

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: December 20, 2013

FINDINGS DATE: December 20, 2013

PROJECT ANALYST: Celia C. Inman

ASSISTANT CHIEF: Martha J. Frisone

PROJECT I.D. #: G-10156-13 / Maxim Healthcare Services, Inc. / Develop a new Medicare-certified home health agency / Forsyth County
FID # 971360

G-10159-13 / Well Care, LLC/ Develop a new Medicare-certified home health agency / Forsyth County
FID # 130322

G-10160-13 / Liberty Home Care VI, LLC / Develop a new Medicare-certified home health agency / Forsyth County
FID # 130323

G-10161-13 / UniHealth Home Care, Inc. d/b/a UniHealth Home Health, Inc. d/b/a UniHealth Home Health and Forsyth County Healthcare Properties, Inc. / Develop a new Medicare-certified home health agency / Forsyth County
FID # 130324

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (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, operating rooms, or home health offices that may be approved.

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Liberty

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Maxim
UniHealth

The 2013 State Medical Facilities Plan (2013 SMFP) includes a need methodology for determining the need for additional Medicare-certified home health agencies in North Carolina. Application of the need methodology in the 2013 SMFP identified a need for one new Medicare-certified home health agency in Forsyth County. Four applications were submitted to the Certificate of Need Section, each proposing to develop one Medicare-certified home health agency in Forsyth County. However, pursuant to the need determination, only one Medicare-certified home health agency may be approved in this review for Forsyth County. See the Summary following the Comparative Analysis for the decision.

Policy GEN-3 in the 2013 SMFP is applicable to this review. Policy GEN-3 states:

“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A 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.”

Maxim. Maxim Healthcare Services, Inc. (**Maxim**) proposes to develop a Medicare-certified home health agency at 1399 Ashleybrook Lane, Suite 250, Winston-Salem, Forsyth County.

Need Determination – Maxim does not propose to establish more than one new Medicare-certified home health agency in Forsyth County. Therefore, the application is conforming to the 2013 need determination for one new Medicare-certified home health agency in Forsyth County.

Policy GEN-3 – Maxim describes how it believes its proposal will promote safety and quality in Section II.7, pages 29-31, Exhibit 11, Section II.1, pages 10-20, Section II.2, pages 21-26, Section II.6, pages 28-29, and Section III.2, pages 59-66. In Section II.7, beginning on page 29, the applicant discusses a Deferred Prosecution Agreement (DPA) with the United States Attorney’ Office for the District of New Jersey (USAONJ), a

Corporate Integrity Agreement (CIA) with the Office of the Inspector General (OIG), U.S. Department of Health And Human Services and civil settlement agreements with the United States of America and involved states. On page 29, the applicant states,

“On September 12, 2011, Maxim Healthcare Services, Inc. entered into agreements with the federal government and involved states to resolve allegations of false claims related to certain Medicaid and Department of Veteran Affairs payments received from October 1998 through May 2009.

...

As noted in the DPA, the settlement was reached in large part due to the extensive reforms and remedial actions the company has taken since 2009. These reforms and remedial actions were initiated with the appointment of a new Chief Executive Officer in October 2009, and have continued over the following three years...”

The applicant continues its discussion, noting results of the reforms and changes made at Maxim and its ongoing processes on pages 30-38. On page 31, the applicant states:

“Today Maxim operates on a solid foundation with an infrastructure designed to provide quality patient care and client services. While Maxim regrets the circumstances that led to these agreements, the resulting enhancements have clearly made Maxim a better and a more effective company. Most importantly, at Maxim, there is now a renewed commitment to the highest standards of conduct and consistent delivery of quality patient care.”

The information provided by the applicant is reasonable, credible and supports the determination that the applicant’s proposal will promote safety and quality.

Maxim describes how it believes its proposal will promote equitable access in Section VI, pages 94-98, and Section III.2, pages 66-67. The information provided by the applicant is reasonable, credible and supports the determination that the applicant’s proposal will promote equitable access.

Maxim describes how it believes its proposal will maximize health care value for resources expended in Section III.2, page 68, Section IV, Section X, page 128, and Section XIII. The information provided by the applicant is reasonable, credible and supports the determination that the applicant’s proposal will maximize health care value for resources expended.

Maxim adequately demonstrates how its proposal will promote safety and quality, equitable access and maximize health care value for resources expended. Therefore, the application is consistent with Policy GEN-3.

The application is conforming to this criterion.

Well Care. Well Care, LLC (**Well Care**) proposes to develop a Medicare-certified home health agency at 495 Arbor Hill Road, Kernersville, Forsyth County.

Need Determination – Well Care does not propose to establish more than one new Medicare-certified home health agency in Forsyth County. Therefore, the application is conforming to the 2013 need determination for one new Medicare-certified home health agency in Forsyth County.

Policy GEN-3 – Well Care describes how it believes its proposal will promote safety and quality in Section II.1, pages 9-16, Section II.2, pages 17-18, Section II.6, page 21, Section II.7, page 22, and Exhibit 6. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote safety and quality.

Well Care describes how it believes its proposal will promote equitable access in Section VI, pages 67-74 and Exhibit 18. However, the applicant does not adequately demonstrate that its proposal will promote equitable access. See Criterion (13c) for discussion regarding access which is incorporated hereby as if set forth fully herein.

Well Care describes how it believes its proposal will maximize health care value for resources expended in Section III.1, pages 26-51, Section IV, pages 58-61, Section X, pages 95-99, and the applicant's pro forma financial statements, pages 103-121. However, the applicant does not adequately demonstrate the need for its proposal and does not adequately demonstrate that the financial feasibility of its proposal is based upon reasonable projections of costs and charges. See Criteria (3) and (5) for discussion of need and financial feasibility, respectively, which is incorporated hereby as if set forth fully herein.

In summary, Well Care adequately demonstrates how its proposal will promote safety, and quality. The application is consistent with the need determination in the 2013 SMFP. However, Well Care did not adequately demonstrate that the project will promote equitable access or maximize healthcare value for resources expended. Therefore, the application is not consistent with Policy GEN-3 in the 2013 SMFP. Consequently, the application is not conforming to this criterion.

Liberty. Liberty Home Care VI, LLC (**Liberty**) proposes to develop a Medicare-certified home health agency at 1336 Westgate Center Drive, Winston-Salem, Forsyth County.

Need Determination – Liberty does not propose to establish more than one new Medicare-certified home health agency in Forsyth County. Therefore, the application is conforming to the 2013 need determination for one new Medicare-certified home health agency in Forsyth County.

Policy GEN-3 – Liberty describes how it believes its proposal will promote safety and

quality in Section II.7, pages 14-15, Exhibit 4, Section II.1, pages 8-11, Section II.6, pages 13-14, and Section III.2, pages 24-25. The information provided by the applicant related to safety is reasonable, credible and supports the determination that the applicant's proposal will promote safety. However, the applicant does not adequately demonstrate that its proposal will promote quality for the proposed services. See Criteria (7) for a discussion of staffing which is incorporated hereby as if set forth fully herein. See Criterion (18a) for additional discussion which is incorporated hereby as if set forth fully herein.

Liberty describes how it believes its proposal will promote equitable access in Section VI, page 36, Exhibit 10, and Section III.2, page 25. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote equitable access.

Liberty describes how it believes its proposal will maximize health care value for resources expended in Section III.2, page 26, Section X, page 52, and Section XIII. However, the applicant did not adequately demonstrate that the financial feasibility of the proposal was based upon reasonable projections of costs and revenues. See Criterion (5) for discussion regarding financial feasibility which is incorporated hereby as if set forth fully herein. Therefore, the applicant does not adequately demonstrate that its proposal will maximize health care value for resources expended.

In summary, Liberty adequately demonstrates how its proposal will promote safety, and equitable access. The application is consistent with the need determination in the 2013 SMFP. However, Liberty did not adequately demonstrate that the project will promote quality services or maximize healthcare value for resources expended. Therefore, the application is not consistent with Policy GEN-3 in the 2013 SMFP. Consequently, the application is not conforming to this criterion.

UniHealth. United Home Care, Inc. d/b/a UniHealth Home Health, Inc. d/b/a UniHealth Home Health and Forsyth County Healthcare Properties, Inc. (**UniHealth**) propose to develop a Medicare-certified home health agency at 755 Highland Oaks Drive, Winston-Salem, Forsyth County. United Health Services, Inc. is the parent company to both UniHealth Home Health and Forsyth County Healthcare Properties, Inc. On page 12 of the application, the applicants state,

“UniHealth is a wholly owned subsidiary of United Health Services of Georgia, Inc. (UHSG) and is a subsidiary of UHS.

...

Forsyth County Health Care Properties, Inc. is a wholly owned subsidiary of Pruitt Properties, Inc. and a subsidiary of United Health Services, Inc. (UHS).”

On page 16, the applicants state:

“Today, United Health Services, Inc. (UHS), and its affiliates own or operate 85 long-term skilled nursing health care centers, four assisted living facilities, one independent living facility, 28 hospices, 15 home health agency offices, one adult day care center, six pharmacies, a rehabilitation services company, a healthcare management services company, a nutritional services company, a clinical services company, a medical supply company, 16 SOURCE (care management) offices, and a construction /renovation company. Please see a full list in Exhibit 15 and marketing materials in Exhibit 16.”

UniHealth proposes to contract with UHS-Pruitt Corporation, a corporate affiliate of UHS, for management services. Neil L. Pruitt, Jr. is the CEO and Chairman of UHS, UHS-Pruitt, and UniHealth Home Health, Inc.; and the Chairman of Forsyth County Healthcare Properties, Inc. See the UniHealth corporate organizational chart in Exhibit 3. See application pages 16-32 and Exhibits 15 and 16 for additional information on UHS’s corporate structure and services.

Need Determination – UniHealth does not propose to establish more than one new Medicare-certified home health agency in Forsyth County. Therefore, the application is conforming to the 2013 need determination for one new Medicare-certified home health agency in Forsyth County.

Policy GEN-3 – UniHealth describes how it believes its proposal will promote safety and quality in Section II.7, pages 78-98, Exhibit 2, Section II.1, pages 33-67, Section II.2, pages 71-72, and Section II.6, pages 76-78. The information provided by the applicants is reasonable, credible and supports the determination that the applicants’ proposal will promote safety and quality.

UniHealth describes how it believes its proposal will promote equitable access in Section VI, pages 197-203. The information provided by the applicants is reasonable, credible and supports the determination that the applicants’ proposal will promote equitable access.

UniHealth describes how it believes its proposal will maximize health care value for resources expended in Section III.1, pages 104-148, Section IV, pages 163-181, Section X, pages 233-237, and the applicant’s pro forma financial statements, pages 247-294. The information provided by the applicants is reasonable, credible and supports the determination that the applicants’ proposal will maximize health care value for resources expended.

UniHealth adequately demonstrates how its proposal will promote safety and quality, equitable access and maximize health care value for resources expended. Therefore, the application is consistent with Policy GEN-3.

The application is conforming to this criterion.

Summary

Two of the four applications are consistent with Policy GEN-3. All four applications are conforming to the need determination in the 2013 SMFP for one new Medicare-certified home health agency in Forsyth County. However, the limit on the number of home health agencies that may be approved in this review is one. Therefore, all four applications cannot be approved. See the Summary following the Comparative Analysis for the decision.

- (2) Repealed effective July 1, 1987.
- (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.

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Well Care

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Maxim
Liberty
UniHealth

Maxim proposes to develop a new Medicare-certified home health agency at 1399 Ashleybrook Lane, Suite 250, Winston-Salem, Forsyth County. Maxim does not own and operate any Medicare-certified home health agencies in North Carolina but states that it owns 246 “home health offices” in other states. Maxim owns and operates an existing licensed home care agency in Forsyth County. Maxim proposes to obtain Medicare certification for this existing facility. Since this application was submitted, a certificate of need was issued to Maxim to develop a home health agency in Wake County.

Population to be Served

In Section III.4(c), page 70, Maxim projects that 100% of its patients will be residents of Forsyth County. The applicant states:

“Consistent with the service area definition in the 2013 State Medical Facilities Plan, Maxim identifies Forsyth County as the defined service area because this is the specific population that generated the need determination for one additional Medicare-certified home health agency.”

The applicant provides a map of the Forsyth County service area on page 69. Maxim adequately identified the population to be served.

Need Analysis

In assessing the need for the proposed project, Maxim states in Section III, pages 44-58, that it looked at the factors as summarized below.

- 2013 State Medical Facilities Plan
- Population
- Aging
- Home Health Use Rates

With respect to the 2013 SMFP, on page 44, Maxim states:

“The need methodology in the 2013 SMFP projects 11,064.59 potential people will be served by the existing home health agencies serving Forsyth County, compared to projected utilization of 11,392.00 people. Therefore, the 2013 SMFP projects a deficit of 327.41 home health patients in Forsyth County in 2014, thus there is a need for one additional Medicare-Certified home health agency.”

Regarding population, on page 45, Maxim states that it obtained population projections from the North Carolina Office of State Budget and Management (NCOSBM). Moreover, Maxim states:

“The population of Forsyth County is expected to increase by over 14,764, or a total 4.08 percent, between 2013 and 2017. Thus, the need for an additional Medicare-certified home health agency is consistent with the steady population growth of Forsyth County.”

On pages 46-49, with regard to aging, the applicant states:

“According to the UNC Institute on Aging, older adults are the fastest growing segment of North Carolina’s population. The population of elderly people (65+) in the State will more than double between 2000 and 2030.

...

The projected population growth rate for Forsyth County residents age 65 and older is more than two times greater than the projected population growth rate for the overall county. During the next four years, this 65+ population is projected to increase to 15.26 percent of the total population in Forsyth County. While this figure is comparable to the percent of all North Carolina residents age 65 and older (15.57%), Forsyth County will have the fourth highest absolute number of residents of age 65 and older of any county in North Carolina.

...

It is important to recognize the aging population in Forsyth County, due to the correlation of age and home health use.

...

As indicated ... home health utilization rates increase as age increases. This is consistent with Maxim’s experience providing home health services in Forsyth County. Additionally, the projected population age 65-74 and 75+ are projected to increase at rates that are notably higher compared to the overall population growth rate for Forsyth County.”

On page 50, Maxim provides tables illustrating historical home health use rates per 1,000 population for Forsyth County and statewide, which show that use rates have increased for the population age 65+ in Forsyth County. On page 51, Maxim states:

“As home health utilization continues to increase in Forsyth County, the need for access to experienced and high quality home health services will become even greater. Maxim has provided nursing care to Forsyth County residents since 1997. Therefore, Maxim has established referral relationships in Forsyth County and vast experience providing home care services to local residents. Maxim possesses the corporate support and resources and is aware of local needs from a home health care perspective.”

Projected Utilization

In Section IV, pages 72-75, Maxim provides projected utilization of its proposed facility, as illustrated in the following tables.

Table 1: Projected Unduplicated Patients by Service Discipline

	Nursing	Physical Therapy	Total
PY 1 (2014)	292	146	439
PY 2 (2015)	361	181	542

Table 2: Projected Duplicated Patients by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
PY 1 (2014)	570	570	570	31	18	246	2,004
PY 2 (2015)	773	773	773	42	24	335	2,720

Table 3: Projected Visits by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
PY 1 (2014)	4,237	669	3,310	154	53	418	8,840
PY 2 (2015)	5,778	911	4,503	211	72	570	12,046

The applicant's Project Year 1 begins July 1, 2014. The applicant describes the assumptions and methodology used to project unduplicated patients in Section III.1, pages 53-59, as follows:

1. Project the number of Forsyth County home health patients. On page 53, Maxim states that the 2013 SMFP projects there will be 11,390 home health patients in Forsyth County in 2014 based on the methodology described in Chapter 12 of the 2013 SMFP. Maxim states that the CAGR between 2008 and 2011 was 3.28% for Forsyth County. Maxim assumes the total number of home health patients in Forsyth County will continue to increase at the same rate the total population is projected to increase, which is 1.0%. In 2016, Maxim projects a total of 11,622 home health patients in Forsyth County.
2. Project Maxim's market share and unduplicated patients. On page 54, Maxim states that it assumes it will admit 8 unduplicated home health patients per week during the first 6 months of Project Year 1; and 9 unduplicated home health patients per week during months 7 through 12. Maxim assumes it will admit 10 unduplicated home health patients per week during the first 6 months of Project Year 2 and 11 unduplicated home health patients per week during months 7 through 12. Maxim states that this results in admitting 439 unduplicated home health patients in Project Year 1 and 542 in Project Year 2. Maxim determined that that would represent a market share 3.9% in Project Year 1 and 4.7% in Project Year 2. Maxim compared its projections with the actual experience of existing Forsyth County agencies. See the table on page 57. The average market share for the existing Forsyth County agencies was 9.4% in FY 2011.
3. Project unduplicated patients by admitting service discipline. On page 58, Maxim states it relied on its corporate experience in determining the number of unduplicated patients by admitting service discipline. Maxim assumes nursing will be 66.67% and physical therapy will be 33.3%.

Maxim describes the assumptions and methodology used to project duplicated patients and visits in Section IV, pages 76-81, as follows:

1. Project unduplicated patients by payor source. On page 76, Maxim states that the payor mix for unduplicated patients is based on its experience operating a home care agency in Forsyth County as well as a review of the historical payor mix for the existing Medicare-certified Forsyth County agencies.
2. Project patient readmissions. On page 77, Maxim states that the number of readmissions (Medicare and Medicaid only) is based on its corporate experience. Maxim assumes 10% of Medicare and Medicaid patients will be readmitted. Maxim does not anticipate any readmissions during the first six months of the proposed project.

3. Project Medicare episodes¹. On page 78, Maxim states that the number of episodes per Medicare admission is based on the experience of the existing Forsyth County agencies. See the table on page 79. The average is 1.48. Maxim used the Forsyth County agencies' average of 1.48 to project the number of episodes per Medicare admission.
4. Project Medicare episodes by reimbursement type. On page 80, Maxim states that Medicare episodes by reimbursement type is based on its historical experience. See the table on page 80. Full episodes without outliers are projected to be 86.96% of the total. Maxim projects 2.92% full episodes with outliers. Low-utilization payment adjustments (LUPAs) are projected to be 9.92% of the total and partial episode payments (PEPs) are projected to be 0.19% of the total.
5. Project visits by payor source. On page 81, Maxim states that visits by payor source is based on the experience of the existing Forsyth County agencies. Maxim states that the average number of visits per Medicare episode during FY2012 was 16.82. See the table on page 82. Visits for Medicare full episodes with outliers, LUPAs and PEPs were based on Maxim's corporate Medicare-certified home health agency experience during CY2012 and CY2013 year-to-date (YTD) because data is not available for the existing Forsyth County agencies. Maxim assumes 12.88 visits per Medicaid patient, based on the weighted average Medicaid visits per patient for existing Medicare-certified home health agencies in Forsyth County (15,130 Medicaid visits / 1,175 Medicaid patients = 12.88 visits per patient). Maxim projects commercial, private pay and indigent patient visits based on 75% of the projected Medicare visits per start of care (16.82 x 75% = 12.62). See table on page 83. The applicant states:

“The projections are based on both Maxim’s experience providing home health services via Medicare-certified agencies and based on publicly

¹Medicare reimbursement is based on episodes of care rather than per visit. An episode of care, as defined by Medicare, is 60 days. In 2010, The Centers for Medicare and Medicaid Services website explained the home health prospective payment system (PPS) as follows: *“Under prospective payment, Medicare pays home health agencies (HHAs) a predetermined base payment. The payment is adjusted for the health condition and care needs of the beneficiary. The payment is also adjusted for the geographic differences in wages for HHAs across the country. The adjustment ... is referred to as the case-mix adjustment. The home health PPS will provide HHAs with payments for each 60-day episode of care for each beneficiary. ... While payment for each episode is adjusted to reflect the beneficiary’s health condition and needs, a special outlier provision exists to ensure appropriate payment for those beneficiaries that have the most expensive care needs.”* The PPS has several categories of payment, including a regular 60-day episode, a case-mix adjustment, which is based upon the home health agency's assessment of the patient's functional status using OASIS (Outcome and Assessment Information Set). To determine the case-mix adjustment, patients are classified into a case-mix group called HHRG (Home Health Resource Group). Another category called LUPA (low-utilization payment adjustment) includes those patients who only require four or fewer visits. Outlier payment adjustments are made for those patients requiring costlier care. Finally, a PEP (partial episode payment) is made when a patient transfers to a different home health agency or is discharged and readmitted within a 60-day episode.

available data from the existing Medicare-certified home health agencies in Forsyth County.”

6. Project visits by service discipline. On page 84, Maxim states that visits by service discipline are based on the experience of the existing Forsyth County agencies and its corporate experience where data was not available. See tables on pages 85-86. Note: PT and OT are reversed in order in the two tables on page 85, which reverses the percentages related to each the table on the bottom of page 85; regardless of the reverse of the percentages on page 85, the tables on page 86 appear to represent the correct number of visits for PT and OT based on the related percentages in the first table on page 85.

Projected utilization is based on reasonable, credible and supported assumptions.

Access

On pages 51-52, the applicant states:

“The Medicaid-eligible population in Forsyth County increased steadily between 2010 and 2012, and represents 16.3% (58,960/361,710) of the 2013 county population, according to the Division of Medical Assistance (DMA) and the State demographer’s office.

...

Maxim has typically served a high Medicaid payor mix, and will actively market Medicaid patients and referral sources. As previously stated, during CY2012 at the Winston-Salem home care office, 92.6% of annual revenue was Medicaid funded, and 83.5% of the census was Medicaid patients.

...

It is Maxim’s desire to improve access to home health services for Medicaid patients in Forsyth County. If Maxim is successful in developing a Medicare-certified home health agency, Maxim intends to apply to become a provider for NCCN [Northwest Community Care Network]”.

See Criterion (13c) for additional discussion which is incorporated hereby as if set forth fully herein. The applicant demonstrates the medically underserved will have adequate access to the proposed services.

In summary, Maxim adequately identifies the population it proposes to serve and adequately demonstrates the need the population to be served has for Maxim’s proposed Medicare-certified home health agency office in Forsyth County, including the extent to which medically underserved groups will have access to the proposed home health services. Therefore, the application is conforming to this criterion.

Well Care proposes to develop a Medicare-certified home health agency at 495 Arbor Hill Road, Suite C or D, Kernersville, Forsyth County. In Section I.11, page 4, Well Care states it owns Medicare-certified home health agencies in New Hanover and Wake counties, and licensed home care offices in several other North Carolina counties, but not in Forsyth County.

Population to be Served

In Section III.4, page 55, Well Care provides a table showing its projected patient origin by county in the first two years of operation, which is summarized below:

**Well Care Projected Patient Origin by County
Project Years 1 and 2 (October 1 – September 30)**

County	Year 1 Patients FFY2015	Percent of Total	Year 2 Patients FFY2016	Percent of Total
Forsyth	327	86.5%	511	86.5%
Davie	11	2.9%	18	3.0%
Stokes	13	3.4%	20	3.6%
Surry	15	4.0%	24	4.1%
Yadkin	7	1.9%	11	1.9%
Davidson	1	0.3%	1	0.2%
Guilford	3	0.8%	4	0.7%
Rockingham	1	0.3%	1	0.2%
Totals	378	100.0%	591	100.0%

Totals may not sum due to rounding.

On page 42, the applicant states:

“Well Care’s experience and analysis of existing home health agencies in Forsyth County support the assumption that the proposed home health agency will have approximately 86 percent of its patients from within Forsyth and 14 percent of its patients from the secondary service area counties listed above.”

The Project Analyst reviewed the home health patient surpluses/deficits in the 2013 SMFP for Well Care’s proposed secondary service area consisting of Davie, Stokes, Surry, Yadkin, Davidson, Guilford and Rockingham counties; and compared them to the projected number of patients to be served in Project Year 2. The 2013 SMFP projects a 2014 deficit of 66 patients in Davie County, a deficit of 72 patients in Stokes County, a deficit of 32 patients in Surry County, and a deficit of 29 patients in Yadkin County. (Note: in order to result in a “need determination” in the 2013 SMFP, the deficit had to equal or exceed 325 patients.) In Project Year 2, Well Care proposes to serve 18 Davie County patients, 21 Stokes County patients, 24 Surry County patients, and 11 Yadkin County patients, all well within the projected 2014 deficits.

The 2013 SMFP projects a 2014 surplus of 6 patients for Davidson County, a surplus of 2 for Guilford County and a surplus of 120 for Rockingham County. In Project Year 2, Well Care proposes to serve only 4 Guilford County patients and 1 patient from each of Davidson and Rockingham counties. See page 42 of the application. Furthermore, a review of the 2012 patient origin data for the existing Forsyth County agencies shows that between 3% and 65% of the patients served by those agencies are not residents of Forsyth County. An average of 31% of the patients served by Forsyth County agencies were not Forsyth County residents. The existing Forsyth County agencies currently serve residents of 8 counties, other than Forsyth, including 885, 482 and 433 patients from Davidson, Guilford and Rockingham counties, respectively. Well Care is projecting to serve less than one half of one percent of the number of residents from those counties which are already being served by Forsyth County agencies.

Forsyth County is home to two large hospitals systems with more than 1,600 beds, and serving a primary service area population originating from 19 counties. These tertiary medical centers provide specialty care physicians and attract many patients from outside Forsyth County. It is reasonable that patients from outside Forsyth County seeing physicians in Forsyth County would seek home health services from Forsyth County providers. Well Care adequately identified the population to be served.

Need Analysis

In Section III.1, pages 26-40, Well Care states that the need for the proposed project is based on the following:

- the need determination in the 2013 SMFP for one Medicare-certified home health agency or office in Forsyth County (pages 28-29),
- the projected growth and aging of the Forsyth County population (pages 30-31),
- racial and ethnic diversity in the Forsyth population (pages 31-32),
- the historical utilization of home health services in Forsyth County (page 33),
- the high utilization and historical growth of existing Medicare-certified home health agencies in Forsyth County (pages 34-35),
- the need for pediatric home health services (pages 35-37),
- the need for specialized home health service such as psychiatric home health services (pages 38-39),
- the need for improved access by medically underserved patients (page 39), and
- the need to lower health care costs by substituting home health services for institutional care (page 40).

In reference to the need for pediatric services, on pages 35-37, the applicant states:

“In 2012, only three of the existing agencies located within Forsyth County reported home health services to pediatric patients, which is one less agency than in 2008. Approximately 47.8 percent of Forsyth pediatric patients were served by home health agencies from outside of their home county.”

...

The Forsyth County home health use rate per 1000 population for the 0-18 age segment declined from 4.19 in 2008 to 2.67 in 2012. Based on these statistics and discussions with local providers, Well Care sees the need to provide pediatric home health as part of its scope of services.”

In reference to the need for improved access, on page 39, the applicant states:

“Four agencies, including the three largest providers, served less than 10 percent Medicaid patients. Six home health agencies reported no Indigent Non-pay patients. Based on this analysis, Well care proposed to provide a new home health agency in Forsyth County that serves all payor categories, including Medicaid and Indigent Non-pay patients.”

Projected Utilization

In Section IV, pages 58-59, Well Care provides projected utilization of its proposed facility, as illustrated in the following tables.

Table 1: Projected Unduplicated Patients by Service Discipline

	Nursing	Physical Therapy	Total
PY 1 (2015)	246	132	378
PY 2 (2016)	384	207	591

Table 2: Projected Duplicated Patients by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
PY 1 (2015)	287	79	257	23	45	102	794
PY 2 (2016)	449	124	402	35	71	160	1,241

Table 3: Projected Visits by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
PY 1 (2015)	4,973	506	2,107	169	84	590	8,429
PY 2 (2016)	7,778	791	3,296	264	132	923	13,183

Note: Project Year 1 run from October 1, 2014 through September 30, 2015.

Well Care describes the assumptions and methodology used to project unduplicated patient utilization in Section III.1, pages 41-49, as follows:

1. Definition of the primary and secondary service area. On pages 41-42, the applicant states that it defined its primary service area as Forsyth County, and secondary service area as Davie, Stokes, Surry, Yadkin, Davidson, Guilford and Rockingham counties based a 60-minute drive time radius from the proposed Well Care office in Kernersville. The applicant states:

“This service area is consistent with the 2013 State Medical Facilities Plan that includes projected deficits for home health patients in Forsyth and several of the contiguous counties. Well Care projects to serve modest numbers of home health patients in Davidson, Guilford and Rockingham even though a projected surplus exists, because most of the existing providers in Forsyth County provide home health services to most of the adjoining counties.”

2. Determine the historical CAGR of unduplicated patients for the service area counties. On page 42, the applicant states that it calculated the compound annual growth rate (CAGR) from 2011 to 2014 for unduplicated patients by county for the service area counties. See the table on page 43 of the application.
3. Calculate the number of unduplicated patients in the service area counties for the first three project years. On pages 43-44, the applicant states that it projected the total unduplicated home health patients by service area county through the first three project years (2015-2017) based on one half of the historical CAGR calculated in Step 2 above. See table of projections on page 44 of the application.
4. Calculate the number of unduplicated patients to be served by the applicant by service area county. On pages 44-45, the applicant states that it projects the number of home health patients that it expects to serve by making assumptions regarding the market share. The applicant states:

“The projected deficits and surpluses were taken into consideration by Well Care in the development of the projected market share percentages for each county. In addition, Well Care expects to receive future patient referrals for all of the counties listed above based on its existing referral relationship with UNC Hospitals, which serves patients from throughout North Carolina.”

See pages 46-47 of the application for the market share percentage assumptions for each county. See page 45 for the table providing the projected unduplicated patients by county for the first three years of the project. On page 47, the applicant states:

“Well Care reasonably projects that in its first year of operation it will serve approximately 100 percent of the projected deficit of 327 patients from Forsyth County plus patients from adjoining counties. This projection is supported by Well Care’s depth of home services which provides access for all patient payor categories, all medical diagnostic classifications and all age segments.”

The table on page 48 provides a summary of the number of projected

unduplicated patients and the patient origin percentages by county for the first two years of the project.

5. Calculate unduplicated patients by discipline. On pages 48-49, the applicant projects 65 percent of its unduplicated patient will be nursing service patients and 35 percent will be physical therapy patients based on the applicant's historical experience.

Well Care describes the assumptions and methodology used to project duplicated patient utilization in Section III.1, pages 50-51, as follows:

1. Unduplicated patients by discipline assumes 65% are admitted for nursing and 35% for therapy services based on the applicant's historical experience.
2. Projected duplicated patients are based on a ratio of 2.1 duplicated patients to unduplicated patients based on the applicant's historical experience.
3. The applicant distributed its projected duplicated patients by discipline according to percentages based on the applicant's historical experience. Well Care assumed 1.4 episodes of care per Medicare patient, and 19.01 Medicare patient visits per episode. The applicant distributed the patient visits into disciplines according to the following percentages: 59% in nursing; 25% in physical therapy; 2% in speech therapy; 6% in occupational therapy; 1% in social work; and 7% in home health aide.

Upon analysis, the tables on page 49 and Table IV.1, page 58, appear to be and are assumed to be correct, along with the assumption of the 2.1 ratio of duplicated patients to unduplicated patients, the distribution percentages for visits, and the assumption of 1.4 episodes of care per Medicare patient. On page 50, the applicant states, "*Well Care assumes that each Medicare **patient** [emphasis added] will receive an average of 19.01 visits.*" This appears to be a misstatement, because on page 108 of the pro formas, it is clear that the applicant uses the assumption of 19.01 visits per Medicare **episode**, not per Medicare patient, which results in 26.6 visits per Medicare patient [$19.01 \times 1.4 = 26.6$]. The applicant uses the assumption of 27 visits per Medicare patient to calculate total Medicare visits on pages 51, 61, and 115. However, at this point in the methodology, Well Care provides conflicting data on visits per patient, the distribution of patients by payor and the total number of visits. The projected patients and visits by service discipline tables on page 59 show PY1 and PY2 visit totals of 8,429 and 13,183, respectively. The tables on pages 51, 61, and 115 also show 8,429 and 13,183 for total visits in PY1 and PY2, respectively. However, the individual visits by payor (as listed in the tables) do not sum to the totals listed. Specifically, if one multiplies the number of patients by visits per patient for PY1 and PY2, the total for visits is 8,980 and 14,040, respectively, not 8,429 and 13,183 as presented in the table, a difference of 857 visits in PY2. Also, the percentages do not sum to 100%; they sum to 106.5%, for both years. If the total visits number is correct at 13,183 in PY2, then "visits per patient" and/or "visits by payor" are not correct. The same is true for PY1. Additional assumptions were not clearly stated. An analysis of the pro forma revenue worksheets (pages 108-112) shows that the applicant used the visits per patient by payor to calculate total visits for revenue purposes. Thus, the utilization projections are unreliable.

Well Care did not adequately demonstrate projected utilization is based on reasonable, credible and supported assumptions. Therefore, the applicant did not adequately demonstrate the need the population projected to be served has for the proposed Medicare certified home health agency.

Access

On page 68, the applicant states:

“Well Care maintains a non-discriminatory policy and serves all patients regardless of race or ethnicity. The proposed home health office will continue to provide their extensive scope of services to minorities. Well Care will make special efforts to recruit and retain a diverse staff.

...

Well Care currently serves uninsured and underinsured persons in Wake and New Hanover Counties. The proposed Well Care Home Health office in Forsyth will serve patients that are un-insured, under-insured, self pay and indigent”.

However, the applicant does not adequately demonstrate the extent to which the medically underserved will have access to the proposed services. See Criterion (13c) for additional discussion which is incorporated hereby as if set forth fully herein.

In summary, Well Care does not adequately demonstrate the need to develop a Medicare-certified home health agency office in Forsyth County, including the extent to which the medically underserved will have access to the proposed services. Therefore, the application is not conforming to this criterion.

Liberty proposes to develop a new Medicare-certified home health agency at 1336 Westgate Center Drive, Winston-Salem, Forsyth County. In Section I.11, page 5, the applicant states:

“Liberty Home Care is a new entity and therefore does not own or operate any home health agencies.”

The applicant states that Liberty Home Care’s affiliated entity has 22 home care offices located in 21 North Carolina counties. Two of those facilities provided Medicare-certified home health services to residents from Forsyth County during 2011, per the 2013 SMFP: Liberty Home Care, Davidson County served 118 Forsyth County patients and Liberty Home Care, Surry County served a total of 4 Forsyth County patients.

Population to be Served

In Section III.4, page 27, Liberty provides a map of Forsyth County and states that 100% of its patients will originate from Forsyth County.

On pages 27-28, the applicant states:

“This is the county that is identified as being in need of a new agency with a projected patient population of 327 that will be in need of home health services but whose needs cannot be met by existing agencies. Liberty projects to serve these patients from its new agency in Forsyth County. Additionally, Liberty projects that it will have the capacity to serve Forsyth residents that would otherwise be served by agencies located outside of Forsyth County. According to Table 12A of the 20113 SMFP, 2,307 Forsyth County patients were served by outside agencies in 2011, representing nearly 25% of all Forsyth home health patients for that year.”

Liberty adequately identified the population to be served.

Need Analysis

In Section III.1, pages 19-21, Liberty states the factors that necessitate the development of a new home health agency in Forsyth County are:

- the 2013 SMFP identifying the need for one Medicare-certified home health agency or office in Forsyth County (page 19),
- the projected growth of the Forsyth County 65+ population (pages 19-20),
- increasing home health use rates (pages 20-21), and
- the need for improved access to services for Medicaid eligible residents (page 21).

In reference to the aging population, on page 19, the applicant states:

“However the 65 and older population of Forsyth County is expected to grow by 17% from 2013-2018 for a CAGR of 3.2% and will represent 15.5% of the total county population. ... Since the majority of home health services are utilized by the 65+ population, it is reasonable to assume that the need for these services will increase roughly proportionally to this segment of the population.”

Regarding the increase in home health use rates, on page 20, the applicant states:

“Growth in the home health use rates in the 65+ population of Forsyth County has far outpaced the growth of use rate [sic] in North Carolina, further illustrating the need for an additional home health agency.”

In reference to the need for improved access, on page 21, the applicant states:

“The total number of Medicaid eligible residents of Forsyth County continues to increase every year, with a 4-6% annual increase in the eligible population over the last three years. If North Carolina opts to expand Medicaid under the Affordable Care Act then the total number of Medicaid eligible [sic] will increase substantially, creating even more demand for home health and other healthcare services.”

Projected Utilization

In Section IV, pages 30-31, Liberty provides projected utilization of its proposed facility, as illustrated in the following tables.

Table 1: Projected Unduplicated Patients by Service Discipline

	Nursing	Physical Therapy	Total
PY 1 (2015)	203	109	313
PY 2 (2016)	216	114	330

Note: Project Years run from April through March. Totals may not sum due to rounding.

Table 2: Projected Duplicated Patients by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
PY 1 (2015)	164	13	417	29	25	28	676
PY 2 (2016)	207	12	459	36	25	47	786

Table 3: Projected Visits by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
PY 1 (2015)	2,027	49	1,961	199	39	318	4,592
PY 2 (2016)	2,561	72	2,183	253	37	499	5,606

The applicant provides the assumptions and methodology used to project utilization on pages 21-23 of the application and in the pro forma financial statements. The applicant used the following steps to project its utilization.

1. Project Liberty patients for Project Year 1. On page 22, the applicant explains how it determined the number of patients to be served during the first year of operation. The applicant states that based on past experience opening home health agencies, it anticipates that it will admit four unduplicated patients per week during the initial three months, six unduplicated patients per week during the following three months and seven unduplicated patients in the second six months of year one. The calculations on page 22 result in 313 unduplicated patients for Project Year 1. The applicant states:

“Liberty feels that this is a very conservative estimate and that it will likely exceed it because of its location within Forsyth County relative to the current utilization of out-of-county home health agencies for Forsyth

County residents.”

2. Determine the historical CAGR of Forsyth County home health patients. On page 23, the applicant states that it calculated the compound annual growth rate (CAGR) from 2007 to 2011 for home health patients in Forsyth County. See the table on pages 22-23 of the application.
3. Calculate the projected number of unduplicated patients for the second and third project years. On page 23, the applicant states that it projected its total unduplicated home health patients for years two and three based on the historical CAGR calculated in Step 2 above. See table of projections on page 23.

Project Year	PY1	PY 2	PY3
Unduplicated Patients	313	330	348

4. Project market share. On page 23, the applicant states that it is projecting a market share of 2.7% of the projected Forsyth County home health patients. The applicant states:

“This is a conservative estimate and is in line with Liberty’s experience at its other existing agencies in North Carolina and thus the applicants feel that this is a reasonable projection.”

5. Calculate unduplicated patients by service discipline. On page 67, the applicant provides the percentage breakdown by service discipline for unduplicated patients: 65.84% will be nursing service patients and 34.16% will be physical therapy patients based on the applicant’s historical experience. See tables on pages 67-68.
6. Calculate duplicated patients (and visits) by service discipline. The applicant distributed its projected duplicated patients by discipline based on the applicant’s historical experience. See tables on page 69 of the application. Liberty assumed 1.19 episodes of care per Medicare patient in the first year and 1.34 thereafter. On pages 63-66, the applicant provides the visits per Medicare episode and visits per patient for payor distribution by discipline.

Liberty adequately demonstrates projected utilization is based on reasonable, credible and supported assumptions.

Access

On page 35, the applicant states:

“Liberty will make all of its home health services available to all the groups listed above. Liberty feels it is vital to serve an entire community and especially those that are considered underserved and minorities. The majority of Liberty’s

home health patients are Medicare and Medicaid which are utilized by low income, minorities, and the elderly. ... Liberty provides services to all patients whom meet clinical eligibility requirements, regardless of age, sex, ethnicity, religion, disability, or ability to pay. Liberty will continue this policy at its new agency in Forsyth County.”

See Criterion (13c) for additional discussion which is incorporated hereby as if set forth fully herein. The applicant demonstrates the medically underserved will have adequate access to the proposed services.

In summary, Liberty adequately identifies the population it proposes to serve and adequately demonstrates the need the population to be served has for Liberty’s Medicare-certified home health agency office in Forsyth County, including the extent to which medically underserved groups will have access to the proposed home health services. Therefore, the application is conforming to this criterion.

UniHealth proposes to develop a Medicare-certified home health agency at 755 Highland Oaks Drive, Unit 104, Winston-Salem, Forsyth County. In Section I.11, page 14, the applicant states it owns two Medicare-certified home health agencies in North Carolina: UniHealth Home Health in Wake County and UniHealth Home Health in Surry County. UniHealth does not own a home health agency in Forsyth County.

Population to be Served

In Section III.4, page 156, UniHealth provides a table showing its projected patient origin by county in the first three years of operation, which is summarized below:

**UniHealth Projected Patient Origin by County
Project Years 1-3**

County	Year 1 Patients FFY2015	Percent of Total	Year 2 Patients FFY2016	Percent of Total	Year 3 Patients FFY2017	Percent of Total
Forsyth	244	94.21%	526	90.38%	580	96.03%
Davie	5	1.93%	17	2.92%	15	2.48%
Guilford	2	0.77%	16	2.75%	6	0.99%
Surry	6	2.32%	14	2.41%	2	0.33%
Yadkin	2	0.77%	9	1.55%	1	0.17%
Totals	258	100.00%	582	100.00%	604	100.00%

Totals may not sum due to rounding.

UniHealth identifies the primary service area as Forsyth County and the secondary service area as Davie, Guilford, Surry and Yadkin counties. On page 155, the applicants state:

“Davie, Surry, and Yadkin Counties are located in home health planning Region I, have an unmet need for home health services in Project Years 1 through 3, according to the 2013 SMFP home health methodology, and the

2014 Proposed SMFP, draft Tables 12a -12c. Guilford County, located in home health planning Region G, will have an unmet need for home health services in Project Years 1 through 3 according to UniHealth projections. Therefore, it is reasonable to identify Davie, Guilford, Surry and Yadkin Counties as the secondary service area. Moreover, residents of these secondary counties seek healthcare providers, including providers of home health services, from Forsyth County. Please see survey responses in Exhibit 71.”

The applicants further state, “Residents of each of these counties are easily reached within approximately 40 minutes driving time of the proposed home health office.” The Project Analyst reviewed the home health patient surpluses/deficits in the 2013 SMFP for Davie, Guilford, Surry and Yadkin counties and compared them to the projected number of patients to be served. In 2014, the 2013 SMFP projects a deficit of 66 patients in Davie County, a deficit of 32 patients in Surry County, a deficit of 29 patients in Yadkin County, and a surplus of only 2 patients in Guilford County. (Note: in order to result in a “need determination” in the 2013 SMFP, the deficit had to equal or exceed 325 patients.) In Project Year 2, UniHealth proposes to serve 17 Davie County patients, 16 Guilford County patients, 14 Surry County patients, and 9 Yadkin County patients. See page 156 of the application. Furthermore, a review of the patient origin data for the existing Forsyth County agencies shows that 31% of the patients served by those agencies are not residents of Forsyth County (3,344 / 10,460). The existing Forsyth County agencies currently serve residents of Davidson, Davie, Forsyth, Guilford, Rockingham, Stokes, Surry, Yadkin and Iredell counties.

Forsyth County is home to two large hospital systems with beds totaling more than 1,600, and serving a primary service area population originating from 19 counties. These tertiary medical centers provide specialty care physicians and attract many patients from outside Forsyth County. It is reasonable that patients from outside Forsyth County seeing physicians in Forsyth County may seek home health services from Forsyth County providers. UniHealth adequately identified the population to be served.

Need Analysis

In Section III.1, pages 104-148, UniHealth states the need for the proposed project is based on the following:

- the projected unmet need in the 2013 SMFP (pages 104-106),
- UniHealth’s forecast unmet need in the service area through 2017 (pages 107-108),
- support expressed by referring providers (page 108),
- the need for competition (page 109),
- the need for a provider to serve all payor types (pages 109-110),
- the proposed service area’s health (pages 110-111),
- the need for enhanced home health services (pages 112-123),
- the special requirements of culturally diverse populations (pages 123-126),

- the need to provide smooth transitions among levels of healthcare (pages 127-132), and
- the cost savings associated with home health care (pages 132-134).

In reference to requests from local referral providers, on page 108, the applicants state:

“UniHealth conducted a formal survey of local referral sources for purposes of verifying the calculated need. Details of the survey and results are in Exhibit 71.”

With respect to the need for competition, on page 109, the applicants state:

“In response to the UHS survey, physicians, nursing homes, adult care homes, social service providers, hospitals, and other local referral sources located within UniHealth’s proposed service area welcomed the possibility of a new provider of home health services and specifically mentioned the value of enhanced competition in the area. In the survey, 96 percent of respondents indicated that a new Medicare-certified home health agency would have a “good” or “very good” impact on competition. Please see Exhibit 71.”

In reference to enhanced home health services, on pages 112-123, the applicants state:

“Survey respondents specifically mentioned the need for infusion therapy and wound care services. It is difficult to quantify the extent of need for these services, because the survey was not statistically stratified or matched to the population. However, UniHealth will have capacity to respond to both of these needs and to other services frequently requested. See discussion on Infusion Therapy on page 122, Wound Care on page 114, and Diabetes care on page 115. Please see Exhibit 71 for a full list of services, ranked by highest percentage of “needed” or “most needed” scores.”

Statistical calculations substantiating need were provided on pages 136-148 and in Exhibit 67.

Projected Utilization

In Section IV, pages 163-164, UniHealth provides projected utilization of its proposed project, as illustrated in the following tables.

Table 1: Projected Unduplicated Patients by Service Discipline

	Nursing	Physical Therapy	Total
PY 1 FFY2015	214	43	257
PY 2 FFY2016	484	99	583

Table 2: Projected Duplicated Patients by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
PY 1 FFY2015	333	333	333	81	27	333	1,440
PY 2 FFY2016	808	808	808	214	92	808	3,538

Table 3: Projected Visits by Service Discipline

	Nursing	Occupational Therapy	Physical Therapy	Speech Therapy	Medical Social Worker	Home Health Aide	Total
PY 1 FFY2015	2,399	596	1,693	81	27	302	5,098
PY 2 FFY2016	6,256	1,553	4,408	214	92	784	13,307

UniHealth describes the assumptions and methodology used to project utilization in Section IV, pages 165-181, as follows:

1. Determine unduplicated census. On pages 165-166, UniHealth states it projected its proposed number of patients based on its assumption of UniHealth market share of the unmet need it calculated in Section III.1(b) for each county in its proposed service area. UniHealth’s projected patients and the calculated market share of unmet need are provided in Tables III.29 and III.30, page 156. On page 166, the applicants propose to admit one unduplicated patient per week in the first month, increasing to seven unduplicated patients per week in month seven, nine per week in months eleven and twelve in the first year of operation (FY2015). In year two, the UniHealth proposes to admit nine unduplicated patients per week in month one, increasing to an average of thirteen per week over the next eleven months of FY2016. The applicants state the first year estimates are less than the second to account for the time to build market presence and staff team skills.
2. Determine unduplicated patients by admitting service discipline. On page 167, UniHealth states it assumes that 83 percent of unduplicated patients will be admitted to nursing and 17 percent to physical therapy, based on the UHC’s corporate experience.
3. Determine unduplicated patients by payor. On page 169, UniHealth states it projected the percentage of unduplicated patients by payor based on a review of historical payor mix of the existing Forsyth County Medicare-certified home health agencies, market research and UniHealth’s proposed program. See table on page 168 of the application. Exhibit 66 contains a comparison of UniHealth’s proposed payor mix to the payor mix of the existing Forsyth County

providers. The applicant states that results of its area surveys indicated access issues with several payors. UniHealth states its intention to actively seek contracts with area payors, including Medicare Advantage so “in-network” limitations will not be a barrier for clients (patients).

4. Determine total admissions in the same year. On pages 169-170, UniHealth states that it projects no duplicated census or additional admissions in the first six months of operation, and thereafter assumes readmissions will be ten percent of admissions for Medicare and Medicaid beneficiaries. The applicants state subsequent readmissions were not projected for insurance, indigent, or private pay clients. See the table on page 170 of the application.
5. Determine Medicare episode starts. On pages 170-171, UniHealth states it assumes 1.43 episodes per Medicare admission, based on a comparison of historical UHC operating experience (1.38 episode starts per admission), the 2011 average rate of existing Forsyth County home health agencies (1.43 episode starts per admission), per 2011 Medicare Cost Report data, and the average rate of existing North Carolina home health agencies, per Palmetto GBA (1.59 episode starts per admission). The detailed methodology is in the pro forma financial assumptions in Tab 13.
6. Determine Medicare episode starts by reimbursement type. On page 171, UniHealth states it projected Medicare episode starts by reimbursement type based on a comparison of historical UHC operating experience, operating experience of existing Forsyth County home health agencies, per the 2012 Home Health Agency License Renewal Applications and the 2011 Medicare Cost Reports, and the operating experience of existing North Carolina home health agencies, per Palmetto GBA. See table on page 171 of the application.
7. Determine total starts of care by payor reimbursement type. On page 172, UniHealth provides projected total starts of care by reimbursement type. See table on page 172 of the application. The detailed methodology is in the pro forma financial assumptions in Tab 13.
8. Determine visits per start of care by payor. On pages 172-174, UniHealth states it projected visits per starts of care by payor based on the applicant s’ historical experience. See tables on page 173 of the application. The detailed methodology is in the pro forma financial assumptions in Tab 13.
9. Adjust visits per start of care for start date. On pages 174-175, UniHealth states it projected visits per start of care by month by averaging clients who start early in the month with those who start late in the month, based on the applicants’ historical experience. See table on page 175 of the application. See detail in the pro forma assumptions in Tab 13, pages 274-285.
10. Determine visits by discipline by start of care type and payor. On pages 176-

179, UniHealth states it projected visits by discipline by start of care type and payor based on the results of Step 9 above and on UHC’s corporate experience and a review of 2012 and 2011 License Renewal applications for dominant agencies in or serving Forsyth County (Exhibit 66). See tables on pages 176-179 of the application. See detail in the pro forma assumptions in Tab 13, pages 274-285.

11. Determine visits by discipline. On pages 179-180, UniHealth states it projected visits by discipline based on summing the results in Step 10 above. See table on page 180 of the application. See detail in the pro forma assumptions in Tab 13, pages 274-285.
12. Determine the ratio of visits by discipline to total starts of care. On page 180, UniHealth states it projected the ratio of visits by discipline to total starts of care by dividing the results of Step 11 above by the results of Step 7 above.

**Ratio of Visits by Discipline
to Starts of Care**

Discipline	PY1	PY2
SN	7.21	7.74
PT	5.09	5.46
OT	1.79	1.92
ST	0.24	0.26
MSW	0.08	0.11
HA	0.91	0.97

See tables on page 180 of the application. See detail in the pro forma assumptions in Tab 13, pages 274-285.

13. Determine duplicate patients by discipline. On page 181, UniHealth states it projected the duplicate patients by discipline by dividing the results of Step 11 above by the ratios calculated in Step 12 above. See table on page 181 of the application. UniHealth states, “*Duplicate Clients by Discipline counts a client Start of Care for every discipline that serves that Start of Care.*” See Exhibit 73 for calculations and documentation of assumptions for percentage of patients receiving a service.

The applicants adequately demonstrate that projected utilization is based on reasonable, credible and supported assumptions.

Access

On pages 151-152, the applicants state:

“Business policies will promote access to home health agency services to clients with limited financial resources and to medically underserved, including

Medicare and Medicaid beneficiaries. UniHealth will not discriminate on the basis of income, race, color, national origin, age, sex, religious belief, or other categories that would classify a person as underserved. ... Services will be provided in compliance with standards set by the Americans with Disabilities Act. UniHealth will make special provisions for difficult to serve behavioral health, language-compromised clients and clients with special problems like hearing loss.

...

The applicant projects approximately 71.2 percent of its total unduplicated clients will be Medicare recipients and approximately 19 percent will be Medicaid recipients.

...

Upon completion of the proposed project, UniHealth intends to apply to become a provider for Northwest Community Care Network. ... Northwest is also a participant in the community Care of North Carolina/Carolina ACCESS (CCNC/CA). ... CCNC is presently the primary care case management health care plan for a majority of Medicaid citizens of North Carolina.”

See Criterion (13c) for additional discussion which is incorporated hereby as if set forth fully herein. The applicants demonstrate the medically underserved will have adequate access to the proposed services.

In summary, UniHealth adequately identifies the population it proposes to serve and adequately demonstrates the need the population to be served has for UniHealth’s proposed Medicare-certified home health agency office in Forsyth County, including the extent to which medically underserved groups will have access to the proposed home health services. Therefore, the application is conforming to this criterion.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

NA
All Applicants

- (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.

NC
Well Care
Liberty

C
Maxim
UniHealth

Maxim. In Section II.5, pages 27-28, the applicant describes the alternatives it considered, which include:

1. Maintain status quo. Maxim states that not developing the proposed home health agency would not be an effective alternative because the applicant would not be able to meet the needs of its existing patients who require Medicare-certified home health services.
2. Joint venture. Maxim determined that this alternative would not be an effective alternative. Maxim notes that the existing licensed home care agency is already operational. On pages 27-28, Maxim states:

“Specifically, a joint venture would combine two organizations that may have different definitions of quality patient care and/or community service. Maxim prides itself on continually improving its patient services and would find it difficult to be proactive in providing patient care if it had to constantly receive feedback from a second organization. In addition, governance and operation of such a joint venture facility could be inefficient and less responsive to market conditions and needs.”

3. Office location. The applicant considered locating the proposed Medicare-certified home health agency in a different location from the existing licensed home care agency. Maxim determined that this would not be a cost effective alternative since the existing licensed home care agency has sufficient space and is easily accessible to staff. Obtaining Medicare certification for the existing licensed home care agency will enable Maxim to utilize economies of scale to manage costs.

Furthermore, the application is conforming to all applicable statutory and regulatory review criteria, and thus, the application is approvable. An application that cannot be approved is not an effective alternative.

Maxim adequately demonstrates that the proposal is its least costly or most effective

alternative to meet the need for a new Medicare-certified home health agency in Forsyth County. Consequently, the application is conforming to this criterion.

Well Care. In Section II.5, pages 19-20, the applicant describes the alternatives it considered, which include:

1. Maintain status quo. Well Care states that not developing the proposed home health agency would not be an effective alternative to meet the need for the proposed project because the 2013 SMFP identifies a need for an additional home health agency in Forsyth County. The applicant states:

“The home health methodology in the 2013 SMFP shows that home health demand is expected to exceed the existing providers’ expected growth in utilization, thereby creating a large deficit.”

2. Develop a new Medicare-certified home health office in downtown Winston-Salem. The applicant states this alternative was rejected due to concerns regarding traffic congestion and planned future extensive highway construction. For those reasons, Well Care determined a downtown location was not the least costly or most effective alternative for the development of its home health agency.
3. Develop a new Medicare-certified agency at the proposed location in Kernersville, Forsyth County. The applicant states it selected this alternative based on the benefits regarding minimizing travel times to patients and enhancing staff productivity. The applicant states that the following points make this the most effective alternative:
 - The proposed location offers convenient access and provides full coverage of Forsyth County and access to multiple adjacent counties,
 - Kernersville has strong growth projections and a new hospital facility to support the growth of physician practices and other healthcare providers, and
 - The demographic projections for Forsyth County show a higher percentage of population growth in the Kernersville area.

However, the application is not conforming to all applicable statutory and regulatory review criteria, and thus, the application is not approvable. An application that cannot be approved is not an effective alternative. See discussions on maximizing healthcare value for resources expended in Criterion (1), projected utilization in Criterion (3), financial feasibility in Criterion (5), and duplicating services in Criterion (6), all of which are incorporated hereby as if fully set forth herein.

Well Care failed to adequately demonstrate that the proposal is the least costly or most effective alternative to meet the need for a new Medicare-certified home health agency in Forsyth County. Consequently, the application is not conforming to this criterion.

Liberty. In Section II.5, pages 12-13, the applicant describes the alternatives it considered, which include:

1. Maintain status quo. Liberty states that not developing the proposed home health agency would not be an effective alternative because:

“The 2013 NC SMFP has determined that there will be home health patients in need of care that will not be met by current home health providers in the county.”

2. Pursue a management arrangement. Liberty considered entering into a management agreement with an existing provider in Forsyth County, but rejected that as a viable alternative because Liberty’s expertise is in developing and operating home health agencies, not in managing offices owned by other entities.
3. Create a waystation. Liberty considered creating a waystation to serve as a resupply point for employees traveling from contiguous counties where they currently operate home health offices to allow those employees to serve more Forsyth County patients. However, Liberty determined it would not be feasible for the existing offices to serve enough residents in this manner to meet the projected need.
4. Develop, own and operate a new Medicare-certified home health agency in Forsyth County. The applicant states it determined that the most effective way to meet the needs of Forsyth residents would be to open a new Medicare-certified agency within the county and hire employees from Forsyth County.

However, the application is not conforming to all applicable statutory and regulatory review criteria, and thus, the application is not approvable. An application that cannot be approved is not an effective alternative. See discussion on maximizing healthcare value for resources expended in Criterion (1), and financial feasibility in Criterion (5), which are incorporated hereby as if fully set forth herein.

Liberty failed to adequately demonstrate that the proposal is the least costly or most effective alternative to meet the need for a new Medicare-certified home health agency in Forsyth County. Consequently, the application is not conforming to this criterion.

UniHealth. In Section II.5, pages 73-76, the applicants describe the alternatives they considered, which include:

1. Maintain the status quo. UniHealth states that not developing the proposed home health agency would not be an effective alternative to meet the need for the proposed project because:
 - The 2013 SMFP and 2014 Proposed SMFP forecast unmet need in Forsyth and surrounding counties.
 - Surveys suggest that the service area is in need of a provider who offers comprehensive home health services and reaches underserved groups.

- National requirements for improved coordination of care and reduced costs can only be achieved by an agency that offers more than the standard home health agency services.
2. Joint venture. UniHealth states that a joint venture “*would change UHC’s successful ownership and care management structures, add administrative layers to the existing structure, possibly require expensive development of new policies and procedures, and possibly bring less experienced providers.*” For these reasons, this alternative was not considered to be the least costly or most effective.
 3. Develop a home health agency to provide only “*basic home health services.*” The applicants state they rejected this alternative because results from the applicants’ community needs assessment indicate a need for more specialized levels of home health services, such as diabetes management, advanced wound care programming, pain management, and care manager continuity.
 4. Lease versus purchase office space. UniHealth discovered reasonably priced property, located close to main transportation routes and determined purchasing instead of leasing could control against future lease escalation costs.
 5. Offer home care only. The applicants state that this option excludes Medicare and many insurance beneficiaries and would preclude offering home health aide services if the moratorium extends beyond 2014.
 6. Develop a branch office versus a new office. Opening a branch of its existing Surry County agency would offer some economies of scale, but it would preclude future opportunities to specialize the two programs. Hence to provide maximum flexibility, and to permit specialization at either location, UniHealth elected to pursue a new home health agency.
 7. Serve Forsyth County or a Wider Geography. Forsyth County is both a tertiary and quaternary health care referral community. Its physicians regularly draw patients from nearby counties as shown in the patient origin reports of existing Forsyth County home health agencies. Consequently, UniHealth proposes to serve Forsyth and adjacent counties.
 8. Develop and operate a new Medicare-certified home health agency with enhanced services. The applicants state that this alternative is the most viable, cost-effective and reasonable alternative. See discussion in Section III.1(a), beginning on page 104.

Furthermore, the application is conforming to all applicable statutory and regulatory review criteria, and thus, the application is approvable. An application that cannot be approved is not an effective alternative.

UniHealth adequately demonstrates that the proposal is the least costly or most effective

alternative to meet the need for a new Medicare-certified home health agency in Forsyth County. Consequently, the application is conforming to this criterion.

- (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.

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Well Care
Liberty

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Maxim
UniHealth

Each application was evaluated to determine whether the applicant adequately demonstrated that:

- 1) Funds are available for the capital and working capital needs of the project, if any, and
- 2) The financial feasibility of the proposal is based upon reasonable projections of revenues and operating costs for the provision of Medicare-certified home health services.

The majority of home health visits are reimbursed by Medicare. Medicare reimbursement is based on episodes of care rather than per visit. An episode of care, as defined by Medicare, is 60 days. In 2010, The Centers for Medicare and Medicaid Services website explained the home health prospective payment system (PPS) as follows:

“Under prospective payment, Medicare pays home health agencies (HHAs) a predetermined base payment. The payment is adjusted for the health condition and care needs of the beneficiary. The payment is also adjusted for the geographic differences in wages for HHAs across the country. The adjustment ... is referred to as the case-mix adjustment. The home health PPS will provide HHAs with payments for each 60-day episode of care for each beneficiary. ... While payment for each episode is adjusted to reflect the beneficiary’s health condition and needs, a special outlier provision exists to ensure appropriate payment for those beneficiaries that have the most expensive care needs.”²

The PPS has several categories of payment, including a regular 60-day episode, a case-mix adjustment, which is based upon the home health agency’s assessment of the

² For more information see <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/HomeHlthProsPaymt.pdf>

patient's functional status using OASIS (Outcome and Assessment Information Set). To determine the case-mix adjustment, patients are classified into a case-mix group called HHRG (Home Health Resource Group). Another category called LUPA (low-utilization payment adjustment) includes those patients who only require four or fewer visits. Outlier payment adjustments are made for those patients requiring costlier care. Finally, a PEP (partial episode payment) is made when a patient transfers to a different home health agency or is discharged and readmitted within a 60-day episode.

To determine if the applicant demonstrated that its proposal is financially feasible, including the reasonableness of revenues and operating costs, the project analyst analyzed the following for each applicant:

- Net revenue in Project Years 1 and 2
- Operating costs in Project Year 2
 - Average total cost per visit
 - Average direct cost per visit (costs attributed to direct patient care)
 - Average administrative cost per visit (costs not attributed to direct patient care)
- Medicare reimbursement (how it was projected by the applicant)
- Adequacy of staffing

Maxim

Availability of Funds – In Section VIII.1, page 118, the applicant projects that the total capital cost of the project will be \$75,000, as shown in the table below:

Computer Equipment	\$20,000
Equipment/Furniture	\$15,000
Consultant Fees	\$40,000
Total Capital Cost	\$75,000

In Section IX, page 123, Maxim projects start-up expenses of \$50,000 and initial operating expenses of \$495,000 for a total working capital requirement of \$545,000. On page 124, the applicant states Maxim will fund the project with accumulated reserves.

Exhibit 15 contains a letter from Maxim's Chief Financial Officer (CFO) which states:

“As shown on our financial statements, Maxim Healthcare Services, Inc. d/b/a Maxim, has sufficient reserves to fund the project costs associated with the certificate of need application to develop a Medicare-certified Home Health Agency in Forsyth County. The total capital and working capital cost of the project is estimated at approximately \$545,000. Maxim will fund the proposed project through accumulated reserves. Upon approval of this project, the available funds will be used for the proposed project.

As a financial officer of Maxim Healthcare Services, I am authorized to commit

all funds necessary for the development and operation of this project.”

The total capital and working capital cost of the project is \$620,000 (\$75,000 + \$50,000 + \$495,000); in his letter, the CFO states intention to fund the total capital and working capital cost of \$545,000. It appears the CFO used the dollar amount for the working capital instead of the combined amount for capital and working capital cost of \$620,000. However, the letter also states the CFO is “*authorized to commit all funds necessary for the development and operation of this project* [emphasis added].” Also, Maxim’s consolidated financial statements in Exhibit 16 document more than adequate cash and cash equivalents to fund the project.

Maxim adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

Net Revenues – The following table summarizes Maxim’s projected revenues and operating costs during each of the first two operating years, as provided in the Financials Section (Form B) of the application:

Maxim	Project Year 1	Project Year 2
A. Gross Patient Revenue	\$ 711,348	\$ 1,763,146
B. Charity Care Deduction	\$ 45,078	\$ 55,684
C. Bad Debt Deduction	\$ 10,679	\$ 13,192
D. Contractual Allowances	\$ 9,255	\$ 11,433
E. Net Revenue [A – (B + C + D)]	\$ 646,337	\$ 1,682,838
F. Total Operating Costs	\$ 1,141,123	\$ 1,471,014
G. Net Income (E – F)	\$ (494,787)	\$ 211,823

Totals may not sum due to rounding.

As shown above, net revenue is projected to exceed total operating costs by Project Year 2.

Operating Costs – The following tables illustrate:

- 1) Average total operating cost per visit in Project Year 2
- 2) Average direct care cost per visit in Project Year 2
- 3) Average administrative cost per visit in Project Year 2

Maxim
Project Year 2
Projected Average Total Operating Cost per Visit

Total # of Visits	Total Operating Costs	Average Total Operating Cost per Visit
12,046	\$1,471,014	\$122.12

**Maxim
Project Year 2
Projected Average Direct Care Cost per Visit**

Total # of Visits	Total Direct Care Costs	Average Direct Care Cost per visit
12,046	\$1,053,615	\$87.47

**Maxim
Project Year 2
Projected Average Administrative Cost per Visit**

Total # of Visits	Administrative Costs	Average Administrative Cost per Visit
12,046	\$417,399	\$34.65

Maxim adequately demonstrates that projected revenues and operating costs are based on reasonable, credible and supported assumptions, including projected utilization.

Medicare Reimbursement – In Section IV, pages 76-86, Section X, page 131, Form B and the Financial Assumptions page from the pro formas in Section XIII, Maxim provides its methodology, assumptions and worksheets for projecting Medicare revenue.

Adequacy of Staffing – Maxim proposed sufficient staffing for the number of visits projected to be performed per day by discipline, including on-call coverage. See Criterion (7) for discussion which is incorporated hereby as if fully set forth herein. The applicant budgets a sufficient amount for the proposed staffing levels.

In summary, Maxim adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project and adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of operating costs and revenues. Therefore, the application is conforming to this criterion.

Well Care

Availability of Funds – In Section VIII.1, pages 88-89, Well Care projects the total capital cost of the proposed project will be \$45,000, which consists of \$11,000 for movable equipment, \$4,000 for furniture, \$25,000 for consultant fees, and \$5,000 for contingency. In Section VIII.2, page 90, the applicant states the capital cost will be funded with its accumulated reserves.

In Section IX, page 93, Well Care projects start-up expenses of \$60,000 and \$240,000 in initial operating expenses, for a total working capital requirement of \$300,000. The applicant states the total working capital will be funded with an “*investment account.*”

Exhibit 22 contains a letter from an Owner and Director of Well Care, which states:

“As the Owner and Director of Well Care Home Health, I am committed to funding the capital cost and start-up cost of the new home health agency in

Forsyth County. Well Care Home Health Inc. estimates the total capital cost to be \$45,000.00 and the working capital to be \$300,000.00 for a combined total of \$345,000.00. The funds will be withdrawn from Well Care Home Health's investment account at First Citizens Bank and placed in reserve for the development of the home health project.

Well Care Home Health will utilize these funds to develop the proposed project as described in the certificate of need application submitted on July 15, 2013."

Exhibit 21 contains a letter from a Client Advisor at First Citizens Bank, which states:

"I certify that as of July 5, 2013, Well Care Home Health's balance in the above-referenced account was \$419,694.85. This account holds various stocks and bonds as well as cash."

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs as Well Care states them in the application; however, the calculation error which results in a visit/utilization discrepancy could result in a longer initial operating period and the need for additional initial operating expenses. See Criterion (3) for the discussion on utilization projections.

Net Revenues – The following table summarizes Well Care's projected revenues and operating costs during each of the first two operating years, as provided in the pro forma financial statements (Form B) of the application:

Well Care	Project Year 1	Project Year 2
A. Gross Patient Revenue	\$ 1,128,142	\$ 1,739,020
B. Charity Care Deduction	\$ 2,844	\$ 5,482
C. Bad Debt Deduction	\$ 1,458	\$ 2,250
D. Contractual Allowances	\$ 84,377	\$ 138,080
E. Net Revenue [A – (B + C + D)]	\$ 1,039,463	\$ 1,593,209
F. Total Operating Costs	\$ 1,023,922	\$ 1,478,323
G. Net Income (E – F)	\$ 15,542	\$ 114,885

Totals may not sum due to rounding.

As shown above, net revenue is projected to exceed total operating costs in Project Years 1 and 2. However, the applicant provides conflicting data on visits per patient, the distribution of patients by payor and the total number of visits per patient which directly impacts projected revenues making them unreliable. See discussion in Criterion (3) which is incorporated hereby as if set forth fully herein.

Operating Costs – The following tables illustrate:

- 1) Average total operating cost per visit in Project Year 2
- 2) Average direct care cost per visit in Project Year 2
- 3) Average administrative cost per visit in Project Year 2

**Well Care
Project Year 2
Projected Average Total Operating Cost per Visit**

Total # of Visits	Total Operating Costs	Average Total Operating Cost per Visit
13,183	\$1,478,323	\$112.14

**Well Care
Project Year 2
Projected Average Direct Care Cost per Visit**

Total # of Visits	Total Direct Care Costs	Average Direct Care Cost per visit
13,183	\$1,071,369	\$81.27

**Well Care
Project Year 2
Projected Average Administrative Cost per Visit**

Total # of Visits	Administrative Costs	Average Administrative Cost per Visit
13,183	\$406,954	\$30.87

Well Care projects operating costs based on per visit dollar amounts. Because visits are unreliable, the expenses of salary, taxes & benefits, travel, medical and other supplies, corporate management services, and promotion/public relations, which are all calculated based on number of visits, are also unreliable. Moreover, expenses were calculated based on 13,183 visits in PY2 (pages 59 and 104-106) but revenue was calculated based on 14,041 visits in PY2 (pro forma pages 108-113: Medicare 10,851 + Medicaid 2,846 + Commercial 269, Indigent Non-pay 37, other 38 = 14,041).

Well Care does not adequately demonstrate that projected revenues and operating costs are based on reasonable, credible and supported assumptions.

Medicare Reimbursement – In Section III.1, pages 41-51, Section IV, pages 58-61, and the pro forma financial statements, Well Care provides its methodology, assumptions and worksheets for projecting Medicare revenue. However the calculation errors discussed in Criterion (3), which are incorporated hereby as if set forth fully herein, affect Medicare payor percentages; therefore, Well Care did not adequately demonstrate that the projections are based on reasonable, credible and supported assumptions.

Adequacy of Staffing – Well Care proposed sufficient staffing for the number of visits it projected to be performed per day by discipline, including on-call coverage. However, an error in calculation and/or methodology based on erroneous assumptions in the projections of visits renders those projections unreliable; therefore, the projected staffing is unreliable because it is not based on credible assumptions. See Criteria (3) and (7) for discussions on projected visits and staffing, respectively, which are incorporated hereby as if fully set forth herein.

In summary, Well Care does not adequately demonstrate the availability of sufficient funds for the capital and working capital needs of the project and does not adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of operating costs and revenues. Therefore, the application is not conforming to this criterion.

Liberty

Availability of Funds – In Section VIII.1, page 47, Liberty projects the total capital cost of the proposed project will be \$27,100, which consists of \$21,000 for fixed and movable equipment, and \$6,100 for furniture. In Section VIII.2, page 48, the applicant states the capital cost (\$27,000) will be funded through the Owner’s Equity of John A. McNeill, Jr. and Ronald B. McNeill. Note: there is a \$100 difference in the proposed capital cost and the proposed funding, which appears to be a typographical error.

In Section IX, page 50, the applicant projects start-up expenses of \$125,280 and \$173,372 in initial operating expenses, for a total working capital requirement of \$298,652. The applicant states the total working capital will also be funded with Owner’s Equity.

Exhibit 13, page 341, is a notarized letter from the owners verifying their intent to personally fund all capital and working capital costs of the project, stating:

“We have both agreed and are both committed to personally funding the proposed project, including all capital expenditures and working capital, estimated to be approximately three-hundred thousand dollars (\$300,000). We personally have sufficient funds to provide for the required equity and start-up operating capital for the development of the proposed project if it is approved.”

The total funding need is \$325,752. While the statement above estimates capital expenditures and working capital at approximately \$300,000, it goes on to state intent to provide the *“required equity and start-up operating capital for the development of the proposed project if it is approved”*.

Furthermore, Exhibit 13, page 340, is a letter from a Cherry Bekaert CPA, which states:

“In lieu of submitting financial statements, I will attest that John A. McNeill, Jr. and Ronald B. McNeill each have in excess of \$250,000 in cash, stocks, or short term investments in order to fund the construction and operation of the proposed home health agency including any working capital, start-up and capital expenditures associated with the project.”

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

Net Revenues – The following table summarizes Liberty’s projected revenues and

operating costs during each of the first two operating years, as provided in the pro forma financial statements (Form B) of the application:

Liberty	Project Year 1	Project Year 2
A. Gross Patient Revenue	\$ 693,187	\$ 913,359
B. Charity Care Deduction	\$ 2,365	\$ 1,890
C. Bad Debt Deduction	\$ 5,837	\$ 8,423
D. Commercial Contractual Allowances	\$ 100,835	\$ 47,083
E. Medicare & Non MCR PPS Contractual Allowances	\$ 10,850	\$ 21,350
F. Medicaid Contractual Allowances	\$ 5,338	\$ 10,676
FF. Supplemental Staffing Revenue	\$ 9,900	\$ 9,900
G. Net Revenue [A – (B + C + D + E + F)+FF]	\$ 577,862	\$ 833,837
H. Total Operating Costs	\$ 746,761	\$ 784,018
I. Net Income (G - H)	\$ (168,899)	\$ 49,819

As shown above, net revenue is projected to exceed total operating costs in Project Year 2. However, based on unreliable staffing assumptions and/or errors in calculations, the applicant underestimated salary expense in the second operating year by as much as \$39,135 for the home health aide, medical social worker, physical therapist and speech therapist positions. The applicant projects taxes and benefits in Project Year 2 at 27% of total salaries for all positions. Thus, the understated expenses equal \$49,701 [$\$39,135 \times 1.27 = \$49,701$], which means a projected net income of only \$118 in Project Year 2 [$\$49,819 - \$49,701 = \118].

Following are examples of some of the issues that cause the staffing assumptions to be unreliable:

- Underestimated salary expense as discussed above.
- Form B Salary expenses (page 58) for the nursing and physical therapy positions decrease in Project Year 2 from Project Year 1, although visits (page 69) increase by 26% for nursing and 11% for physical therapy. Liberty provides the projected annual FTE positions and salaries in Table VII.2 (pages 44-45). On pages 81-82 of the application, Liberty states the estimated median salary for the RN and PT positions and further states the salaries, “-Move to per visit pay, using a full productivity of 5.0 visits per day, in Month 7, when there are enough visits to support the staff.” However, insufficient data was provided to validate projected salary expenses.
- A calculation of taxes and benefits as a percent of salaries (using figures from Form B, application pages 58-59) reveals unexplained inconsistencies in the tax and benefit percentage among the positions. For example, in Project Year 2 taxes and benefits range from 12% to 27% to 53% for the positions of speech therapy, occupational therapy and administrative, respectively.

Therefore, Liberty does not adequately demonstrate the proposal is financially feasible.

Operating Costs – The following tables illustrate:

- 1) Average total operating cost per visit in Project Year 2
- 2) Average direct care cost per visit in Project Year 2
- 3) Average administrative cost per visit in Project Year 2

**Liberty
Project Year 2
Projected Average Total Operating Cost per Visit**

Total # of Visits	Total Operating Costs	Average Total Operating Cost per Visit
5,606	\$784,018	\$139.85

**Liberty
Project Year 2
Projected Average Direct Care Cost per Visit**

Total # of Visits	Total Direct Care Costs	Average Direct Care Cost per visit
5,606	\$421,699	\$75.22

**Liberty
Project Year 2
Projected Average Administrative Cost per Visit**

Total # of Visits	Administrative Costs	Average Administrative Cost per Visit
5,606	\$362,319	\$64.63

However, Liberty does not adequately demonstrate that projected salaries are reliable as discussed above. See Criterion (7) for additional discussion regarding salaries which is incorporated hereby as if set forth fully herein. Thus, Liberty does not adequately demonstrate that projected operating costs are based on reasonable, credible and supported assumptions.

Medicare Reimbursement – In Section III.1, pages 19-23, Section IV, pages 30-31, and the pro forma financial statements, Liberty provides its methodology, assumptions and worksheets for projecting Medicare revenue.

Adequacy of Staffing – Liberty proposed sufficient staffing for the number of visits projected to be performed per day by discipline, including on-call coverage, with the exception of speech therapy. The applicant projects 0.03 FTE positions for a speech therapist; the analyst calculates the need for 0.19 FTE positions, based on the 253 projected visits listed by the applicant on page 31. See Criterion (7) for discussion which is incorporated hereby as if fully set forth herein. Moreover, Liberty understates its staffing expense as discussed above.

In summary, although Liberty adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project, Liberty does not

adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of operating costs. Therefore, the application is not conforming to this criterion.

UniHealth

Availability of Funds – In Section VIII.1, pages 225-226, the applicants project the total capital cost of the proposed project will be \$374,229, which consists of \$190,410 for the building purchase by Forsyth County Healthcare Properties, Inc, \$82,203 for fixed and movable equipment, \$29,905 for furniture, \$55,000 for consultant fees, and \$16,711 for contingency. In Section VIII.2, page 227, the applicants state the capital cost will be funded by UniHealth Home Health with \$183,819 cash from ongoing operations of United Health Services, Inc. (UHS), which the applicant identified as its parent company in Section I.2 of the application and \$190,410 cash by Forsyth County Healthcare Properties, Inc., also from ongoing operations of UHS, the parent company.

In Section IX, page 231, UniHealth projects start-up expenses of \$144,822 and \$444,152 in initial operating expenses, for a total working capital requirement of \$588,974. The applicants state the total working capital will also be funded with cash from ongoing operations of UHS.

Exhibit 11 contains a letter from the Chief Financial Officer for UHS-Pruitt Corporation, which states:

“This letter documents the availability of all funds necessary for any fixed and working capital required for the proposed home health agency in Forsyth County, applied for by United Home Care, Inc. d/b/a UniHealth Home Health, Inc. d/b/a UniHealth Home Health and Forsyth County Healthcare Properties, Inc. The applicants are majority owned subsidiaries of United Health Services, Inc.

United Health Services, Inc. hereby commits to provide up to \$1,000,000 in funds to successfully develop and operate the proposed project with cash from ongoing operations.

...

Attached are the consolidated cash flow statements from United Health Service [sic], Inc.’s audited financial statements for the period ending June 30, 2012 and June 30, 2011. As you can see, in the past two years, United Health Services, Inc., as a consolidated entity, generated more than \$100,811,015 in net cash from operating activities.

...

As a financial representative of United Home Care, Inc. d/b/a UniHealth Home

Health, Inc. d/b/a UniHealth Home Health and Forsyth County Healthcare Properties, Inc., I am authorized to commit all funds necessary from United Health Services, Inc. for the development and operation of this project.

Exhibit 10 contains pages from the consolidated financial statements for UHS which indicate that, as of June 30, 2012, it had \$6.7 million in cash and cash equivalents. The applicants adequately demonstrate the availability of sufficient funds for the capital and working capital needs of the project.

Net Revenues – The following table summarizes UniHealth’s projected revenues and operating costs during each of the first two operating years, as provided in the pro forma financial statements (Form B) of the application:

UniHealth	Project Year 1	Project Year 2
A. Gross Patient Revenue	\$ 978,255	\$ 2,560,892
B. Charity Care Deduction	\$ 7,270	\$ 17,742
C. Bad Debt Deduction	\$ 5,156	\$ 12,646
D. Medicare Contractual Allowance	\$ 243,716	\$ 653,379
E. Medicaid Contractual Allowance	\$ 119,967	\$ 170,701
F. Other Contractual Allowances	\$ 11,258	\$ 28,402
G. Net Revenue [A – (B + C + D + E + F)]	\$ 590,888	\$ 1,678,022
H. Total Operating Costs	\$ 910,846	\$ 1,637,427
I. Net Income (G – H)	\$ (319,958)	\$ 40,595

As shown above, net revenue is projected to exceed total operating costs by Project Year 2.

The following table summarizes Forsyth County Healthcare Properties, Inc.’s projected revenues and operating costs during each of the first two operating years, as provided in the pro forma financial statements (Form B) of the application:

	Project Year 1	Project Year 2
Other Revenue	\$ 13,686	\$ 14,093
Total Indirect Expenses	\$ 13,686	\$ 14,093
Net Income	\$ 0	\$ 0

As shown above, net revenue is projected to equal total indirect expenses each year. Collection of lease payments equal the expenses related to financing and upkeep of the property.

Operating Costs – The following tables illustrate:

- 1) Average total operating cost per visit in Project Year 2
- 2) Average direct care cost per visit in Project Year 2
- 3) Average administrative cost per visit in Project Year 2

**UniHealth
Project Year 2
Projected Average Total Operating Cost per Visit**

Total # of Visits	Total Operating Costs	Average Total Operating Cost per Visit
13,307	\$ 1,637,427	\$123.05

**UniHealth
Project Year 2
Projected Average Direct Care Cost per Visit**

Total # of Visits	Total Direct Care Costs	Average Direct Care Cost per Visit
13,307	\$1,226,575	\$92.18

**UniHealth
Project Year 2
Projected Average Administrative Cost per Visit**

Total # of Visits	Administrative Costs	Average Administrative Cost per Visit
13,307	\$410,852	\$30.87

UniHealth adequately demonstrates that projected revenues and operating costs are based on reasonable, credible and supported assumptions, including projected utilization.

Medicare Reimbursement – In Section IV, pages 168-179, and the pro forma financial statements, beginning on page 262, UniHealth provides its methodology, assumptions and worksheets for projecting Medicare revenue.

Adequacy of Staffing – UniHealth proposed sufficient staffing for the number of visits projected to be performed per day by discipline, including on-call coverage. See Criterion (7) for discussion which is incorporated hereby as if fully set forth herein. The applicants budget a sufficient amount for the proposed staffing levels.

In summary, UniHealth adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project and adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of operating costs and revenues. Therefore, the application is conforming to this criterion.

- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

NC
Well Care

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Maxim
Liberty
UniHealth

Maxim adequately demonstrates that its proposal will not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Forsyth County based on the following analysis:

- 1) The State Health Coordinating Council and Governor determined that one new Medicare-certified home health agency or office will be needed in Forsyth County in 2014 in addition to the existing agencies serving Forsyth County residents. See Table 12D on page 327 of the 2013 SMFP. Maxim submitted its application in response to the need determination in the 2013 SMFP.
- 2) Maxim adequately demonstrates in its application that the Medicare-certified home health agency it proposes to develop in Forsyth County is needed in addition to the existing agencies. See Sections III, IV and VI of Maxim's application.
- 3) Because home health services are provided in the patient's home, the proposed location of the home health agency within the county is not a relevant consideration.

Consequently, the application is conforming to this criterion.

Well Care did not adequately demonstrate that its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Forsyth County. The State Health Coordinating Council and Governor determined that one new Medicare-certified home health agency or office will be needed in Forsyth County in 2014 in addition to the existing agencies serving Forsyth County residents. See Table 12D on page 327 of the 2013 SMFP. Well Care submitted its application in response to the need determination in the 2013 SMFP. However, Well Care did not adequately demonstrate that projected utilization is based on reasonable, credible or supported assumptions. Therefore, Well Care did not adequately demonstrate in its application that the Medicare-certified home health agency it proposes to develop in Forsyth County is needed in addition to the existing agencies. See discussion of projected visits in Criterion (3) which is incorporated hereby as if set forth fully herein. Consequently, the application is not conforming to this criterion.

Liberty adequately demonstrates that its proposal will not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Forsyth

County based on the following analysis:

- 1) The State Health Coordinating Council and Governor determined that one new Medicare-certified home health agency or office will be needed in Forsyth County in 2013 in addition to the existing agencies serving Forsyth County residents. See Table 12C on page 327 of the 2013 SMFP. Liberty submitted its application in response to the need determination in the 2013 SMFP.
- 2) Liberty adequately demonstrates in its application that the Medicare-certified home health agency it proposes to develop in Forsyth County is needed in addition to the existing agencies. See Sections III, IV and VI of Liberty's application.
- 3) Because home health services are provided in the patient's home, the proposed location of the home health agency within the county is not a relevant consideration.

UniHealth adequately demonstrates that its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Forsyth County based on the following analysis:

- 1) The State Health Coordinating Council and Governor determined that one new Medicare-certified home health agency or office will be needed in Forsyth County in 2013 in addition to the existing agencies serving Forsyth County residents. See Table 12C on page 327 of the 2013 SMFP. UniHealth submitted its application in response to the need determination in the 2013 SMFP.
- 2) UniHealth adequately demonstrates in its application that the Medicare-certified home health agency it proposes to develop in Forsyth County is needed in addition to the existing agencies. See Sections III, IV and VI of UniHealth's application.
- 3) Because home health services are provided in the patient's home, the proposed location of the home health agency within the county is not a relevant consideration.

Consequently, the application is conforming to this criterion.

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

NC
Liberty

C
Well Care
Maxim
UniHealth

Maxim. In Section VII.2, pages 108-109, Maxim provides the proposed staffing for the first two operating years of the proposed project, as shown in the table below:

Maxim	FTEs Project Year 1	FTEs Project Year 2
Administrator	0.50	0.50
Secretary / Clerk	0.50	1.00
Other Admin (Marketing/Account Exec)	0.50	0.50
Manager of Branch Operations	0.50	0.50
OASIS Coordinator	1.00	1.00
RN (Care Provider)	3.35	4.55
Home Health Aide/CNA	0.33	0.44
Dietician	0.05	0.10
Medical Social Worker	0.10	0.10
Physical Therapist	2.60	3.50
Occupational Therapist	0.50	0.70
Speech Therapist	0.15	0.20
Total	10.08	13.09

In Section VII.5, page 113, Maxim states it does not propose to use contract staff to provide direct patient care services for the proposed project. Maxim provides the 2013 staffing for its existing Winston-Salem home care agency on page 106. Maxim states on page 107 that the staffing for the existing home care agency *“does not directly correlate to the proposed staffing for Maxim’s proposed Medicare-certified home health agency.”* On page 111, the applicant states, *“Because Maxim currently operates a licensed non-Medicare-certified home care agency in Forsyth County, some existing personnel will be utilized to staff the proposed project.”*

In Section VII.3, pages 110-111, Maxim provides the assumptions it used in projecting staffing levels for its patient care staff. The assumptions are shown in the table below.

Discipline	# of Equivalent Visits per Week	# of Visits per Day
Registered Nurse	25.0	5.0
Home Health Aide/CNA	26.0	5.2
Physical Therapist	25.0	5.0
Occupational Therapist	25.0	5.0
Speech Therapist	25.0	5.0
Medical Social Worker	17.5	3.5

Regarding staffing for weekend and on-call coverage, in Section VII.7, page 115, the applicant states,

“Maxim’s proposed Forsyth County home health agency will provide normal staffing or on-call coverage 24 hours a day, seven days per week.”

The normal business hours for Maxim’s proposed Forsyth County Medicare-certified agency will be 8am – 5pm, Monday through Friday. After these staffed hours and during weekends, Maxim will have an on-call coordinator (staff RN) to take telephone calls, educate, reassure, and advise potential patients, and to coordinate or provide intake or assessment, as needed. All calls will be documented in Maxim’s point of service product.

Maxim will have an additional layer of on-call provided by an RN Administrator from its Corporate Office. This individual provides resources, direction, and additional support when needed.

...

The staffing plan in Section VII.2 incorporates additional nurse FTE time for on-call coverage of evenings, weekends, vacations, holidays, and sick time. Maxim has computed weekend and evening differential pay in its calculations, based upon Maxim’s anticipated pay rates.”

To determine if Maxim’s proposed staffing for Project Year 2 is sufficient, the Project Analyst divided the projected visits by the visits per day assumption, which results in the total work days required to complete the visits. The resulting quotient was divided by 260 work days per year (2,080 work hours per year per FTE position / 8 hours per day = 260 work days per year). This results in the number of required FTE positions. The number of required FTE positions was then compared to the number of projected FTE positions provided by the applicant in Section VII of the application. This calculation was performed for each discipline and is illustrated in the following table.

Discipline	Projected Visits Project Year 2 (Sections IV) (A)	Visits per Day Project Year 2 (Section VII) (B)	Required FTE Positions* [(A)/(B)] / 260	Projected FTE Positions Project Year 2 (Section VII)
Registered Nurse	5,778	5.00	4.44	4.55
Home Health Aide/CNA	570	5.20	0.42	0.44
Physical Therapist	4,503	5.00	3.46	3.50
Occupational Therapist	911	5.00	0.70	0.70
Speech Therapist	211	5.00	0.16	0.20
Medical Social Worker	72	3.50	0.08	0.10

*Calculated by the Project Analyst.

As shown in the table above, Maxim’s projected FTE positions in Project Year 2 are equal to or exceed the required FTE positions as calculated by the project analyst.

In summary, Maxim proposes adequate staffing for the visits it projects to perform during Project Year 2. Additionally, Maxim has proposed sufficient staffing for

administrative and managerial functions of the proposed Medicare-certified home health agency. Therefore, the application is conforming to this criterion.

Well Care. In Section VII, pages 85-86, Well Care provides the proposed staffing for the first two operating years of the proposed project, as shown in the table below:

Well Care	FTEs Project Year 1	FTEs Project Year 2
Liaison	1.00	1.00
Medical Records	0.30	0.50
Manager of Branch Operations	1.00	1.00
OASIS Coordinator	0.80	0.80
RN (Care Provider)	3.38	5.24
LPN	0.50	0.60
Home Health Aide/CNA	0.50	0.65
Dietician	0.05	0.05
Medical Social Worker	0.10	0.20
Physical Therapist	1.50	2.30
Occupational Therapist	0.38	0.55
Speech Therapist	0.13	0.21
Total	9.65	13.05

Totals may not sum due to rounding.

In Section VII.5, page 76, Well Care states, “*No contract personal [sic] services are proposed.*”

In Section VII.3, page 75, Well Care provides the assumptions it uses in projecting staffing levels for its patient care staff. The assumptions are shown in the table below.

Discipline	# of Equivalent Visits per Week*	# of Visits per Day
Nursing (RN and LPN)	30.0	6.0
Physical Therapist	30.0	6.0
Speech Therapist	30.0	6.0
Occupational Therapist	30.0	6.0
Medical Social Worker	20.0	4.0
Home Health Aide/CNA	30.0	6.0

*Calculated by the Project Analyst (# visits / day x 5 days / week = # of equivalent visits / week).

Regarding staffing for weekend and on-call coverage, in Section VII.7, pages 82-83, the applicant states:

“Well Care schedules staff to be available on-call for evenings, weekends and holidays.

...

The coverage requirements are factored into the number of staff positions

reflected in Table VII.2.”

To determine if Well Care’s proposed staffing for Project Year 2 is sufficient, the Project Analyst divided the projected visits (page 59 of application) by the visits per day assumption, which results in the total work days required to complete the visits. The resulting quotient was divided by 260 work days per year (2,080 work hours per year per FTE position / 8 hours per day = 260 work days per year). This results in the number of required FTE positions. The number of required FTE positions was then compared to the number of projected FTE positions provided by the applicant in Section VII of the application. This calculation was performed for each discipline and is illustrated in the following table.

Discipline	Projected Visits Project Year 2 (Section IV) (A)	Visits per Day Project Year 2 (Section VII) (B)	Required FTE Positions* [(A)/(B)] / 260	Projected FTE Positions Project Year 2 (Section VII)
Nursing (RN, LPN)**	7,778	6	4.99	5.84
Home Health Aide/CNA	923	6	0.59	0.65
Physical Therapist	3,296	6	2.11	2.30
Occupational Therapist	791	6	0.51	0.55
Speech Therapist	264	6	0.17	0.21
Medical Social Worker	132	4	0.13	0.20

*Calculated by the Project Analyst.

** In Section VII, page 75, Well Care projects 6.0 RN visits per day and 6.0 LPN visits per day. For purposes of the table above, the project analyst combined the RN and LPN positions and assumed 6.0 visits per day.

As shown in the table above, Well Care’s projected FTE positions in Project Year 2 are equal to or exceed the required FTE positions as calculated by the project analyst.

Well Care proposes adequate staffing for the number of visits projected in Section IV, pages 59 and 61 to be performed during Project Year 2. However, Well Care provides inconsistent information regarding projected visits. See Criterion (3) for discussion which is incorporated hereby as if set forth fully herein. The Project Analyst performed the same calculations as above based on the higher number of projected visits per patient used by the applicant to project patients by payor and to calculate revenue in the pro forma worksheets (pages 108-112), as shown in the following table.

Discipline	Projected Visits Project Year 2 (pages 108-112) (A)	Visits per Day Project Year 2 (pages 108-112) (B)	Required FTE Positions* [(A)/(B)] / 260	Projected FTE Positions Project Year 2 (Section VII)
Nursing (RN, LPN)	8,283	6	5.31	5.84
Home Health Aide/CNA	983	6	0.63	0.65
Physical Therapist	3,510	6	2.25	2.30
Occupational Therapist	842	6	0.54	0.55
Speech Therapist	281	6	0.18	0.21
Medical Social Worker	141	4	0.14	0.20

As shown in the table above, Well Care’s projected FTE positions in Project Year 2 are equal to or exceed the required FTE positions as calculated by the project analyst.

Well Care proposes adequate staffing for the higher number of visits (by payor and used to calculate revenue) projected to be performed during Project Year 2.

Therefore, the application is conforming to this criterion.

Liberty. In Section VII.2, pages 44-45, Liberty provides the proposed staffing for the first two operating years of the proposed project, as shown in the table below:

Liberty	FTEs Project Year 1	FTEs Project Year 2
Liaison/ Marketing	0.60	0.60
Secretary / Clerk / Scheduler	1.00	1.00
Other (Pt Care Coordinator)	0.40	0.40
Manager of Branch Operations	0.33	0.33
RN (Care Provider)	2.00	2.00
Home Health Aide/CNA	0.50	1.00
Medical Social Worker	0.05	0.20
Physical Therapist	2.00	2.00
Occupational Therapist	0.16	0.15
Speech Therapist	0.03	0.03
Total	7.08	7.71

In Section VII.5, page 41, Liberty states that no services are proposed to be provided on a contractual basis.

In Section VII.3, page 40, Liberty provides the assumptions it used in projecting staffing levels for its patient care staff. The assumptions are shown in the table below.

Discipline	# of Equivalent Visits per Week*	# of Visits per Day
Registered Nurse	25.0	5.0
Home Health Aide/CNA	25.0	5.0
Physical Therapist	25.0	5.0
Occupational Therapist	25.0	5.0
Speech Therapist	25.0	5.0
Medical Social Worker	20.0	4.0

*Calculated by the Project Analyst (# of equivalent visits per day [page 40 of application] X 5 days per week = # of visits per week).

Regarding staffing for weekend and on-call coverage, in Section VII.7, pages 41-42, the applicant states,

“Patients will have access to care providers 24 hours a day, 7 days a week. The office will designate an on-call employee and will have a call forwarding service. Calls made to the office after regular business hours are forwarded to

the answering service, who then contacts the on-call nurse. If the nurse cannot be contacted for some reason, there is a call chain that is initiated until someone is reached who can dispatch the appropriate staff or other care provider.”

To determine if Liberty’s proposed staffing for Project Year 2 is sufficient, the Project Analyst divided the projected visits by the visits per day assumption, which results in the total work days required to complete the visits. The resulting quotient was divided by 260 work days per year (2,080 work hours per year per FTE position / 8 hours per day = 260 work days per year). This results in the number of required FTE positions. The number of required FTE positions was then compared to the number of projected FTE positions provided by the applicant in Section VII, page 45 of the application. This calculation was performed for each discipline and is illustrated in the following table.

Discipline	Projected Visits Project Year 2 (Sections IV) (A)	Visits per Day Project Year 2 (Section VII) (B)	Required FTE Positions* [(A)/(B)] / 260	Projected FTE Positions Project Year 2 (Section VII)
Registered Nurse	2,561	5.00	1.97	2.00
Home Health Aide/CNA	499	5.00	0.38	1.00
Physical Therapist	2,183	5.00	1.68	2.00
Occupational Therapist	72	5.00	0.06	0.15
Speech Therapist	253	5.00	0.19	0.03
Medical Social Worker	37	4.00	0.04	0.20

*Calculated by the Project Analyst.

As shown in the table above, Liberty’s projected FTE positions in Project Year 2 are equal to or exceed the required FTE positions as calculated by the project analyst in each position except the speech therapist. The applicant projects 0.03 of an FTE position but needs 0.19 of an FTE position based on the number of speech therapy visits it projects in Table IV.2 on page 31. Thus the applicant’s projection is 0.16 of an FTE low and \$13,910 (0.16 X \$84,500) short on salary/operating expenses. In addition, there is an inconsistency with the projected number of FTE positions, the proposed salaries, and the salary expense projected on the pro forma. The Project Year 2 pro forma salary expense, based on projected FTE positions, is \$12,794, \$6,744 and \$21,766 too low for the home health aide/CNA, medical social worker and physical therapist positions, respectively. Other positions include salary expense above the stated annual salary times the projected number of FTE positions. These differences, added to the shortage for the speech therapist salary, result in a net shortage of salary expense of \$39,135, not including taxes and benefits.

To further illustrate the inconsistency of the projected staffing and salary expense, the following table shows the projected FTE positions, projected annual salaries and annual salary expense from Form B for the RN and Speech Therapy positions.

	Projected # FTE Positions	Projected Annual Salary	Calculated Salary Expense	Salary Expense Form B	Visits
	(a)	(b)	(c)	(d)	(e)
RN					
PY1	2.0	\$ 64,716.00	\$ 129,432.00	\$ 138,940.00	2,027
PY2	2.0	\$ 66,010.32	\$ 132,020.64	\$ 137,080.00	2,561
PT					
PY1	2.0	\$ 74,334.00	\$ 148,668.00	\$ 146,497.00	1,961
PY2	2.0	\$ 75,820.68	\$ 151,641.36	\$ 129,875.00	2,183

Sources:

- (a) Projected FTE positions, application pages 44-45
- (b) Annual projected salary, application pages 44-45
- (c) Project Analyst's Calculation (a) x (b)
- (d) Salary Expense Form B, application page 58
- (e) Visits, application page 69

As the above table shows, Liberty projects 2.0 FTE positions for both the RN and PT position in Project Years 1 and 2. The projected salaries for each position increases by 2.0% from Project Year 1 to Project Year 2, as does the salary expense (c) as calculated by the Project Analyst. However, the salary expense from Form B, application page 58 decreases by 1.0% for the RN and decreases by 11.0% for the PT position. Visits made by both the RN and PT positions increase from Project Year 1 to Project Year 2 by 26% and 11%, respectively. Thus, the decrease in salary expense from Project Year 1 to Project Year 2 does not appear to be reasonable, considering the number of FTE positions did not decrease and the number of visits increased significantly.

Therefore, Liberty does not adequately demonstrate that its projects sufficient staffing for the provision of the proposed services. Consequently, the application is not conforming to this criterion.

UniHealth. In Section VII, pages 220-221, UniHealth provides the proposed staffing for the first two operating years of the proposed project, as shown in the table below:

UniHealth	FTEs Project Year 1	FTEs Project Year 2
Administrator	1.00	1.00
Secretary /clerk	1.00	1.00
Other Admin	1.00	1.00
Nurse Supervisor	1.00	1.00
RN (Care Provider)	1.50	3.70
LPN	0.60	1.40
Home Health Aide/CNA	0.30	0.70
Medical Social Worker	0.50	1.00
Total	6.90	10.80

In Section VII.3, page 206, UniHealth states that it proposes to use contract staff to provide physical therapy, occupational therapy and speech therapy services for the

proposed project. In Section VII, page 223, the applicant states that the hourly contract fee amount in Year 2 will be \$76.50 per hour for physical therapy, occupational therapy, and speech therapy.

In Section VII.3, pages 204-206, UniHealth provides the assumptions it uses in projecting staffing levels for its patient care staff. The assumptions are shown in the table below.

Discipline	# of Equivalent Visits per Week*	# of Visits per Day
Registered Nurse	24.30	4.86
LPN	28.00	5.60
Home Health Aide/CNA	25.95	5.19
Medical Social Worker	16.90	3.38
Physical Therapist	25.00	5.00
Occupational Therapist	25.00	5.00
Speech Therapist	Not provided	Not provided

*Calculated by the Project Analyst (# visits per day x 5 days per week = # of equivalent visits per week).

Regarding staffing for weekend and on-call coverage, in Section VII.7, pages 217-218, the applicant states:

“All UHC agencies provide coverage 24 hours a day, seven days per week.

...

For home health services, UniHealth is planning its on-call staffing to include a primary call nurse and a back-up or second call person. At UniHealth, the nurse managers will provide supervisory coverage after hours, as well.”

To determine if UniHealth’s proposed staffing for Project Year 2 is sufficient, the Project Analyst divided the projected visits by the visits per day assumption, which results in the total work days required to complete the visits. The resulting quotient was divided by 260 work days per year (2,080 work hours per year per FTE position / 8 hours per day = 260 work days per year). This results in the number of required FTE positions. The number of required FTE positions was then compared to the number of projected FTE positions provided by the applicant in Section VII of the application. This calculation was performed for each discipline and is illustrated in the following table.

Discipline	Projected Visits Project Year 2 (Section IV) (A)	Visits per Day Project Year 2 (Section VII) (B)	Required FTE Positions* [(A)/(B)] / 260	Projected FTE Positions Project Year 2 (Section VII)
Nursing (RN, LPN)	6,256	4.86	4.95	5.10
Home Health Aide/CNA	784	5.19	0.58	0.70
Medical Social Worker	92	3.38	0.10	1.00
Physical Therapist	4,408	5.00	NA	None projected
Occupational Therapist	1,553	5.00	NA	None projected
Speech Therapist	214	NA	NA	None projected

*Calculated by the Project Analyst.

As shown in the table above, UniHealth’s projected FTE positions in Project Year 2 for nursing, certified nursing assistants, and medical social workers are equal to or exceed the required FTE positions as calculated by the project analyst. In the table above, the applicant did not provide the number of contract FTE positions for physical therapists, occupational therapists, and speech therapists. Contract employees are compensated on a per visit basis. Thus, it is not necessary to provide a specific number of FTE positions. On pages 222-223, the applicant provides the hourly contract fee and the projected total number of contract visits per year for the physical therapists, occupational therapists, and speech therapists. In Form B of the pro forma financial statements, pages 248-249, UniHealth budgeted sufficient funds to cover the total hourly contract fees multiplied by the projected total number of contract visits for each of the three service disciplines projected to use contract employees.

In summary, UniHealth proposes adequate staffing for the visits it projects to perform during the second operating year. Additionally, UniHealth has proposed sufficient staffing for administrative and managerial functions of the proposed Medicare-certified home health agency. Therefore, the application is conforming to this criterion.

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C
All Applicants

Maxim. In Section VII.5, page 113, the applicant states it does not propose to contract for direct patient care services. In Section II.1(a) and (b), the applicant discusses the provision of direct care services, ancillary and support services. In Sections V.2, V.3 and VI.8, the applicant discusses anticipated referral sources. Exhibits 19 and 20 contain letters of support for the proposal from health care providers and current patients of Maxim’s Winston-Salem based licensed home care agency, and a list of referring physicians, respectively. Maxim adequately demonstrates it will provide or make arrangements for the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Well Care. In Section VII.5, page 76, the applicant states it does not propose to contract to provide home health visits. In Section II.1(a) and (b), the applicant discusses the provision of direct care services, ancillary and support services. In Sections V.2 and V.3, the applicant discusses anticipated referral sources. Exhibits 8 and 9 contain letters of support for the proposal from health care providers, requests for support and a list of healthcare providers contacted. Well Care adequately demonstrates it will provide or make arrangements for the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Liberty. In Section VII.5, page 41, the applicant states, “...no services are proposed to be provided on a contractual basis.” In Section II.1(a) and (b), pages 8-11, the applicant discusses the provision of direct care services, ancillary and support services. In Section V.2 and V.3, page 32, the applicant discusses relationships with local physicians and anticipated referral sources. In Section VI.8, pages 36-38, the applicant lists expected referral sources. Exhibit 9 contains letters of support. Liberty adequately demonstrates it will provide or make arrangements for the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

UniHealth. In Section VII.5, page 206, the applicants state speech therapy, physical therapy, and occupational therapy services will be contracted. The applicants list the proposed contracting providers on pages 211-212. In Section II.1(a) and (b), the applicants discuss the provision of direct care services, ancillary and support services, including the provision of durable medical equipment and supplies, laboratory, pharmacy and dietary services. Each of the proposed contractors are related entities of UniHealth. Exhibit 22 contains letters from the proposed contractors documenting their agreement to provide the contracted services. In Sections V.2 and V.3, pages 183-187, the applicants discuss anticipated referral sources. Exhibits 57, 58 and 71 contain solicitation letters, contact logs, and surveys documenting UHC’s efforts to coordinate the proposed services with the existing health care providers. UniHealth adequately demonstrates it will provide or make arrangements for the necessary ancillary and support services and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA
All Applicants

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that

the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers: (i) would be available under a contract of at least 5 years duration; (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO; (iii) would cost no more than if the services were provided by the HMO; and (iv) would be available in a manner which is administratively feasible to the HMO.

NA
All Applicants

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

NA
All Applicants

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:
 - (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C
Maxim
Liberty

NA
Well Care
UniHealth

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates of the percentage of uninsured for each county in North Carolina. The following table illustrates those percentages as of June 2010 and CY 2009, respectively. The data in the table were obtained on November 15, 2013. More current data, particularly with regard to the estimated uninsured percentages, were not available.

	Total # of Medicaid Eligible as % of Total Population	Total # of Medicaid Eligibles Age 21 and older as % of Total Population	% Uninsured CY 2009 (Estimate by Cecil G. Sheps Center)
Forsyth County	16%	5.7%	19.5%
Statewide	17%	6.7%	19.7%

Source: DMA Website: <http://www.ncdhhs.gov/dma/pub/index.htm>

The majority of Medicaid eligibles are children under the age of 21. This age group does not utilize the same health services at the same rate as older segments of the population.

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of persons eligible for dental services with the number actually receiving services. The statewide percentage was 48.6% for those age 20 and younger and 31.6% for those age 21 and older. Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. In addition, data is available by age, race or gender. However, a direct comparison to the applicant's current payor mix would be of little value. The population data by age, race or gender does not include information on the number of elderly, minorities or women utilizing health services. Furthermore, OSBM's website does not include information on the number of handicapped persons.

Maxim operates an existing licensed home care agency in Forsyth County. In Section VI.11, page 102, Maxim provides the FY2012 payor mix for the existing licensed home care agency, as shown in the table below.

Payor	Visits as a Percentage of Total Visits
Self Pay/ Indigent/Charity	1.0%
Commercial Insurance	15.5%
Medicaid	83.5%
Total	100.0%

As shown in the table above, during FY2012, 83.5% of Maxim’s home care patients were Medicaid recipients. Note: Maxim’s existing licensed home care agency is not currently certified for Medicare reimbursement.

Maxim demonstrates that it provides adequate access to medically underserved groups. Therefore, the application is conforming to this criterion.

Liberty does not own or operate an existing licensed home care agency in Forsyth County. However, Liberty affiliates operate existing Medicare-certified home health agencies in the surrounding counties of Davidson and Surry which, based on FY2011 data in the 2013 SMFP, Table 12A, served 118 and 4 Forsyth patients, respectively.

Liberty did not provide the payor mix for the last full operating year for the existing Medicare-certified home health agencies in Davidson and Surry County. The analyst was able to obtain payor data for Liberty’s Davidson and Surry County Medicare-certified home health agencies from 2013 License Renewal Applications (LRAs) as shown below:

Liberty Davidson County HH Agency

Payor	2012 Visits as a Percentage of Total Visits
Medicare/Medicare HMO	46.88%
Medicaid	3.53%
Commercial Insurance	49.49%
Indigent/Non-Pay	0.03%
Other (Supplemental Staffing)	0.07%
Total	100.00%

Liberty Surry County HH Agency

Payor	2012 Visits as a Percentage of Total Visits
Medicare/Medicare HMO	60.64%
Medicaid	9.53%
Commercial Insurance	29.64%
Indigent/Non-Pay	0.02%
Other (Supplemental Staffing)	0.17%
Total	100.00%

As shown in the tables above, there is a variance in the percentages of care by payor for the two Liberty agencies, which could be indicative of the demographic differences of the two counties or simply based on referrals received by the agencies.

Liberty’s percent of visits provided to both Medicare and Medicaid appear to be within the range of that of the existing providers in Forsyth County, as the following table shows.

Payor	Range of Average Visits as a Percentage of Average Total Visits
Medicare/Medicare HMO	17.0% to 64.5%
Medicaid	1.5% to 26.3%

Source: 2013 LRAs

Therefore, Liberty demonstrates that it provides adequate access to medically underserved groups. Thus, the application is conforming to this criterion.

None of the other applicants operates an existing Medicare-certified home health agency or an existing licensed home care agency in Forsyth County. Furthermore, none of the other applicants have an affiliation with an existing Medicare-certified home health agency that serves a substantial number of Forsyth County residents out of an office located in another county.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C
All Applicants

Maxim. In Section VI.9, page 101, the applicant states, “*Maxim has not had any civil rights equal access complaints filed against its North Carolina home*

health agencies in the last five years.” In Section VI.10, pages 101-102, the applicant states,

“Maxim is not obligated under federal regulations to provide uncompensated care, community service, or access by minorities or handicapped persons.

Throughout North Carolina, Maxim provides, and will continue to provide, uncompensated care, community service and other services to the local community, as previously described in Section VI. Maxim does not discriminate based on race, creed, color, sex, age, religion, national origin, medical condition, disability, veteran status, sexual orientation, genetic information or ability to pay.”

Exhibits 4 and 12 contain financial policies and admission policies, respectively. The application is conforming to this criterion.

Well Care. In Section VI.9, page 72, the applicant states *“The applicant has had no civil rights equal access complaints within the past five years.”* In Section VI.10, page 72, the applicant states *“The applicant and parent company have no obligations to provide uncompensated care, community service, or access by minorities or handicapped persons.”* Exhibit 18 contains Well Care’s admissions policies and charity care policy. The application is conforming to this criterion.

Liberty. In Section VI.9, page 38, the applicant states, *“No civil rights equal access complaints have been filed against any Liberty home health agency or office.”* In Section VI.10, page 39, the applicant states:

“Liberty does not have any obligation under any regulations to provide uncompensated care, community service, or access by minorities and handicapped persons. Liberty does, however, provide all of these services and will continue to do so at its new Forsyth County agency. As stated throughout this application, Liberty does not discriminate against any patient based on race, ethnicity, sex, age, religion, handicap, sexual orientation, or ability to pay.”

See Exhibit 10 for Liberty’s admission policies. The application is conforming to this criterion.

UniHealth. In Section VI.9, page 201, the applicant states, *“No civil rights equal access complaints have been filed against an existing UHS home health agency in North Carolina in the last five years.”* In Section VI.10, page 202, the applicant states, *“The applicants have no obligation, but still willingly provide uncompensated care, community service, and access to minorities and handicapped persons.”* UniHealth provides financial/admissions policies in

Exhibit 9. The application is conforming to this criterion

- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant’s proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

NC
Well Care

C
Maxim
Liberty
UniHealth

The following table illustrates the FFY2012 payor mix for the existing Medicare-certified home health agencies located in Forsyth County (Forsyth County agencies), as reported in their 2013 LRAs.

Existing Medicare-Certified Home Health Agencies Located in Forsyth County	Percent of Total Visits	
	Medicare	Medicaid
Advanced Home Care HC0499	45.5%	6.3%
Amedisys HC1304	58.1%	4.4%
Gentiva Health Services HC0567	51.6%	8.0%
Gentiva Health Services HC0231	60.8%	15.4%
Gentiva Health Services HC1131	49.6%	1.5%
Gentiva Health Services HC1210	57.8%	9.9%
Bayada Home Health Care HC0005	64.5%	9.4%
Hospice & Palliative Care Center HC0409	84.1%	4.9%
Interim HealthCare of the Triad HC1886	17.0%	26.3%
Average *	53.1%	8.3%

* This was not calculated by adding up the percentages for each agency and dividing by 9 (there are 9 agencies listed in the table). It is a “weighted average.” For example, to calculate the Average Medicare percentages, the total visits provided by each agency were added together (A), the Medicare visits provided by each agency were added together (B) and then B was divided by A. The Average Medicaid percentages were calculated in the same manner. A weighted average gives more “weight” to those agencies that provided more visits. The total number of visits provided by the agencies listed in the table varies considerably, just like the Medicare and Medicaid percentages. Bayada and Interim both report conflicting numbers of total visits within their LRAs; thus only the visit data within the Payment Source table on page 4 of the LRA was used in the calculation above without comparison to total visit data on the tables by county or staffing on pages 2 and 7 of the LRA, respectively.

As shown in the table above, the weighted average Medicare percentage for all Forsyth County agencies was 53.1% in FFY2012 and the weighted average Medicaid percentage was 8.3%. The Medicare percentage ranges from a low of 17% to a high of 84.1%. The Medicaid percentages range from a low of 1.5% to 26.3%.

Maxim. In Section VI.12, page 103, the applicant provides the following projected payor mix for the second year of operation.

Payor	Duplicated Patients as a % of Total Duplicated Patients (from Section VI.12, page 103)	Visits as a % of Total Visits (from Section VI.12, page 103)
Medicare	65.1%	79.0%
Medicaid	17.8%	11.3%
Commercial	10.3%	5.8%
Self Pay/Indigent/Charity	0.8%	0.5%
Other*	6.1%	3.4%
Total	100.0%	100.0%

*Other includes VA, Champus, Workers Comp and private pay

The projected Medicare percentage for visits is within the range of reported Medicare percentages by existing Forsyth County agencies. The projected Medicaid percentage for visits is also within the range reported by the existing Forsyth County agencies.

The applicant demonstrates that the elderly and medically underserved groups will have adequate access to the proposed home health services. Therefore, the application is conforming to this criterion.

Well Care. In Section VI.12, page 73, the applicant provides the following projected payor mix for the second year of operation.

Payor	Duplicated Patients as a % of Total Duplicated Patients (from Section VI.12, page 73)	Visits as a % of Total Visits (from Section VI.12, page 73)
Medicare	68.00%	82.31%
Medicaid	26.75%	21.59%
Commercial Insurance	3.50%	2.04%
Indigent/Charity	1.25%	0.28%
Self Pay/Champus	0.50%	0.29%
Total	100.00%	106.48%

As shown in the table above, the sum of the percentages reported by the applicant on page 73 is 106.48%, not 100%. The total should not exceed 100%. Well Care provides conflicting data on visits per patient, the distribution of patients by payor and the total number of visits. See Criterion (3) for additional discussion which is incorporated hereby as if set forth fully herein. The projected patients and visits by service discipline tables on page 59 show PY1 and PY2 visit totals of 8,429 and 13,183, respectively. The tables on pages 51, 61, and 115 also show 8,429 and 13,183 for total visits in PY1 and PY2, respectively. However, the individual visits by payor, as listed on those tables do not sum to the totals listed. Specifically, if one multiplies the number of patients by visits per patient for PY1 and PY2, the total for visits is 8,980 and

14,040, respectively, not 8,429 and 13,183 as presented in the tables, a difference of 857 visits in PY2. Also, the percentages do not sum to 100%; they sum to 106.5%, for both years. If the total visits number is correct at 13,183 in PY2, then “visits per patient” and/or “visits by payor” are not correct. The same is true for PY1. Additional assumptions were not clearly stated. The applicant does not provide sufficient information in the application to determine the “correct” payor percentages.

The applicant does not demonstrate that the elderly and medically underserved groups will have adequate access to the proposed home health services. Therefore, the application is not conforming to this criterion.

Liberty. In Section VI.12, page 39, the applicant provides the following projected payor mix for the second year of operation.

Payor	Duplicated Patients as a % of Total Duplicated Patients (from Section VI.12, page 39)	Visits as a % of Total Visits (from Section VI.12, page 39)
Medicare	65.50%	71.50%
Medicaid	5.90%	3.60%
Commercial	19.20%	15.80%
Indigent/Charity	1.50%	0.20%
Other(Non-Medicare PPS)	7.90%	8.80%
Total	100.00%	100.00%

Totals may not sum due to rounding.

The projected Medicare percentage for visits is within the range of reported Medicare percentages by existing Forsyth County agencies. The projected Medicaid percentage for visits is also within the range reported by the existing Forsyth County agencies.

The applicant adequately demonstrates that the elderly and medically underserved groups will have adequate access to the proposed home health services. Therefore, the application is conforming to this criterion.

UniHealth. In Section VI.12, page 203, the applicant provides the following projected payor mix for the second year of operation.

Payor	Duplicated Patients as a % of Total Duplicated Patients (from Section VI.12, page 203)	Visits as a % of Total Visits (from Section VI.12, page 203)
Medicare	71.70%	79.99%
Medicaid	19.10%	15.86%
Commercial	5.60%	2.58%
Charity	1.70%	0.77%
Private Pay	0.70%	0.18%
Other	1.20%	0.62%
Total	100.00%	100.00%

Other includes VA and Direct Contract

The projected Medicare percentage for visits is within the range reported by existing Forsyth County agencies. The projected Medicaid percentage for visits is comparable to the weighted average for the existing Forsyth County agencies.

The applicants demonstrate that the elderly and medically underserved groups will have adequate access to the proposed home health services. Therefore, the application is conforming to this criterion.

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C
All Applicants

Maxim. In Section VI.8(a), pages 98-100, Maxim identifies the range of means by which a person will have access to its services and includes a list of expected referral sources. Exhibit 19 contains letters of support from anticipated referral sources. The applicant adequately demonstrates that it will offer a range of means for access to the proposed home health services. Therefore, the application is conforming to this criterion.

Well Care. In Section VI.8(a), pages 70-71, Well Care identifies the range of means by which a person will have access to its services. Exhibit 7 contains a list of anticipated referral sources. The applicant adequately demonstrates that it will offer a range of means for access to the proposed home health services. Therefore, the application is conforming to this criterion.

Liberty. In Section VI.8(a), pages 36-38, Liberty identifies the range of means by which a person will have access to its services and provides a list of anticipated referral sources. The applicant adequately demonstrates that it will offer a range of means for access to the proposed home health services. Therefore, the application is conforming to this criterion.

UniHealth. In Section VI.8(a), pages 200-201, UniHealth identifies the range of

means by which a person will have access to its services. Exhibits 57, 58 and 71 contain letters of solicitation, survey information and a contact log. The applicants adequately demonstrate that UniHealth will offer a range of means for access to the proposed home health services. Therefore, the application is conforming to this criterion.

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C
All Applicants

Maxim. In Section V.1, page 87, the applicant states:

“Maxim is committed to establishing and maintaining collaborative relationships with local and regional health professional training programs. The proposed Medicare-certified Home Health Agency in Forsyth County will be available to all area schools and training programs, as necessary. Maxim has sent letters to Winston-Salem State regarding the development of a training agreement for the proposed project.”

See Exhibit 10. The applicant adequately demonstrates that the proposed facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

Well Care. In Section V.1, page 62, the applicant states, *“Well Care has experienced staff and extensive training resources that can be shared with health professional students through a clinical training agreement. Well Care is willing to establish clinical training affiliation agreements with health professional training programs.”* Exhibit 17 contains copies of the letters sent to area health professional training programs, including Forsyth Technical Community College and University of North Carolina Greensboro School of Nursing, requesting support and stating a commitment to developing clinical training agreements with area nursing and allied health programs. The applicant adequately demonstrates that the proposed facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

Liberty. In Section V.1, page 32, the applicant states, *“Liberty has training agreements in place with health professional training programs at several of its agencies, including in neighboring Guilford County with UNC-Greensboro.”* Exhibit 8 contains copies of existing professional training agreements. Exhibit 8 also contains copies of letters sent by the applicant to Forsyth Technical Community College, Winston-Salem State University, and Wake Forest School of Medicine offering the proposed home health agency as a clinical training site. The applicant adequately demonstrates that the proposed facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

UniHealth. In Section V.1, page 182, the applicants state:

“UniHealth is committed to assisting health professional programs meet their clinical training needs when such assistance is requested. One of UHC’s objectives, when establishing a home health agency in a new service area, is to set up a cooperative program with local community colleges that offer nursing, social work, and therapy programs.

...

UniHealth has communicated its interest in developing additional relationships with local health professional programs, reaching out to six training programs in the proposed service area.”

Exhibit 59 contains copies of correspondence sent to area health professional training programs, including Forsyth Technical Community College, Winston-Salem State University, Guilford Technical Community College, Davidson College, University of North Carolina at Greensboro, and High Point University expressing an intention to offer the proposed agency as a clinical training site. The applicants adequately demonstrate that the proposed facility will accommodate the clinical needs of health professional training programs in the area. Therefore, the application is conforming to this criterion.

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.

- (18a) 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 a service on which competition will not have a favorable impact.

NC
Well Care
Liberty

C
Maxim
UniHealth

The 2013 SMFP identifies a need for one additional Medicare-certified home health agency in Forsyth County. Four applications were submitted to the Certificate of Need Section, each proposing to develop one Medicare-certified home health agency in Forsyth County.

Per the 2013 SMFP and 2013 License Renewal Applications, there are currently nine existing Medicare-certified home health agencies or offices located in Forsyth County, as shown in the following table.

Existing Medicare-Certified Home Health Agencies Located in Forsyth County	Street Address	City
Advanced Home Care HC0499	1100 S. Stratford Road	Winston-Salem
Amedisys HC1304	1101 S. Stratford Road	Winston-Salem
Gentiva Health Services HC0567	3187 Peters Creek Parkway	Winston-Salem
Gentiva Health Services HC0231	145 Kimel Park Drive	Winston-Salem
Gentiva Health Services HC1131	3187 Peters Creek Parkway	Winston-Salem
Gentiva Health Services HC1210	720 Parke Centre	Kernersville
Bayada Home Health Care HC0005	2599 Landmark Drive	Winston-Salem
Hospice & Palliative Care Center HC0409	101 Hospice Lane	Winston-Salem
Interim HealthCare of the Triad HC1886	3325 Healy Drive	Winston-Salem

Maxim currently owns and operates Medicare-certified home health agencies in other states; however, not in North Carolina. Maxim also owns and operates 17 licensed home care agencies in North Carolina, including one in Forsyth County. Since this application was submitted, a certificate of need was issued to Maxim to develop a home health agency in Wake County. In Section V.7, pages 90-93, the applicant discusses how any enhanced competition in the service area will have a positive impact on the cost-effectiveness, quality and access to the proposed services. The applicant states:

“According to the National Association for Home Care & Hospice, home care is a cost-effective service for individuals recuperating from a hospital stay and for those who, because of a functional or cognitive disability, are unable to care for themselves.

...

The proposed project will provide high quality home health services by an organization that is recognized for excellence in care delivery.

...

All persons will have access to Maxim’s home health services. Maxim will render appropriate medical care to all persons in need of care, regardless of their ability to pay.”

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need to develop a new Medicare-certified home health agency in Forsyth County and that it is a cost-effective alternative;
- The applicant will provide quality services; and
- The applicant proposes to provide adequate access to medically underserved populations.

The application is conforming to this criterion.

Well Care does not currently own or operate a Medicare-certified home health agency in Forsyth County, but states on page 4 that it owns and operates Medicare-certified home health agencies in New Hanover and Wake counties. Also, on pages 4-5, the applicant lists 6 home care offices in North Carolina currently owned and operated by Well Care. In Section V.7, pages 65-66, the applicant discusses how any enhanced competition in the service area will have a positive impact on the cost-effectiveness, quality and access to the proposed services. The applicant states:

“Cost effectiveness of the project is enhanced by developing the home health office in leased space. The availability of Well Care’s corporate resources and information systems is a competitive advantage that is not available to other providers.

This proposed project will benefit from extensive resources such as existing policies and procedures, billing systems, and marketing support that are afforded through the corporate offices and Well Care resource staff.

Well Care is committed to expanding healthcare services to the medically underserved population and to provide access to all patients in need of services regardless of their ability to pay, insurance coverage, handicap, racial/ethnic background, language or gender.”

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant regarding quality is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on the quality of the proposed services.

However, the applicant does not adequately demonstrate that any enhanced competition will have a positive impact on the cost effectiveness and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant does not adequately demonstrate the need to develop a new Medicare-certified home health agency in Forsyth County. See Criterion (3) for discussion which is incorporated hereby as if set forth fully herein. Thus, the proposal is not cost effective.
- The applicant does not adequately demonstrate that projected operating costs and revenues are reliable. See Criterion (5) for discussion which is incorporated hereby as if set forth fully herein. Therefore, the applicant does not adequately demonstrate that its proposal is a cost-effective alternative.
- The applicant does not adequately demonstrate that it proposes to provide adequate access to medically underserved populations. See Criterion (13c) for discussion which is incorporated hereby as if set forth fully herein.

Therefore, the application is not conforming to this criterion.

Liberty does not currently own or operate a Medicare-certified home health agency in Forsyth County, but affiliates own and operate Medicare-certified home health agencies in other North Carolina counties. In Section V.7, pages 33-34, the applicant discusses how any enhanced competition in the service area will have a positive impact on the cost-effectiveness, quality and access to the proposed services. The applicant states:

“Home health care is the most cost effective type of post-acute, long term care that is available today. Liberty will expand that cost effective service with the addition of a new agency in Forsyth County. ... Liberty will provide services for a charge that is very competitive in the existing market, which will encourage other competitors in the market to keep their prices low while continuing to provide quality care.”

The applicant states that Liberty is an experienced provider of high quality home care services throughout North Carolina and *“will bring this quality expertise to Forsyth County.”*

The applicant further states:

“Liberty will admit anyone needing home health services that Liberty is able to provide, regardless of ability to pay, race, gender, ethnicity, age or disability. Thus, all residents of Forsyth County will have expanded access to a cost effective, high quality health care service.”

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant regarding access is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on access to the proposed services.

However, Liberty does not adequately demonstrate that any enhanced competition will have a positive impact on the cost effectiveness and quality of the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant does not adequately demonstrate that projected operating costs are reliable. See Criterion (5) for discussion which is incorporated hereby as if set forth fully herein. Therefore, the applicant does not adequately demonstrate that its proposal is a cost-effective alternative.
- The applicant does not adequately demonstrate it projects sufficient staffing. See Criterion (7) for discussion which is incorporated hereby as if set forth fully herein. Therefore, the applicant does not adequately demonstrate it will provide quality services.

The application is not conforming to this criterion.

UniHealth does not currently own or operate a Medicare-certified home health agency in Forsyth County. However, UniHealth owns a Medicare-certified home health agency in Wake County and one in Surry County. In Section III, page 109 and Section V.7, pages 190-196, the applicants discuss how any enhanced competition in the service area will have a positive impact on the cost-effectiveness, quality and access to the proposed services. On page 109, the applicants state:

“A new Forsyth County provider that has strong, well developed service programs and experience with the local market will stimulate competition, which often results in improved quality of care, expanded access and lower out-of-pocket client costs.”

On pages 192-195, the applicants state:

“Operationally, UniHealth will contain costs through efficient use of health care resources, economies of scale, and careful use of external productivity benchmarks.

...

As discussed in response to Policy GEN-3, UniHealth and its family of companies have an intense commitment to quality, including all of the elements of the CMS Triple Aim.

...

As discussed in Section III.2, the proposed project will provide access to home health services for clients who have limited financial resources and the medically underserved.

UniHealth does not discriminate on the basis of payor source, race, color, national origin, age, sex, religious belief, handicap or other categories that would classify a person as being underserved.”

See also Sections II, III, V, VI and VII where the applicants discuss the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicants in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicants adequately demonstrate the need to develop a new Medicare-certified home health agency in Forsyth County and that it is a cost-effective alternative;
- The applicants will provide quality services; and
- The applicants will provide adequate access to medically underserved populations.

The application is conforming to this criterion.

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C
Maxim
Liberty

NA – All Other Applicants

Maxim currently owns and operates a licensed home care agency in Forsyth County. The agency is not Medicare-certified. According to the Acute and Home Care Licensure and Certification Section, Division of Health Service Regulation, there were no incidents during the 18 months immediately preceding the date of this decision which resulted in any of the following actions: provisional license; suspension of services; intent to revoke license; or revocation of license. Therefore, the application is conforming to this criterion.

Liberty does not currently own or operate a licensed home care agency or a Medicare-certified agency in Forsyth County. Liberty affiliates do, however, own and operate Medicare-certified home health agencies in Davidson and Surry counties which provide services to Forsyth County patients. According to the Acute and Home Care Licensure and Certification Section, Division of Health Service Regulation, there were no incidents during the 18 months immediately preceding the date of this decision which

resulted in any of the following actions: provisional license; suspension of services; intent to revoke license; or revocation of license. Furthermore, the agencies operated in compliance with all Medicare Conditions of Participation during the same time period. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.
- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

NC
Well Care
Liberty

C
Maxim
UniHealth

The proposals submitted by Maxim and UniHealth are conforming with all applicable Criteria and Standards for Home Health Services promulgated in 10A NCAC 14C .2000. The proposals submitted by Well Care and Liberty are not conforming with all applicable Criteria and Standards for Home Health Services promulgated in 10A NCAC 14C .2000.

The specific criteria are discussed below.

SECTION .2000 CRITERIA AND STANDARDS FOR HOME HEALTH SERVICES

10A NCAC 14C .2002 INFORMATION REQUIRED OF APPLICANT

.2002(a) An applicant shall identify:

(1) the counties that are proposed to be served by the new office;

- C- **Maxim** projects serving residents of Forsyth County.
- C- **Well Care** projects serving residents of Forsyth County and nearby counties including Davidson, Davie, Guilford, Yadkin, Surry, Stokes and Rockingham.
- C- **Liberty** projects serving residents of Forsyth County.
- C- **UniHealth** projects serving residents of Forsyth County and nearby counties

including Davie, Guilford, Surry, and Yadkin counties.

(2) *the proposed types of services to be provided, including a description of each discipline;*

-C- **Maxim.** In Section II.1, pages 10-20, the applicant describes the services it proposes to offer by each discipline.

-C- **Well Care.** In Section II.1, pages 9-16, the applicant describes the services it proposes to offer by each discipline.

-C- **Liberty.** In Section II.1, pages 8-11, the applicant describes the services it proposes to offer by each discipline.

-C- **UniHealth.** In Section II.1, pages 33-67, the applicants describe the services proposed by each discipline.

(3) *the projected total unduplicated patient count of the new office for each of the first two years of operation;*

-C- **Maxim.** In Section IV.1, pages 72-73, the applicant projects to serve 439 unduplicated patients in Year 1 and 542 unduplicated patients in Year 2.

-C- **Well Care.** In Section IV.1, page 58, the applicant projects to serve 378 unduplicated patients in Year 1 and 591 unduplicated patients in Year 2.

-C- **Liberty.** In Section III.1, page 23, the applicant projects to serve 313 unduplicated patients in Year 1 and 330 unduplicated patients in Year 2.

-C- **UniHealth.** In Section IV.1, page 163, the applicants project to serve 257 unduplicated patients in Year 1 and 583 unduplicated patients in Year 2.

(4) *the projected number of patients to be served per service discipline for each of the first two years of operation;*

-C- **Maxim.** In Section IV, pages 74-75, the applicant provides the projected number of patients to be served per service discipline for each of the first two years of operation of the proposed home health agency.

-C- **Well Care.** In Section IV, page 59, the applicant provides the projected number of patients to be served per service discipline for each of the first two years of operation of the proposed home health agency.

-C- **Liberty.** In Section IV, page 31, the applicant provides the projected number of patients to be served per service discipline for each of the first two years of operation of the proposed home health agency.

-C- **UniHealth.** In Section IV, page 164, the applicants provide the projected number of patients to be served per service discipline for each of the first two years of operation of the proposed home health agency.

(5) *the projected number of visits by service discipline for each of the first two years of operation;*

-C- **Maxim.** In Section IV, pages 74-75, the applicant provides the projected number

of visits by service discipline for each of the first two years of operation of the proposed home health agency.

- NC- **Well Care.** In Section IV, page 59, the applicant provides the projected number of visits by service discipline for each of the first two years of operation of the proposed home health agency. However, the applicant provides inconsistent information which renders the projections unreliable. See discussion of projected utilization in Criterion (3) which is incorporated hereby as if set forth fully herein.
- C- **Liberty.** In Section IV, page 31, the applicant provides the projected number of visits by service discipline for each of the first two years of operation of the proposed home health agency.
- C- **UniHealth.** In Section IV, page 164, the applicants provide the projected number of visits by service discipline for each of the first two years of operation of the proposed home health agency.

(6) *within each service discipline, the average number of patient visits per day that are anticipated to be performed by each staff person;*

- C- **Maxim.** In Section VII.3, pages 110-111, the applicant provides, for each service discipline, the average number of visits per day that are anticipated to be performed by each staff person.
- C- **Well Care.** In Section VII.3, page 75, the applicant provides, for each service discipline, the average number of visits per day that are anticipated to be performed by each staff person.
- C- **Liberty.** In Section VII.3, page 40, the applicant provides, for each service discipline, the average number of visits per day that are anticipated to be performed by each staff person.
- C- **UniHealth.** In Section VII.3, pages 204-206, the applicants provide, for each service discipline, the average number of visits per day that are anticipated to be performed by each staff person.

(7) *the projected average annual cost per visit for each service discipline;*

- C- **Maxim.** In Section X.1, page 125, the applicant provides the projected average annual cost per visit for each proposed service discipline.
- NC- **Well Care.** In Section X.1, page 95, the applicant provides the projected average annual cost per visit for each proposed service discipline. However, the applicant provides inconsistent information which renders the projections unreliable; therefore the “projected average annual cost per visit” assumption is also unreliable. See discussion of projected utilization in Criterion (3) which is incorporated hereby as if set forth fully herein.
- NC- **Liberty.** In Section X.1, page 51, the applicant provides the projected average annual cost per visit for each proposed service discipline. However, Liberty does not adequately demonstrate the projected staffing and operating costs are based on reasonable, credible and supported assumptions, therefore, the projected average annual cost per visit is unreliable. See discussions of projected costs and

staffing in Criteria (5) and (7), respectively, which are incorporated hereby as if set forth fully herein.

- C- **UniHealth.** In Section X.1, pages 233-234, the applicant provides the projected average annual cost per visit for each proposed service discipline.

(8) *the projected charge by payor source for each service discipline;*

- C- **Maxim.** In Section X.2, page 126, the applicant provides the projected charge per visit for each proposed service discipline. The applicant states on page 127, “Proposed charges will not differ by payor.”
- C- **Well Care.** In Section X.2, page 96, the applicant provides the projected charge per visit for each proposed service discipline. The applicant states on page 96, “Proposed charges do not differ by payor.”
- C- **Liberty.** In Section X.2, page 51, the applicant provides the projected charge per visit for each proposed service discipline. The applicant states on page 51, “These rates are for Medicaid, Commercial Insurance, private Pay, and Indigent patients.”
- C- **UniHealth.** In Section X.2, page 235, the applicants provide the projected charge per visit for each proposed service discipline. The applicants state, “Proposed charges will not differ by payor. Differences in payor reimbursement are reflected in contractual adjustments.”

(9) *the names of the anticipated sources of referrals; and*

- C- **Maxim.** In Sections V.2 and V.3, pages 87-88, Section VI.8, pages 98-100 and Exhibit 20, the applicant identifies anticipated referral sources. Exhibit 19 contains letters of support for the proposal from health care providers and a list of health care providers contacted.
- C- **Well Care.** In Sections V.2 and V.3, pages 63-64, and Section VI.8, pages 70-71, the applicant discusses access to services and anticipated referral sources. Exhibit 7 contains a list of expected referral sources. Exhibit 8 contains letters of support for the proposal from health care providers and a letters from Well Care to health care providers.
- C- **Liberty.** In Sections V.2 and V.3, page 32, and Section VI.8, pages 36-38, the applicant identifies anticipated referral sources. Exhibit 9 contains letters of support for the proposal from health care providers and community members.
- C- **UniHealth.** In Sections V.2 and V.3, pages 183-187, and Section VI.8, page 201, the applicants identify anticipated referral sources. Exhibits 57, 58 and 71 contain letters of solicitation, survey information and a contact log.

(10) *documentation of attempts made to establish working relationships with the sources of referrals.*

- C- **Maxim.** In Sections V.2 and V.3, pages 87-88, and Section VI.8, pages 98-100, the applicant notes that it operates an existing licensed home care agency that has served over 1,500 patients and describes its existing working relationships with

referral sources. Exhibit 19 contains support letters and Exhibit 20 contains a list of referral sources.

- C- **Well Care.** Exhibit 8 contains letters of support for the proposed project and letters from Well Care contacting area healthcare providers. Exhibit 9 contains a list of persons contacted regarding the proposed project. Exhibit 7 contains a list of expected referral sources.
- C- **Liberty.** In Sections V.2 and V.3, page 32, and Section VI.8, pages 36-38, the applicant describes its existing working relationships with referral sources. Exhibit 9 contains letters of support from area nurses, physicians and community members.
- C- **UniHealth.** In Section VI.8, page 201, the applicants state,

“UniHealth expects to receive referrals from local physician, acute care hospitals, nursing facilities, assisted living facilities, senior centers, wound care facilities, private duty and home care agencies, local physicians, other home health agencies, hospice agencies, self-referrals, DSS the Health Department and local churches and organizations Please see Exhibits 57, 58 and 71 for letters of solicitation and survey information from some of these organizations.”

Exhibits 57, 58 and 71 contain letters of solicitation, survey information and a contact log. It appears from the log that several responses were received from the same facilities, by different nurses, physicians or social workers. However, even after filtering out multiple referrals from the same facilities and to be conservative, averaging the individual number of referrals by facility, the applicants document a potential for 82 referrals per month (984 annually) from facilities in Forsyth County alone. This number of referrals is greater than the applicants’ projected utilization for the second year of operation.

All assumptions, including the specific methodology by which patient utilization and costs are projected, shall be clearly stated.

- C- **Maxim.** The applicant provides the assumptions and methodology used to project utilization in Sections III and IV of the application. Assumptions regarding costs are contained in Section X and the pro formas. All assumptions are clearly stated.
- NC- **Well Care.** The applicant provides the assumptions and methodology used to project utilization in Sections III, pages 41-51, Section IV, pages 60-61 and Section VII, page 75. Assumptions regarding costs are contained in Section X and the pro forma financial statements. However, the applicant provides inconsistent information which renders the utilization projections unreliable. See discussion of projected utilization in Criterion (3) which is incorporated hereby as if set forth fully herein.
- NC- **Liberty.** The applicant provides the assumptions and methodology used to project utilization in Sections III and IV of the application and in the worksheets

in the pro forma financial statements. Assumptions regarding costs are contained in Section X and the pro formas. However, Liberty does not demonstrate the projected staffing and operating costs are based on reasonable, credible and supported assumptions, therefore, the projected costs are unreliable. See discussions of projected costs and staffing in Criteria (5) and (7), respectively, which are incorporated hereby as if set forth fully herein.

-C- **UniHealth.** The applicants provide the assumptions and methodology used to project utilization in Section IV.3, pages 165-181. Assumptions regarding costs are in Section X.1, pages 233-234 and in the pro forma financial statements. All assumptions are clearly stated.

.2002(b) *An applicant shall specify the proposed site on which the office is proposed to be located. If the proposed site is not owned by or under the control of the applicant, the applicant shall specify an alternate site. The applicant shall provide documentation from the owner of the sites or a realtor that the proposed and alternate site(s) are available for acquisition.*

-C- **Maxim.** In Section XI, pages 132-133, the applicant identifies only one site for the proposed Medicare-certified home health agency. Exhibit 2 contains the executed lease for the existing licensed home care agency. Maxim adequately demonstrates that the proposed site is “*under the control of the applicant.*”

-C- **Well Care.** The applicant discusses the site, 495 Arbor Hill Road, Suite C or Suite D, in Section XI, pages 100-101. Exhibit 23 contains a map identifying the proposed address and service area. Exhibit 10 provides a realtor letter documenting availability of both office suites at the proposed address.

-NC- **Liberty.** In Section XI, page 55, the applicant discusses the site. Exhibit 14 contains a map identifying the location of the proposed site. Exhibit 15 contains a letter from the realtor stating one site address, square footage, rent and terms for that site. The applicant did not provide documentation that the proposed site is “*owned by or under the control of the applicant*” and did not identify an alternate site. Therefore, the application is nonconforming with this Rule.

-C- **UniHealth.** The applicants discuss the proposed primary and secondary sites in Section XI.1(a) through (d), page 241, and Section XI.3(a) through (d), page 242. Exhibit 12 contains documentation of site availability.

.2002(c) *An applicant proposing to establish a new home health agency pursuant to a need determination in the State [sic] Medical Facilities Plan to meet the special needs of the non-English speaking, non-Hispanic population shall provide the following additional information:*

(1) *for each staff person in the proposed home health agency, identify the foreign language in which the person is fluent to document the home health agency will have employees fluent in multiple foreign languages other than Spanish, including Russian;*

(2) *description of the manner in which the proposed home health agency will actively market and provide its services to non-English speaking, non-*

- (3) *Hispanic persons; and documentation that the proposed home health agency will accept referrals of non-English speaking, non-Hispanic persons from other home health agencies and entities, within Medicare Conditions of Participation and North Carolina licensure rules.*

-NA- **None of the applicants** propose to establish a new Medicare-certified home health agency pursuant to a need determination in the State Medical Facilities Plan to meet the special needs of the non-English speaking, non-Hispanic population.

10A NCAC 14C .2003 PERFORMANCE STANDARDS

An applicant shall project, in the third year of operation, an annual unduplicated patient caseload for the county in which the facility will be located that meets or exceeds the minimum need used in the applicable State Medical Facilities Plan to justify the establishment of a new home health agency office in that county. An applicant shall not be required to meet this performance standard if the home health agency office need determination in the applicable State Medical Facilities Plan was not based on application of the standard methodology for a Medicare-certified home health agency office.

- C- **Maxim.** In Section II, page 42, the applicant projects to serve 568 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2013 State Medical Facilities Plan.
- C- **Well Care.** In Section II, page 25, the applicant refers to the table on page 45, projecting 649 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2013 State Medical Facilities Plan. However, see Criterion (3) for discussion regarding the reasonableness of projected visits.
- C- **Liberty.** In Section II, page 17, the applicant proposes to serve 313 unduplicated patients in the first year of operation, and 330 in year two. Page 62 of the pro forma worksheets shows the applicant projects serving 348 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2013 State Medical Facilities Plan.
- C- **UniHealth.** In Section III.4, page 159, the applicant projects to serve 604 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2013 State Medical Facilities Plan.

10A NCAC 14C .2005 STAFFING AND STAFF TRAINING

.2005(a) An applicant shall demonstrate that proposed staffing for the home health agency office will meet the staffing requirements as contained in 10A NCAC 13J which is incorporated by reference including all subsequent amendments. A copy of 10A NCAC 13J may be obtained from the Division of Health Service Regulation, Medical Facilities Licensure Section at a cost of

two dollars and sixty cents (\$2.60).

- C- **Maxim.** In Section II.8, page 42, the applicant states, “*The proposed new Medicare-certified Forsyth County home health agency office will meet the staffing requirements as contained in 10A NCAC 13J. Please refer to Section VII for details regarding agency staffing and staff training.*”
 - C- **Well Care.** In Section II, page 25, the applicant states, “*Please see the responses in Section VII, questions 1-10 on pages 75 to 88 that demonstrate that the proposed office will meet the staffing requirements as contained in 10A NCAC 13J.*”
 - NC- **Liberty.** In Section II.8, page 17, the applicant states, “*Please see Section VII for agency staffing projections. The proposed home health agency will meet the staffing requirements as contained in 10A NCAC 13J.*” However, the applicant does not adequately demonstrate that projected staffing is based on reasonable, credible and supported assumptions. See Criterion (7) for discussion which is incorporated hereby as if set forth fully herein.
 - C- **UniHealth.** In Section II.8, page 103, the applicant states, “*Please see the responses in Section VII, question 1-9 that demonstrate the proposed office will meet the staffing requirements as contained in 10A NCAC 13J.*”
- .2005(b) *An applicant shall provide copies of letters of interest, preliminary agreements, or executed contractual arrangements between the proposed home health agency office and each health care provider with which the home health agency office plans to contract for the provision of home health services in each of the counties proposed to be served by the new office.*
- C- **Maxim.** In Section VII.5, page 113, the applicant states, “*Maxim does not propose to contract for personnel to provide direct patient care services for its Forsyth County Medicare-certified home health agency.*”
 - C- **Well Care.** In Section II, page 25, the applicant states, “*Well Care will utilize its own home health employees for the provision of direct care and home health services in each of the counties to be served by the new office. Please see Exhibit 11 for documentation from DME, pharmacy and other providers expressing their willingness to provide ancillary and supplemental service.*”
 - C- **Liberty.** In Section II, page 18, the applicant states, “*N/A. This application does not propose any contractual arrangements with third part[sic] health care providers.*”
 - C- **UniHealth.** Exhibit 22 contains agreement letters and proposed contracts for pharmacy services, clinical support and consulting, durable medical equipment and medical supplies, and therapy services. Exhibit 57 contains letters from UHC to area providers (laboratories, hospices, and hospitals) expressing interest in establishing agreements.

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2013 SMFP, no more than one new Medicare-certified home health agency may be approved for Forsyth County in this review. Because each application proposes to develop a new Medicare-certified home health agency in Forsyth County, all four applications cannot be approved. Therefore, after considering all of the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the project analyst also conducted a comparative analysis of the proposals.

For the reasons set forth below and in the remainder of the findings, the application submitted by UniHealth is approved and all other applications are disapproved.

Projected Access by Medicare Recipients

For each application in this review, the following table compares: a) the number of unduplicated Medicare patients in Project Year 2; and b) unduplicated Medicare patients as a percentage of total unduplicated patients. Generally, the application projecting the highest number or percentage is the most effective alternative with regard to these comparative factors. The applications are listed in the table below in decreasing order of effectiveness.

Project Year 2				
Rank	Applicant	# of Unduplicated Patients	# of Unduplicated Medicare Patients	Unduplicated Medicare Patients as a Percentage of Total Unduplicated Patients
1	UniHealth	583	414	71%
2	Well Care	591	402	68%
2	Maxim	542	353	65%
3	Liberty	330	198	60%

As shown in the table above, in Project Year 2, UniHealth projects to serve the highest number of unduplicated Medicare patients and the highest percentage of Medicare patients. The application submitted by UniHealth is the most effective alternative with regard to projected access by Medicare recipients.

Projected Access by Medicaid Recipients

For each application in this review, the following table compares: a) the number of unduplicated Medicaid patients in Project Year 2; and b) unduplicated Medicaid patients as a percentage of total patients. Generally, the application projecting the highest number or percentage is the most effective alternative with regard to these comparative factors. The applications are listed in the table below in decreasing order of effectiveness.

Project Year 2				
Rank	Applicant	# of Unduplicated Patients	# of Unduplicated Medicaid Patients	Unduplicated Medicaid Patients as a Percentage of Total Unduplicated Patients
1	Well Care	591	158	27%
2	UniHealth	583	111	19%
2	Maxim	542	96	18%
3	Liberty	330	24	7%

As shown in the table above, Well Care projects to serve the highest number of unduplicated Medicaid recipients and the highest percentage of unduplicated Medicaid patients in Project Year 2. UniHealth projects the second highest number and percentage.

Although the application submitted by Well Care appears to be the most effective alternative in this review with regard to access by Medicaid recipients, Well Care’s payor mix is not based on reasonable, credible or supported assumptions. Therefore, the Medicaid percentage shown in the table above for Well Care is not reliable. See Criteria (3) and (13c) for discussion. Thus, the application submitted by UniHealth is the most effective alternative with regard to access by Medicaid recipients.

Average Number of Visits per Unduplicated Patient

The majority of home health care services are covered by Medicare, which does not reimburse on a per visit basis. Rather, Medicare reimburses on a per episode basis. Thus, there is a financial disincentive to providing more visits per Medicare episode. The following table shows the average number of visits per unduplicated patient projected by each applicant in Project Year 2. Generally, the application proposing the highest number of visits per unduplicated patient is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Project Year 2				
Rank	Applicant	# of Unduplicated Patients	Projected # of Visits	Average # of Visits per Unduplicated Patient
1	UniHealth	583	13,307	22.8
2	Well Care	591	13,183	22.3
2	Maxim	542	12,046	22.2
3	Liberty	330	5,606	17.0

As shown in the table above, there is only a small difference between UniHealth and Well Care. However, Well Care’s projected visits are not based on reasonable, credible or supported assumptions. See Criterion (3) for discussion. Therefore, the average number of visits per patient shown in the table above for Well Care is also not reliable. There is also a small difference between UniHealth and Maxim. Both are effective alternatives with regard to the average number of visits per unduplicated patient.

Average Net Patient Revenue per Visit

Average net revenue per visit in Project Year 2 was calculated by dividing projected net revenue from Form B by the projected number of visits from Section IV, as shown in the table below. Generally, the application proposing the lowest average net revenue per visit is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Project Year 2				
Rank	Applicant	Total # of Visits	Net Patient Revenue	Average Net Patient Revenue per Visit
1	Well Care	13,183	\$ 1,593,208	\$ 121
2	UniHealth	13,307	\$ 1,678,022	\$ 126
3	Maxim	12,046	\$ 1,682,837	\$ 140
4	Liberty	5,606	\$ 833,837	\$ 149

As shown in the table above, in Project Year 2, Well Care projects the lowest average net revenue per visit and UniHealth projects the second lowest. However, Well Care’s projected visits are not based on reasonable, credible or supported assumptions. See Criterion (3) for discussion. Therefore, Well Care’s average net revenue per visit as shown in the table above is also not reliable. Therefore, the application submitted by UniHealth is the most effective alternative with regard to projected average net revenue per visit.

Average Net Revenue per Unduplicated Patient

Average net revenue per unduplicated patient in Project Year 2 was calculated by dividing projected net revenue from Form B by the projected number of unduplicated patients from Section IV, as shown in the table below. Generally, the application proposing the lowest average net revenue per unduplicated patient is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Project Year 2				
Rank	Applicant	# of Unduplicated Patients	Net Patient Revenue	Average Net Patient Revenue per Unduplicated Patient
1	Liberty	330	\$ 833,837	\$ 2,527
2	Well Care	591	\$ 1,593,208	\$ 2,696
3	UniHealth	583	\$ 1,678,022	\$ 2,878
4	Maxim	542	\$ 1,682,837	\$ 3,106

As shown in the table above, Liberty projects the lowest average net revenue per unduplicated patient in Project Year 2. Therefore, the application submitted by Liberty is the most effective alternative with regard to average net revenue per unduplicated patient.

Average Total Operating Cost per Visit

The average total operating cost per visit in Project Year 2 was calculated by dividing projected operating costs from Form B by the total number of visits from Section IV, as shown in the table below. Generally, the application proposing the lowest average total operating cost per visit is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Project Year 2				
Rank	Applicant	Total # of Visits	Total Operating Costs	Average Total Operating Cost per Visit
1	Well Care	13,183	\$ 1,478,323	\$ 112
2	Maxim	12,046	\$ 1,471,014	\$ 122
3	UniHealth	13,307	\$ 1,637,427	\$ 123
4	Liberty	5,606	\$ 784,018	\$ 140

As shown in the table above, in Project Year 2, Well Care projects the lowest average total operating cost per visit and Maxim projects the second lowest. However, Well Care’s projected visits are not based on reasonable, credible or supported assumptions. See Criterion (3) for discussion. Therefore, the cost per visit shown in the table above for Well Care is also not reliable. Therefore, the application submitted by Maxim is the most effective alternative with regard to average total operating cost per visit.

Average Direct Care Operating Cost per Visit

The average direct care operating cost per visit in Project Year 2 was calculated by dividing projected direct care expenses from Form B by the total number of home health visits from Section IV, as shown in the table below. Generally, the application proposing the lowest direct care operating cost per visit is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Rank	Applicant	Total # of Visits	Total Direct Care Costs	Average Direct Care Operating Cost per Visit
1	Liberty	5,606	\$ 421,699	\$ 75
2	Well Care	13,183	\$ 1,071,369	\$ 81
3	Maxim	12,046	\$ 1,053,615	\$ 87
4	UniHealth	13,307	\$ 1,226,575	\$ 92

As shown in the table above, in Project Year 2, Liberty projects the lowest average direct care operating cost per visit. Well Care projects the second lowest and Maxim the third lowest. However, Liberty’s projected direct care costs are not based on reasonable, credible or supported assumptions. See Criterion (5) for discussion. Therefore, the per visit operating cost shown in the table above for Liberty is also not reliable. Furthermore, Well Care’s projected visits are not based on reasonable, credible or supported assumptions. See Criterion (3) for discussion. Therefore, the per visit operating cost shown in the table above for Well Care is also not reliable. Thus, the application submitted by Maxim is the most effective alternative

with regard to the average direct care operating cost per visit.

Average Administrative Operating Cost per Visit

The average administrative operating cost per visit in Project Year 2 was calculated by dividing projected administrative operating costs from Form B by the total number of visits from Section IV.1, as shown in the table below. Generally, the application proposing the lowest average administrative operating cost per visit is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Rank	Applicant	Total # of Visits	Administrative Costs	Average Administrative Cost per Visit
1	Well Care	13,183	\$ 406,954	\$ 31
1	UniHealth	13,307	\$ 410,852	\$ 31
2	Maxim	12,046	\$ 417,399	\$ 35
3	Liberty	5,606	\$ 362,319	\$ 65

As shown in the table above, Well Care and UniHealth project the lowest average administrative operating cost per visit in Project Year 2. However, Well Care’s projected visits are not based on reasonable, credible or supported assumptions. See Criterion (3) for discussion. Therefore, the cost per visit shown in the table above for Well Care is also not reliable. Thus, the application submitted by UniHealth is the most effective alternative with regard to average administrative operating cost per visit.

Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit

The ratios in the table below were calculated by dividing the average net revenue per visit in Project Year 2 by the average total operating cost per visit in Project Year 2. Generally, the application proposing the lowest ratio is the more effective alternative with regard to this comparative factor. However, the ratio must equal one or greater in order for the proposal to be financial feasible. The applications are listed in the table below in decreasing order of effectiveness.

Rank	Applicant	Average Net Revenue per Visit (A)	Average Total Operating Cost per Visit (B)	Ratio of Average Net Revenue to Average Total Operating Cost per Visit (A / B)
1	UniHealth	\$ 126	\$ 123	1.02
2	Liberty	\$ 149	\$ 140	1.06
3	Well Care	\$ 121	\$ 112	1.08
4	Maxim	\$ 140	\$ 122	1.14

As shown in the table above, UniHealth projects the lowest ratio of net revenue to average total operating cost per visit in Project Year 2. Therefore, the application submitted by UniHealth is the most effective alternative with regard to the ratio of net revenue per visit to average total

operating cost per visit.

Average Direct Care Operating Cost per Visit as a percentage of Average Total Operating Cost per Visit

The percentages in the table below were calculated by dividing the average direct care cost per visit in Project Year 2 by the average total operating cost per visit in Project Year 2. Generally, the application proposing the highest percentage is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Rank	Applicant	Average Total Operating Cost per Visit (A)	Average Direct Care Operating Cost per Visit (B)	Average Direct Care Operating Cost as a % of Average Total Cost per Visit (B / A)
1	UniHealth	\$ 123	\$ 92	75%
2	Well Care	\$ 112	\$ 81	72%
3	Maxim	\$ 122	\$ 87	72%
4	Liberty	\$ 140	\$ 75	54%

As shown in the table above, UniHealth projects the highest percentage of average direct operating cost per visit to average total operating cost per visit in Project Year 2. Therefore, the application submitted by UniHealth is the most effective alternative with regard to the ratio of average direct operating cost per visit to average total operating cost per visit.

Nursing and Home Health Aide Salaries in Project Year 2

All four applicants propose to provide nursing and home health aide services with staff that are employees of the proposed home health agency. The tables below compare the proposed annual salary for registered nurses, licensed practical nurses and home health aides in Project Year 2. Generally, the application proposing the highest annual salary is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Rank	Applicant	Registered Nurse
1	UniHealth	\$ 78,056
2	Well Care	\$ 77,662
3	Maxim	\$ 77,080
4	Liberty	\$ 66,010

Rank	Applicant	Licensed Practical Nurse
1	Maxim	N/A
2	Well Care	\$ 49,600
3	Liberty	N/A
4	UniHealth	\$ 49,217

Rank	Applicant	Home Health Aide (CNA)
1	Well Care	\$ 37,029
2	UniHealth	\$ 36,159
3	Maxim	\$ 33,245
4	Liberty	\$ 26,329

Salaries are a significant contributing factor in recruitment and retention of staff. As shown in the table above:

- UniHealth projects the highest annual salary for a registered nurse in Project Year 2, followed closely by Well Care.
- Well Care projects the highest annual salary for a home health aide in Project Year 2, followed closely by UniHealth.
- Well Care projects the highest annual salary for a licensed practical nurse in Project Year 2, followed closely by UniHealth.

Thus, the application submitted by UniHealth is the most effective alternative with regard to annual salary for registered nurses; the application submitted by Well Care is the most effective alternative with regard to annual salary for licensed practical nurses and home health aides.

Taxes and Benefits

Taxes and benefits are a significant contributing factor in recruitment and retention of staff. The table below compares the projected taxes and benefits as a percentage of salaries in Project Year 2. Generally, the application proposing the highest percentage is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Rank	Applicant	Nursing	PT	OT	ST	Social Work	Administrative
1	UniHealth	19%	Contracted	Contracted	Contracted	19%	19%
2	Well Care	19%	19%	19%	19%	19%	12%
3	Maxim	16%	16%	16%	16%	16%	16%
4	Liberty	15%	18%	27%	12%	13%	53%

As shown in the table above, UniHealth projects the highest percentage for taxes and benefits for each of its salaried positions in Project Year 2. Although Well Care projects the same percentage for most positions, Well Care projects a lower percentage for administrative positions than for the other positions. Maxim projects a lower percentage than UniHealth and Well Care (excluding administrative). Liberty's projected percentage of salaries for taxes and benefits varies from position to position, ranging from 12% to 53% (no two are the same). Liberty's projected percentages do not appear to be based on reasonable, credible and supported assumptions.

Therefore, the application submitted by UniHealth is the most effective alternative with regard to taxes and benefits.

SUMMARY

The following is a summary of the reasons the proposal submitted by UniHealth is determined to be the most effective alternative in this review:

- UniHealth projects the highest number of unduplicated Medicare patients and the highest percentage of unduplicated Medicare patients in Project Year 2. See Comparative Analysis for discussion.
- UniHealth projects the second highest number of and percent of unduplicated Medicaid patients in Project Year 2; second only to Well Care, whose application is not approvable. See Comparative Analysis for discussion.
- UniHealth projects the highest average number of visits per unduplicated patient in Project Year 2. See Comparative Analysis for discussion.
- UniHealth projects the second lowest average net revenue per visit in Project Year 2; second only to Well Care, whose application is not approvable. See Comparative Analysis for discussion.
- UniHealth projects the lowest average administrative operating cost per visit in Project Year 2; tied with Well Care, whose application is not approvable. See Comparative Analysis for discussion.
- UniHealth projects the lowest ratio of average net revenue per visit to average total operating cost per visit in Project Year 2. See Comparative Analysis for discussion.
- UniHealth projects the highest average direct care operating cost per visit as a percentage of average total operating cost per visit in Project Year 2. See Comparative Analysis for discussion.
- UniHealth projects the highest annual salary for RNs in Project Year 2. See Comparative Analysis for discussion.
- UniHealth projects the second highest annual salary for home health aides in Project Year 2; second only to Well Care, whose application is not approvable. See Comparative Analysis for discussion.
- UniHealth projects the highest percentage of total salaries for taxes and benefits, tied with Well Care for most positions but Well Care's application is not approvable. See Comparative Analysis for discussion.

The following table:

- 1) Compares the proposal submitted by UniHealth with the proposals submitted by the denied applicants; and
- 2) Illustrates the reasons the approved application is determined to be a more effective alternative than the proposals submitted by the denied applicants.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	UniHealth	Maxim	Well Care	Liberty
# of Unduplicated Medicare Patients	414	353	402	198
Unduplicated Medicare Patients as a % of Total Unduplicated Patients	71%	65%	68%	60%
# of Unduplicated Medicaid Patients	111	96	158	24
Unduplicated Medicaid Patients as a % of Total Unduplicated Patients	19%	18%	27%	7%
Average Number of Visits per Unduplicated Patient	22.8	22.3	22.2	17.0
Average Net Revenue per Visit	\$ 126	\$ 140	\$ 121	\$ 149
Average Net Revenue per Unduplicated Patient	\$ 2,878	\$ 3,106	\$ 2,696	\$ 2,527
Average Total Operating Cost per Visit	\$ 123	\$ 122	\$ 112	\$ 140
Average Direct Operating Cost per Visit	\$ 92	\$ 87	\$ 81	\$ 75
Average Administrative Operating cost per Visit	\$ 31	\$ 35	\$ 31	\$ 65
Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit	1.02	1.14	1.08	1.06
Average Direct Care Operating Cost per Visit as a % of Average Total Operating Cost per Visit	75%	72%	72%	54%
Registered Nurse Salary	\$78,056	\$77,080	\$77,662	\$66,010
Licensed Practical Nurse Salary	\$49,217	NA	\$49,600	NA
Home Health Aide (CNA) Salary	\$36,159	\$33,245	\$37,029	\$26,329
Taxes and Benefits*	19%	16%	19%	*

*Liberty's percentages range from 12% - 53% and are different for each position. Well Care projects only 12% for administrative positions.

CONCLUSION

All of the applications are individually conforming to the need determination in the 2013 SMFP for one additional Medicare-certified home health agency in Forsyth County. However, G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of Medicare-certified home health agencies that can be approved by the Certificate of Need Section. The Certificate of Need Section determined that the application submitted by UniHealth is the most effective alternative proposed in this review for the development of one additional Medicare-certified home health agency in Forsyth County and is approved. The approval of any other application would result in the approval of Medicare-certified home health agencies in excess of the need determination in Forsyth County, and therefore, all of the competing applications are denied.

The application submitted by UniHealth is approved subject to the following conditions:

1. United Home Care, Inc. d/b/a UniHealth Home Health Inc. d/b/a UniHealth Home Health and Forsyth County Healthcare Properties, Inc shall materially comply with all representations made in the certificate of need application.
2. Prior to issuance of the certificate of need, United Home Care, Inc. d/b/a UniHealth

Home Health Inc. d/b/a UniHealth Home Health and Forsyth County Healthcare Properties, Inc shall acknowledge in writing to the Certificate of Need Section acceptance of and agree to comply with all conditions stated herein.