Number of Visits per Unduplicated Patient	3 Need; 18a Access and Quality of Proposed Services	Form C.5	Form C.5	Form C.5	Form C.5	Form C.5
Average Net Revenue per Visit	3 Long-Term Feasibility	Form F.2b/ Form C.5	Form F.2b/ Form C.5	Form F.2b/ Form C.5	Form F.2b/ Form C.5	Form F.2b/ Form C.5
Average Net Revenue per Unduplicated Patient	5 Long-Term Feasibility	Form F.2b/ Form C.5	Form F.2b/ Form C.5	Form F.2b/ Form C.5	Form F.2b/ Form C.5	Form F.2b/ Form C.5
Average Total Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	Form F.3b/ Form C.5	Form F.3b/ Form C.5	Form F.3b/ Form C.5	Form F.3b/ Form C.5	Form F.3b/ Form C.5
Average Direct Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	Form F.3b/ Form C.5	Form F.3b/ Form C.5	Form F.3b/ Form C.5	Form F.3b/ Form C.5	Form F.3b/ Form C.5
Average Administrative Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	Form F.3b/ Form C.5	Form F.3b/ Form C.5	Form F.3b/ Form C.5	Form F.3b/ Form C.5	Form F.3b/ Form C.5
Average Direct Care Operating Cost per Visit as a % of Average Total Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	Row 15/Row 14	Row 15/Row 14	Row 15/Row 14	Row 15/Row 14	Row 15/Row 14
Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit	1 Cost-Effectiveness; 5 Long-Term Feasibility	Row 12/Row 14	Row 12/Row 14	Row 12/Row 14	Row 12/Row 14	Row 12/Row 14
Registered Nurse Salary	7 Health Manpower and Management Personnel	Form H	Form H	Form H	Form H	Form H
Licensed Practical Nurse Salary	7 Health Manpower and Management Personnel	Form H	Form H	Form H	Form H	Form H
Home Health Aide Salary	7 Health Manpower and Management Personnel	Form H	Form H (CNA Salary)	Form H	Form H	Form H

Comparative Metric	Relevant Statuatory Criteria	PHC	BAYADA	Aldersgate	Well Care	PruittHealth
Number of nurses (FTEs-RNs, LPNs)	7 Availability of Resources; 18a Quality of Proposed Services	Form H	Form H	Form H	Form H	Form H
Nurse Caseload	7 Health Manpower and Management Personnel	Form C.5 (Nursing) / Form H	Form C.5 (Nursing) / Form H	Form C.5 (Nursing) / Form H	Form C.5 (Nursing) / Form H	Form C.5 (Nursing) / Form H

Attachment E

Competitive Review of:
BAYADA Home Health Care, Inc.; F-011945-20

OVERVIEW

BAYADA Home Health Care, Inc. ("BAYADA") submitted a CON application to develop one new home health agency in Matthews, NC. Bayada's application is non-conforming with statutory review criteria 3, and 5.

The project has a total capital cost of $150,000. The applicant proposes to serve 1,863 unduplicated patients from Mecklenburg County by Project Year 3, calendar year 2024.

CON REVIEW CRITERIA

3. **The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.**

Unreasonable Assumptions and Utilization Projections

BAYADA's purpose, clearly stated on application page 77, is to "allow BAYADA to achieve the same level of growth" as its' existing office. To achieve the use forecasts in its' application, BAYADA must capture virtually all of the home health patient growth in Mecklenburg County in 2022 and later. This is unreasonable. Table 1 below is from BAYADA's application, page 126. As shown in the table, BAYADA proposes to capture 90 percent of the 2022 Mecklenburg County projected deficit.

Table 1—New BAYADA HHA Office Patients by County, 2022

	Projected 2022 Deficit per SMFP	% Deficit served by new BAYADA Office	2022 YR 1
Mecklenburg	524	90%	472
Union	245	60%	147
Cabarrus	83	10%	8
Total Unduplicated Patients			**627**

Source: BAYADA Methodology, Step 3, Application pg. 126

A Mecklenburg County capture rate of 90 percent is not likely achievable, given the performance history existing home health agencies that serve the county. There are 13 licensed and certified home health agencies in Mecklenburg County. Still more serve county residents. BAYADA's proposed 90 percent capture rate leaves only 10 percent, or 52 patients, to be absorbed in the growth of at least 13 agencies. Table 2 shows historical growth of the Mecklenburg County offices.

Existing Mecklenburg CMS certified home health agencies absorbed an increasing number of patients over the last three years. Six averaged more than 52 additional Mecklenburg patients each year (Table 2, Column d), even with the impact of COVID-19 on 2020 performance. BAYADA's proposed utilization does not take this reality into account

Table 2—Mecklenburg County Patients Served by Licensed Certified HHA Offices in Mecklenburg County, FY18-20

License #	Home Health Agency	Mecklenburg County Patients, FY18	Mecklenburg County Patients, FY19	Mecklenburg County Patients, FY20	Average Annual Patient Increase
		a	b	c	d
HC0097	Kindred at Home	2,805	3,822	5,114	1,155
HC1038	Atrium Health at Home Charlotte	2,608	2,530	2,630	11
HC1901	Interim HealthCare of the Triad, Inc.	1,784	1,942	2,164	190
HC0355	BAYADA Home Health Care, Inc.	1,413	1,770	1,718	153
HC0369	Brookdale Home Health Charlotte	1,173	1,288	1,032	(71)
HC4677	Atrium Health at Home University City	663	608	659	(2)
HC0787	Kindred at Home	34	337	509	238
HC3966	PHC Home Health	491	496	612	61
HC4783	Maxim Healthcare Services, Inc.	--	--	53	53
HC3694	Liberty Home Care and Hospice	257	164	47	(105)
HC0138	Kindred at Home	2,407	734	43	(1,182)
HC5130	Well Care Home Health of Piedmont, Inc.	--	--	38	38
Total		**18,002**	**17,668**	**16,216**	(893)

Sources:

a: Table 12A, 2020 SMFP

b: Table 12A, 2021 SMFP

c: 2021 NC Home Health License Renewal Application

d: (b-a) + (c-b) / 2

Moreover, on page 127, step 6, BAYADA assumes that unduplicated patients will increase at the rate of the Mecklenburg County population growth. Between 2019 and 2020, the population of Mecklenburg County increased while the number of BAYADA's home health patients from Mecklenburg County decreased. BAYADA's assumption fails to explain this drop in patients.

Because BAYADA's utilization projections are based on unreasonable assumptions, it does not accurately identify the need of the population, and thus the application should be found non-conforming to Criterion 3.

5. Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs, as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

Unreasonable Assumptions

The assumptions in the pro forma financial statements are not reasonable because the utilization projections are not based on reasonable and adequately supported assumptions. The discussion regarding projected utilization found in Criterion 3 is incorporated herein by reference. Based on the unreasonable utilization, the projection revenues and expenses are unreliable. *Thus, BAYADA should be found non-conforming to Criterion 5.*

Attachment F

COMPETITIVE REVIEW OF –
ALDERSGATE HOME HEALTH, INC., F-012058-21

OVERVIEW

Aldersgate Home Health Inc. ("Aldersgate") propose to develop a new home health agency in Charlotte, NC on the campus of Aldersgate United Methodist Retirement Community, pursuant to the need determination for Mecklenburg County in the 2021 SMFP. Aldersgate's application to develop a new home health agency office, is non-conforming with statutory review criteria 1, 3, and 5.

The project has a total capital cost of $117,694. The applicant proposes to serve 550 unduplicated patients from Mecklenburg County by Project Year 3, calendar year 2025.

CON REVIEW CRITERIA

1. **The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, ambulatory surgery operating rooms, or home health offices that may be approved.**

   Policy GEN-3: Basic Principles

   Policy GEN-3 states

   "certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of ***all residents in the proposed service area****."*[1] [emphasis added]

   Access

   Please see the discussion under Criterion 3 explaining how Aldersgate failed to demonstrate the need of all residents in the proposed service area.

[1] *2021 State Medical Facilities Plan*; Chapter 4 Statement of Policies; Policy GEN-3: Basic Principles. Page 29.

3. **The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.**

The applicant population to be served are residents of its related nursing home facility. The applicant projects utilization using referral sources rather than the need of the proposed service area population identified in the 2021 SMFP, which is all of Mecklenburg County. The applicant uses a three-step process to project utilization. First, on page 68 of the application, the applicant looks at discharges associated with an affiliated SNF called Ashbury Health and Rehabilitation ("Ashbury"). The applicant makes the assumption that its proposed home health agency can capture 80 percent of all discharges to home based on historical data from Ashbury that lists SNF discharges to home and total SNF discharges. The application provides no evidence to demonstrate that many patients would qualify for home health agency services.

Even if these patients were qualified, the aggressive captures indicate that the applicant does not intend to provide its SNF residents with choice of home health agencies. The methodology also demonstrates this applicant's intent to function as a closed system, serving only residents of its affiliated campus facilities.

Second, the methodology shifts 5 percent home care patients from the applicant's existing licensed uncertified home care program to the proposed new home health agency. These would be private pay patients who would not need a CMS certified home health agency. This too indicates that, Aldersgate intends to have a closed long term care program, rather than serve the unmet need in Mecklenburg County.

Third, the applicant calculates the projected home health patient deficit in Mecklenburg County based on data from the 2021 SMFP and adds 15 percent of this unmet need to its utilization projections. The application does not explain how many of the 15 percent were included in its earlier calculations that were based on Ashbury SNF discharges. This apples and oranges approach likely involves double counting – or means that all of the patients involved in the SNF calculation are currently served by existing home health agencies.

The applicant's methodology, forecasts 550 unduplicated patients by the third year of operation, 2025 of which 268 represent new unserved Mecklenburg County residents.

Table 16
Project Utilization for Aldersgate Home Health

	Historical and Interim			Operation of HHA			
	Actual FFY	Interim FFY	Interim Part Year	Partial Year	1st FFY	2nd FFY	3rd FFY
	2020	2021	1/1/22-3/31/22	4/1/22-12/31/22	1/1/2023 - 12/31/2023	1/1/2024 - 12/31/2024	1/1/2025 - 12/31/2025
Affiliated SNF Discharges to HHA	302	334	84	251	334	334	334
Percent Capture by Aldersgate HHA				50%	75%	80%	80%
Patients Served by Aldersgate HHA				***125***	***251***	***267***	***267***
Aldersgate at Home Patients	191	244	64	191	267	279	292
Percent Referred to HHA				2.5%	5.0%	5.0%	5.0%
Patients Served by Aldersgate HHA				***5***	***13***	***14***	***15***
Projected Overall Market Net Need				393	881	1,491	1,790
Percent Capture of Need				10.0%	10.0%	12.5%	15.0%
Patients Served by Aldersgate HHA				***39***	***88***	***186***	***268***
TOTAL ALDERSGATE HHA PATIENTS				**169**	**352**	**468**	**550**

Most projected patients are from the applicants own affiliated SNF and home care office (550-268 = 282) and may be double counted. For these reasons, the need and utilization forecasts are unreliable and fail to demonstrate that the proposed project will serve an unmet need of the population to be served.

Because the applicant has not sufficiently demonstrated the need of the population to be served, the application should be found non-conforming to Criterion 3.

5. **Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs, as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.**

As discussed in Criterion 3, the utilization projections are unreasonable and based on unsupported assumptions. *Unreasonable projections compromise the financial viability of the project; therefore, the application should be found non-conforming to Criterion 5.*

The application also failed to demonstrate that the applicant will have the cash required for the project, as claimed on page 87. The application refers to a funding letter in Exhibit F.2. from Aldersgate Life Plan Services and Aldersgate United Methodist Retirement Community, Inc. indicating that these companies, respectively, will commit $200,000 and $450,000 in lines of credit to the project. However, the letter addressing the commitment of funds from Aldersgate United Methodist Retirement Community, Inc to the applicant, is signed by a representative from Aldersgate Life Plan Services, not Aldersgate United Methodist Retirement Community, Inc. The signer is not a representative of the company that will supposedly provide the funds.

The Agency's standard practice is for the applicant to demonstrate sufficiently how the project will be funded. By having the letter signed by the wrong representative, it is not clear if Aldersgate United Methodist Retirement Community Inc. can actually authorize transferring $450,000 to the applicant for the development of its project. *Because Aldersgate failed to demonstrate availability of funds for capital and operating needs, it should be found non-conforming to Criterion 5.*

Attachment G

COMPETITIVE REVIEW OF
WELL CARE TPM INC., F-012071-21

OVERVIEW

Well Care TPM, Inc. ("Well Care") propose to develop a new home health agency office in west Charlotte, NC pursuant to the need determination for Mecklenburg County in the 2021 SMFP. Well Care's application to develop a new home health agency office, is non-conforming with statutory review criteria 4 and 5.

The project has a total capital cost of $100,000. The applicant proposes to serve 818 unduplicated patients from Mecklenburg County by Project Year 3, fiscal year 2025.

CON REVIEW CRITERIA

4. Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

According to application page 137, Well Care's existing agency in Mecklenburg County served 42 patients from the proposed service area zip codes in FY 2020. The Well Care 2021 reports that Well Care served only 72 total patients in FY2020. Thus, 42 represents over half (58%) of the patients served by its existing agency. The application provides no information to suggest that the pattern changed in 2021.

Well Care did not explain why the proposed project -- a new licensed agency -- is more efficient and/ or effective than relocating the current office closer to the majority of its patients and referral sources. On its face, the costs associated with opening a new agency, on top of the costs of operating the existing agency still in its initial project years, is a less cost-effective than relocating. The application provides no information to show otherwise.

Because Well Care failed to demonstrate its' proposed project is the most effective alternative, it should be found non-conforming to Criterion 4.

5. Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs, as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

Exhibit F.2, p.2, of the application states, "*Well Care Health, LLC will provide up to $1,000,000 to Well Care TPM, Inc. to enable Well Care TPM, Inc. to fund the proposed project.*" This is not a loan.

According to G.S. 131E-176(19), each person who will *"incur an obligation for a capital expenditure to develop or offer the proposed new institutional health service(s)"* must be listed as an applicant in Section A. However, Well Care TPM, Inc., not Well Care, LLC, is listed as the applicant in the above referenced application. Because Well Care, LLC is the sole source of funds for the project, it should be listed as an applicant.

Well Care did not demonstrate funds for capital and operating needs are available for providing health services **by the person proposing the service.** For this reason, Well Care should be found non-conforming to Criterion 5.

Attachment H

COMPETITIVE REVIEW OF –
PRUITTHEALTH HOME HEALTH INC., F-012072-21

OVERVIEW

PruittHealth Home Health Inc. ("Pruitt") proposes to develop a new home health agency in the University City area of Charlotte, NC pursuant to the need determination for Mecklenburg County in the 2021 SMFP. Pruitt's application to develop a new home health agency office, is non-conforming with statutory review criteria 5, 18a, and 20.

The project has a total capital cost of $108,704. The applicant proposes to serve 888 unduplicated patients from Mecklenburg County by Project Year 3, calendar year 2024.

CON REVIEW CRITERIA

5. **Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs, as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.**

Financial

In Form F.2b, Pruitt reports only $69,593 in net income for the third operating year. Such a slim margin means the project is vulnerable to increases in or missing costs and shortfalls in forecast patients in visits may compromise the financial feasibility of the project. Costs for health care as well as home health are rising. CMS is also changing reimbursement for Medicare and Medicaid patients quite frequently to cut costs.

The application also failed to demonstrate that the applicant will have the cash required for the project. The application refers to a letter in Exhibit F.2. indicating that United Health Services, Inc. ("UHS") will commit $2,307,900 to Pruitt for developing its proposed project. There is no loan involved. The letter committing the funds from UHS is signed by Jeff Charron Senior Vice President of Treasury Management and Treasurer, PruittHealth. The letter should have been signed by an official of UHS.

Moreover, UHS is not listed as an applicant for the project and is not a financial institution. Agency practice has been to require all parties providing capital for the project to be applicants. The exception is lending institutions. Clearly, the application does not demonstrate the availability of funds for capital needs because the entity contributing funds is not an applicant. In fact, it demonstrates that the applicant will have not have the cash needed. *Because Pruitt failed to demonstrate availability of funds for capital and operating needs, it should be found non-conforming to Criterion 5.*

18 a. The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for the service for which competition will not have a favorable impact.

Quality

See Criterion 20, for discussion on quality. Because the applicant claims that the proposed project will enhance competition, but fails to show any enhanced competition will have a positive impact upon the quality to the services proposed; it *should be found non-conforming to Criterion 18a.*

20. An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

Pruitt has had issues in providing quality care to its patients, specifically in its own nursing homes. Pruitt reported more than 144 COVID-19 cases and 11 COVID-19 deaths in its Carolina Point facility as of April 27, 2020.[1] This was the second highest cases and deaths among all nursing homes in North Carolina.

Moreover, as of November 11, 2020, the North Carolina Department of Health and Human Services ("NC DHHS") was preparing to look into 36 veteran deaths reported in privately managed veterans nursing centers. All 36 of the COVID-19 related veteran deaths occurred in veteran nursing centers operated by PruittHealth.[2] These deaths in related party institutions clearly represent instances of "immediate jeopardy." The Agency's historical test of quality has been evidence of immediate jeopardy in the prior 18 months. PruittHealth provided no information in the application about the veteran deaths or resolution of that issue.

Because the applicant has had issues involving immediate jeopardy in the recent past and the applicant provided no evidence that issues have been resolved, the Agency should investigate this issue for non-conformance to Criterion 20.

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[1] NC nursing homes and care centers with confirmed COVID-19 cases and deaths, Charlotte Observer, April 27, 2020. Retrieved from https://www.charlotteobserver.com/news/coronavirus/article242328296.html

[2] As other states take action, NC punts review of nursing homes where dozens of vets died of COVID-19, North Carolina Health News, November 11, 2020 https://www.northcarolinahealthnews.org/2020/11/11/as-other-states-take-action-nc-punts-review-of-privately-managed-state-nursing-homes-where-36-vets-died-of-covid-19/