

## CORRECTED – REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: November 21, 2023

Findings Date: November 21, 2023

Project Analyst: Julie M. Faenza

Co-Signer: Mike McKillip

### COMPETITIVE REVIEW

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Project ID #: O-12389-23  
Facility: Interim HealthCare  
FID #: 230533  
County: New Hanover  
Applicant: Interim HealthCare of the Eastern Carolinas, Inc.  
Project: Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

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Project ID #: O-12394-23  
Facility: Healthview Home Health – New Hanover  
FID #: 230540  
County: New Hanover  
Applicant: Healthview Capital Partners – FUND I  
Project: Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

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Project ID #: O-12401-23  
Facility: Aveanna Home Health – New Hanover  
FID #: 230545  
County: New Hanover  
Applicant: Five Points Healthcare of NC, LLC  
Project: Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

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Project ID #: O-12404-23  
Facility: BAYADA Home Health Care  
FID #: 230548  
County: New Hanover  
Applicant: BAYADA Home Health Care, Inc.  
Project: Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Project ID #: O-12405-23  
 Facility: Well Care Home Health of New Hanover  
 FID #: 230547  
 County: New Hanover  
 Applicant: Well Care Home Health of New Hanover, Inc.  
 Project: Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Each application was reviewed independently against the applicable statutory review criteria found in G.S. 131E-183(a) and the regulatory review criteria found in 10A NCAC 14C. After completing an independent analysis of each application, the Healthcare Planning and Certificate of Need Section (CON Section) also conducted a comparative analysis of all the applications. The Decision, which can be found at the end of the Required State Agency Findings (Findings), is based on the independent analysis and the comparative analysis.

Given the complexity of this review and the multiple entities involved in projections, the Project Analyst created the table below listing acronyms or abbreviations used in the findings.

<b>Acronyms/Abbreviations Used</b>	
<b>Acronym/Abbreviations Used</b>	<b>Full Term</b>
HHA	Home Health Agency
Dup	Duplicated (as related to patients or patient visits)
Undup	Unduplicated (as related to patients or patient visits)
CAGR	Compound Annual Growth Rate
CY	Calendar Year (January 1 – December 31)
FFY	Federal Fiscal Year (October 1 – September 30)
FY	Fiscal Year
NC OSBM	North Carolina Office of State Budget and Management
SFY	State Fiscal Year (July 1 – June 30)
SHCC	State Health Coordinating Council
SMFP	State Medical Facilities Plan

## REVIEW CRITERIA

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.

### C

Aveanna Home Health – New Hanover  
BAYADA Home Health Care  
Well Care Home Health of New Hanover

### NC

Interim HealthCare  
Healthview Home Health – New Hanover

### Need Determination

The 2023 State Medical Facilities Plan (SMFP) includes a need methodology for determining the need for additional Medicare-certified home health agencies (HHAs) or offices in North Carolina by service area. Application of the need methodology in the 2023 SMFP identified a need for one Medicare-certified HHAs in the New Hanover County service area. Five applications were received by the Healthcare Planning and Certificate of Need Section (“CON Section” or “Agency”) with each proposing to develop one Medicare-certified HHA. However, pursuant to the need determination, only one Medicare-certified HHA may be approved in this review.

**Policies** – There is one policy in the 2023 SMFP which is applicable to this review. *Policy GEN-3: Basic Principles*, on page 30 of the 2023 SMFP, 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.”*

**Project ID #O-12389-23/Interim HealthCare/Develop a Medicare-certified HHA** Interim Healthcare of the Eastern Carolinas, Inc. (referred to as “Interim” or “the applicant”) proposes to develop Interim HealthCare, a new Medicare-certified HHA in New Hanover County.

**Need Determination.** The applicant does not propose to develop more Medicare-certified HHAs or offices than are determined to be needed in New Hanover County.

**Policy GEN-3.** In Section B, pages 31-39, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

However, the applicant does not adequately demonstrate how its projected volumes incorporate the concept of maximizing healthcare value for resources expended. The applicant does not adequately demonstrate the need to develop a new Medicare-certified HHA and does not adequately demonstrate that developing a new Medicare-certified HHA would not be an unnecessary duplication of existing and approved services. The discussions regarding need, including projected utilization, and unnecessary duplication found in Criterion (3) and Criterion (6), respectively, are incorporated herein by reference. An applicant that does not demonstrate the need for the proposed project and does not demonstrate that the proposed project is not an unnecessary duplication of existing and approved health care services in the service area cannot demonstrate that it will maximize healthcare value for resources expended in meeting the need identified in the 2023 SMFP. Thus, the application is not consistent with Policy GEN-3.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion based on the following:

- The applicant does not adequately demonstrate the need to develop a new Medicare-certified HHA or that developing a new Medicare-certified HHA would not be an unnecessary duplication of existing and approved health care services.

- Therefore, the applicant does not adequately demonstrate how its projected volumes incorporate the concept of maximum healthcare value for resources expended as required in Policy GEN-3.

**Project ID #O-12394-23/Healthview Home Health – New Hanover/Develop a Medicare-certified HHA** Healthview Capital Partners FUND I (referred to as “Healthview” or “the applicant”) proposes to develop Healthview Home Health – New Hanover, a new Medicare-certified HHA in New Hanover County.

**Need Determination.** The applicant does not propose to develop more Medicare-certified HHAs or offices than are determined to be needed in New Hanover County.

**Policy GEN-3.** In Section B, pages 25-27, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

However, the applicant does not adequately demonstrate how its projected volumes incorporate the concept of maximizing healthcare value for resources expended. The applicant does not adequately demonstrate the need to develop a new Medicare-certified HHA and does not adequately demonstrate that developing a new Medicare-certified HHA would not be an unnecessary duplication of existing and approved services. The discussions regarding need, including projected utilization, and unnecessary duplication found in Criterion (3) and Criterion (6), respectively, are incorporated herein by reference. An applicant that does not demonstrate the need for the proposed project and does not demonstrate that the proposed project is not an unnecessary duplication of existing and approved health care services in the service area cannot demonstrate that it will maximize healthcare value for resources expended in meeting the need identified in the 2023 SMFP. Thus, the application is not consistent with Policy GEN-3.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion based on the following:

- The applicant does not adequately demonstrate the need to develop a new Medicare-certified HHA or that developing a new Medicare-certified HHA would not be an unnecessary duplication of existing and approved health care services.

- Therefore, the applicant does not adequately demonstrate how its projected volumes incorporate the concept of maximum healthcare value for resources expended as required in Policy GEN-3.

**Project ID #O-12401-23/Aveanna Home Health – New Hanover/Develop a Medicare-certified HHA** Five Points Healthcare of NC, LLC (referred to as “Aveanna” or “the applicant”) proposes to develop Aveanna Home Health – New Hanover, a new Medicare-certified HHA in New Hanover County.

**Need Determination.** The applicant does not apply to develop more Medicare-certified HHAs than are determined to be needed in New Hanover County.

**Policy GEN-3.** In Section B, pages 26-28, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following:

- The applicant does not propose to develop more Medicare-certified HHAs than are determined to be needed in New Hanover County.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-3* based on the following:
  - The applicant adequately documents how the project will promote safety and quality in the delivery of home health services in New Hanover County;
  - The applicant adequately documents how the project will promote equitable access to home health services in New Hanover County; and
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

**Project ID #O-12404-23/BAYADA Home Health Care/Develop a Medicare-certified HHA** BAYADA Home Health Care, Inc. (referred to as “BAYADA” or “the applicant”)

proposes to develop BAYADA Home Health Care, a new Medicare-certified HHA in New Hanover County.

**Need Determination.** The applicant does not apply to develop more Medicare-certified HHAs than are determined to be needed in New Hanover County.

**Policy GEN-3.** In Section B, pages 27-31, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following:

- The applicant does not propose to develop more Medicare-certified HHAs than are determined to be needed in New Hanover County.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-3* based on the following:
  - The applicant adequately documents how the project will promote safety and quality in the delivery of home health services in New Hanover County;
  - The applicant adequately documents how the project will promote equitable access to home health services in New Hanover County; and
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

**Project ID #O-12405-23/Well Care Home Health of New Hanover/Develop a Medicare-certified HHA** Well Care Home Health of New Hanover, Inc. (referred to as “Well Care” or “the applicant”) proposes to develop Well Care Home Health of New Hanover, a new Medicare-certified HHA in New Hanover County.

**Need Determination.** The applicant does not apply to develop more Medicare-certified HHAs than are determined to be needed in New Hanover County.

**Policy GEN-3.** In Section B, pages 26-34, the applicant explains why it believes its proposal is consistent with Policy GEN-3.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following:

- The applicant does not propose to develop more Medicare-certified HHAs than are determined to be needed in New Hanover County.
  - The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-3* based on the following:
    - The applicant adequately documents how the project will promote safety and quality in the delivery of home health services in New Hanover County;
    - The applicant adequately documents how the project will promote equitable access to home health services in New Hanover County; and
    - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
- (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, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.



**C**

Aveanna Home Health – New Hanover  
 BAYADA Home Health Care  
 Well Care Home Health of New Hanover

**NC**

Interim HealthCare  
 Healthview Home Health – New Hanover

**Project ID #O-12389-23/Interim HealthCare/Develop a Medicare-certified HHA**

The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Patient Origin** – On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists of New Hanover County. Facilities may also serve residents of counties not included in their service area.

Interim is an existing home care agency but is not an existing Medicare-certified HHA. Projected patient origin is shown in the table below.

Projected Patient Origin – Interim						
	FY 1		FY 2		FY 3	
	8/1/2024 – 7/30/2025		8/1/2025 – 7/30/2026		8/1/2026 – 7/30/2027	
	# Patients	% Patients	# Patients	% Patients	# Patients	% Patients
New Hanover	479	100%	578	100%	673	100%

Source: Section C, pages 55-56

In Section C, pages 52-55, the applicant provides the assumptions and methodology used to project patient origin. Projected patient origin is reasonable and adequately supported based on the following:

- The applicant is an existing home care agency currently providing care to patients in New Hanover County.
- The applicant has existing relationships with area providers who can refer additional New Hanover County patients.

**Analysis of Need** – In Section C, pages 57-71, the applicant explains the reasons why it believes the population projected to utilize the proposed services needs the proposed services, which are summarized below.

- There is a need determination in the 2023 SMFP for one additional Medicare-certified HHA in New Hanover County. (pages 58-62)

- According to the US Census Bureau, the population in New Hanover County has increased significantly since 1940, particularly after the development of Interstate 40 in the 1990s. According to the New Hanover County Senior Resource Center Master Aging Plan, the population of New Hanover County has gotten older, and the population of people aged 60 and older now exceeds the population of people aged 18 and younger. According to the North Carolina Office of State Budget and Management (NC OSBM), the population of New Hanover County will increase by 14.7% by 2030. (pages 62-66)
- According to the 2021 New Hanover State of the County Health Report, heart disease and stroke are the second and third leading causes of death for New Hanover County residents and more than 6% of New Hanover County residents have diabetes. The applicant states it has disease management programs that address those health concerns. (pages 66-68)
- The applicant states that COVID-19 changed the options for aging in place. The applicant states that more people are choosing to age in place – that is, remain at home with support – and home health agencies have been a large part of providing that support. (pages 68-70)
- The applicant states it is committed not only to provide service to Medicare patients, but to Medicaid patients. The applicant states that North Carolina has higher percentages of uninsured and Medicaid recipients in the Latino/Hispanic and Black/African-American communities. The applicant states these underserved groups have greater need. (pages 70-71)

The information is reasonable and adequately supported based on the following reasons:

- There is a need determination in the 2023 SMFP for one additional Medicare-certified HHA in New Hanover County.
- The applicant provides publicly available and reliable information to support its belief that the population of New Hanover County is increasing.
- The applicant is an existing home care agency currently providing services in New Hanover County to New Hanover County patients and demonstrates an understanding of the needs of the population proposed to be served.

Projected Utilization – On Form C.5 in Section Q, the applicant provides projected utilization, as illustrated in the following table.

<b>Interim – Projected Utilization</b>						
	<b>FY 1</b>		<b>FY 2</b>		<b>FY 3</b>	
	<b>8/1/2024 – 7/30/2025</b>		<b>8/1/2025 – 7/30/2026</b>		<b>8/1/2026 – 7/30/2027</b>	
	<b># of Clients</b>	<b># of Visits</b>	<b># of Clients</b>	<b># of Visits</b>	<b># of Clients</b>	<b># of Visits</b>
<b>Clients (Undup) by Admitting Discipline</b>						
Nursing	163		197		229	
Physical Therapy	316		381		444	
<b>Total Clients (Undup)</b>	<b>479</b>		<b>578</b>		<b>673</b>	
<b>Clients &amp; Visits by Discipline (Dup)</b>						
Nursing	212	2,021	255	2,439	297	2,841
Physical Therapy	307	3,540	370	4,270	431	4,972
Speech Therapy	68	311	82	375	96	437
Occupational Therapy	395	1,489	476	1,797	555	2,092
Medical Social Worker	76	106	91	128	106	149
Home Health Aide	20	70	24	84	28	98
<b>Total Clients &amp; Visits (Dup)</b>	<b>1,078</b>	<b>7,537</b>	<b>1,298</b>	<b>9,093</b>	<b>1,513</b>	<b>10,589</b>
<b>Duplicated Medicare Clients &amp; Visits</b>						
Full Episodes w/o Outlier		5,149		6,213		7,234
Full Episodes w/ Outlier		388		468		545
Partial Episode Payment		101		121		141
Low-Utilization Payment Adjustment		98		119		138
<b>Total Medicare Clients &amp; Visits</b>		<b>5,736</b>		<b>6,921</b>		<b>8,058</b>

Immediately following Form C.5 in Section Q, the applicant provides tables displaying projected commercial, Medicare, indigent, and Medicaid patients. However, projected utilization is not reasonable and adequately supported because the applicant does not provide any other assumptions or methodology to support its projected utilization. In the public hearing held on August 18, 2023, the applicant stated that the application had been submitted with a “working copy” of Section Q. If the applicant has not provided the assumptions and methodologies used to project utilization, the applicant cannot demonstrate that those assumptions and methodology used to project utilization are reasonable and adequately supported.

Further, the performance standards promulgated in 10A NCAC 14C .2003(3) require the applicant to provide the assumptions and methodology used to project utilization required in subpart (1) of that Rule. Because the applicant does not provide the assumptions and methodology used to project utilization, the applicant does not meet the requirements of the performance standard.

**Access to Medically Underserved Groups** – In Section C, page 76, the applicant states:

*“All patients/clients will have access to IHEC home health services. Home health starts with a physician’s order and then patient/clients must meet the admission criteria for homecare. .... IHEC is locally owned and operated and that gives the franchise the flexibility to contract with a diverse group of payers.... IHEC already*

*understands the community and participates in many State programs that care for the medically underserved... ”*

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low income persons	2%
Racial and ethnic minorities	19%
Women	52%
Persons with disabilities	Included in Medicaid Recipients
Persons 65 and older	Included in Medicare Recipients
Medicare beneficiaries	53%
Medicaid recipients	12%

**Source:** Section C, page 81

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- The applicant provides a statement saying it will not deny service to area residents based on their status as part of an underserved group.
- The applicant discusses its plans to provide care for specific underserved groups in New Hanover County.
- The applicant projects to provide care to medically underserved groups in percentages consistent with the community demographics.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion for all the reasons described above.

**Project ID #O-12394-23/Healthview Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Patient Origin** – On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists of New Hanover County. Facilities may also serve residents of counties not included in their service area.

Healthview does not currently operate a Medicare-certified HHA in New Hanover County. Projected patient origin is shown in the table below.

<b>Projected Patient Origin – Healthview</b>						
	<b>FY 1 (CY 2025)</b>		<b>FY 2 (CY 2026)</b>		<b>FY 3 (CY 2027)</b>	
	<b># Patients</b>	<b>% Patients</b>	<b># Patients</b>	<b>% Patients</b>	<b># Patients</b>	<b>% Patients</b>
New Hanover	210	100%	610	95%	856	92%
Brunswick	0	0%	23	4%	54	6%
Pender	0	0%	9	1%	20	2%
<b>Total</b>	<b>210</b>	<b>100%</b>	<b>642</b>	<b>100%</b>	<b>930</b>	<b>100%</b>

Source: Section C, page 29

In Section C, page 29, the applicant provides the assumptions and methodology used to project patient origin. The applicant states:

*“... it is expected that all patients served the first full year will be residents of New Hanover County. This is likely to reduce slightly in years 2 and 3, but will remain predominantly New Hanover County patients. The proximity to the contiguous counties would likely generate small percentages of patients as operations continue. There is no mathematical formula associated with these figures, only estimates of patient case loads based on location, proximity, and historical operations of the other Home Health Agencies owned and operated by the applicant.”*

However, projected patient origin is not reasonable and adequately supported based on the following:

- The applicant owns two Medicare-certified HHAs in North Carolina – one in Caswell County and one in Nash County. The 2023 LRAs for each Medicare-certified HHA show that the projected patient origin is consistent with the Caswell County experience and not at all consistent with the Nash County experience. The applicant does not explain why it believes the Caswell County experience is more relevant than the Nash County experience.
- Healthview acquired the Nash County Medicare-certified HHA on September 1, 2018 and acquired the Caswell County Medicare-certified HHA in late 2021. Both the Nash County and Caswell County Medicare-certified HHAs have been continually certified since at least January 1, 1993; thus, the Medicare-certified HHAs acquired were not newly developed and in fact had been operating for at least 25 years each at the time

they were acquired. The applicant does not explain why its experience acquiring existing operational Medicare-certified HHAs provides support for projected patient origin for a newly developed Medicare-certified HHA.

**Analysis of Need** – In Section C, pages 30-31, the applicant explains the reasons why it believes the population projected to utilize the proposed services needs the proposed services, which are summarized below.

- There is a need determination in the 2023 SMFP for one additional Medicare-certified HHA in New Hanover County.
- The applicant states there is a growing need for services to indigent, Medicaid, and other underserved patients and it is committed to serving the needs of those patients in New Hanover County.
- The applicant states there will be growth in the New Hanover County population aged 65 and older, the group most likely to utilize healthcare services overall and the group most likely to need home health services.
- The applicant states there is a movement within the general healthcare field to provide more care at home and to provide more ability to age at home.

The information is reasonable and adequately supported based on the following reasons:

- There is a need determination in the 2023 SMFP for one additional Medicare-certified home health agency in New Hanover County.
- Exhibit C.4 contains information from NC OSBM supporting the applicant's statements about the projected growth of the New Hanover County population.
- Exhibit C.4 also contains information supporting the applicant's statement about the movement in healthcare toward providing more care at home with home health services.

**Projected Utilization** – On Form C.5 in Section Q, the applicant provides projected utilization, as illustrated in the following table.

<b>Healthview – Projected Utilization</b>						
	<b>FY 1 (CY 2025)</b>		<b>FY 2 (CY 2026)</b>		<b>FY 3 (CY 2027)</b>	
	<b># of Clients</b>	<b># of Visits</b>	<b># of Clients</b>	<b># of Visits</b>	<b># of Clients</b>	<b># of Visits</b>
<b>Clients (Undup) by Admitting Discipline</b>						
Nursing	89		273		481	
Physical Therapy	91		278		489	
Speech Therapy	7		22		122	
Occupational Therapy	23		69		38	
<b>Total Clients (Undup)</b>	<b>210</b>		<b>642</b>		<b>930</b>	
<b>Clients &amp; Visits by Discipline (Dup)</b>						
Nursing	269	988	822	3,019	1,190	4,371
Physical Therapy	274	918	837	2,804	1,213	4,064
Speech Therapy	21	47	66	148	95	213
Occupational Therapy	68	252	208	771	302	1,119
Medical Social Worker	10	11	32	35	46	50
Home Health Aide	22	88	69	276	99	396
<b>Total Clients &amp; Visits (Dup)</b>	<b>665</b>	<b>2,304</b>	<b>2,033</b>	<b>7,053</b>	<b>2,945</b>	<b>10,213</b>
<b>Duplicated Medicare Clients &amp; Visits</b>						
Full Episodes w/o Outlier	229	2,130	696	6,474	994	9,246
Full Episodes w/ Outlier	1	24	4	97	6	146
Partial Episode Payment	1	10	4	38	6	57
Low-Utilization Payment Adjustment	4	11	13	36	18	50
<b>Total Medicare Clients &amp; Visits</b>	<b>236</b>	<b>2,175</b>	<b>718</b>	<b>6,645</b>	<b>1,025</b>	<b>9,499</b>

In Section C, page 39, the applicant provides the assumptions and methodology used to project patient origin. The applicant states:

*“The assumptions made for the total number of patients in total are based on a fill-up rate average of 3 unduplicated patients per month during years one and two, and 1 unduplicated patient per month during year three; at which point the agency will be operating at a steady and efficient capacity. While this fill-up rate is conservative, it is consistent with previous CON applications for new Home Health Agencies offering similar services and is also consistent with the recent trend of transition from institutional / congregate living to in-home patient care.”*

However, projected utilization is not reasonable and adequately supported based on the following:

- The applicant provides no information in the application as submitted to demonstrate that there is any association between an industry transition to more in-home patient care and the projected “fill-up” rate used by the applicant.
- The applicant provides no information to support the statement that the projected “fill-up” rate is consistent with other recent Medicare-certified HHA applications.

Since 2017 and prior to 2023, there have been two competitive home health reviews, both in Mecklenburg County (2017 and 2021), and there were two individual home health applications in Wake County during 2018 that were not competitive. The 2017 Mecklenburg review involved three applications and the 2021 Mecklenburg review involved five applications for a total of 10 HHA applications between 2017 and 2023. None of the 10 applications involved assumptions and methodology similar to the ones used by the applicant in the current application.

Additionally, the applications in the reviews between 2017 and 2023 all involved Mecklenburg or Wake counties, which are both larger in size and in population than New Hanover County. The applicant provides no information in the application as submitted as to why it would be appropriate to base projections in New Hanover County on applications for other counties that have significant differences with New Hanover County.

This review is the third competitive HHA review in 2023. The other two competitive reviews had application deadlines two months and four months prior to the application deadline in this review, making it unlikely that the applicant used those applications as the basis for its assumptions, however, the Project Analyst reviewed the assumptions and methodology for the five applications submitted in the Brunswick County review and the four applications submitted in the Forsyth County review. None of the nine additional applications reviewed by the Project Analyst contain any assumptions and methodology similar to those used by the application in this review.

**Access to Medically Underserved Groups** – In Section C, pages 36-37, the applicant states:

*“The related agencies of Healthview Home Health currently have in place a strict non-discriminatory policy, which allows full access to agency services regardless of gender, race, religion, or country of origin. This policy will also be in place for Healthview Home Health – New Hanover.*

...

*Healthview Home Health – New Hanover. [sic] expects to be a preferred provider within the service area [sic] for Medicare beneficiaries needing Home Health services.”*

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
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Low income persons	9.5%
Racial and ethnic minorities	13.1%
Women	57.2%
Persons 65 and older	98.0%
Medicare beneficiaries	90.5%
Medicaid recipients	9.5%

**Source:** Section C, pages 37-38

On page 37, the applicant states it is unable to estimate the percentage of persons with disabilities that will be included in the overall patients served.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- The applicant provides a statement saying it will provide full access to area residents who are medically underserved.
- The applicant projects to provide care to medically underserved patients based on their proportion in New Hanover County.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion for all the reasons described above.

**Project ID #O-12401-23/Aveanna Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Patient Origin** – On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...*the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.*” Thus, the service area for this facility consists of New Hanover County. Facilities may also serve residents of counties not included in their service area.

Aveanna does not currently operate a Medicare-certified HHA in New Hanover County. Projected patient origin is shown in the table below.

<b>Projected Patient Origin – Aveanna</b>
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	FY 1 (CY 2025)		FY 2 (CY 2026)		FY 3 (CY 2027)	
	# Patients	% Patients	# Patients	% Patients	# Patients	% Patients
New Hanover	236	93.4%	358	90.2%	483	86.9%
Brunswick	9	3.4%	20	5.1%	38	6.8%
Pender	5	2.0%	12	3.0%	22	4.0%
Onslow	3	1.1%	7	1.7%	13	2.3%
<b>Total</b>	<b>252</b>	<b>100.0%</b>	<b>397</b>	<b>100.0%</b>	<b>556</b>	<b>100.0%</b>

Source: Section C, page 34

In Section C, page 34, the applicant provides the assumptions and methodology used to project patient origin. Projected patient origin is reasonable and adequately supported based on the following:

- The applicant projects patient origin based on proportions of deficits in HHA services as published in the SMFP, location, and historical service to patients outside the county at a different HHA in another NC county which is owned by the applicant.
- The applicant’s projected utilization is based on reasonable and adequately supported assumptions. Please see the discussion about projected utilization found below.

**Analysis of Need** – In Section C, pages 37-44, the applicant explains the reasons why it believes the population projected to utilize the proposed services needs the proposed services, which are summarized below.

- There is a need determination in the 2023 SMFP for one additional Medicare-certified HHA in New Hanover County and more than half of the existing Medicare-certified HHA patients in New Hanover County are served by Medicare-certified HHAs located outside of New Hanover County. New Hanover County also has a higher use rate for Medicare-certified HHA services than the state as a whole. (pages 37-39)
- The population in New Hanover County is projected to grow by 50% or more between 2010 and 2035 and NC OSBM projects the population of New Hanover County will increase by 6.3% between 2023 and 2028. The applicant states it projects to serve patients in surrounding counties which also have growing populations. The applicant states that the New Hanover County population aged 65 and older is projected by NC OSBM to grow at nearly twice the rate of the overall New Hanover County projected population growth. (pages 39-41)
- The applicant cites sources stating that availability of HHA services leads to better overall outcomes after need for emergency care or hospital services. (pages 41-42)
- The applicant states that Aveanna’s reputation and experience will be beneficial to the patients of New Hanover County. (pages 42-44)

The information is reasonable and adequately supported based on the following reasons:

- There is a need determination in the 2023 SMFP for one additional Medicare-certified home health agency in New Hanover County.
- The applicant provides publicly available and reliable data and information to support its statements about population growth and utilization of HHA services in New Hanover County.

*Projected Utilization* – On Form C.5 in Section Q, the applicant provides projected utilization, as illustrated in the following table.

<b>Aveanna – Projected Utilization</b>						
	<b>FY 1 (CY 2025)</b>		<b>FY 2 (CY 2026)</b>		<b>FY 3 (CY 2027)</b>	
	<b># of Clients</b>	<b># of Visits</b>	<b># of Clients</b>	<b># of Visits</b>	<b># of Clients</b>	<b># of Visits</b>
<b>Clients (Undup) by Admitting Discipline</b>						
Nursing	111		175		246	
Physical Therapy	108		170		238	
Occupational Therapy	32		51		71	
<b>Total Clients (Undup)</b>	<b>252</b>		<b>397</b>		<b>556</b>	
<b>Clients &amp; Visits by Discipline (Dup)</b>						
Nursing	117	2,249	183	3,539	257	4,957
Physical Therapy	140	2,182	221	3,434	309	4,809
Speech Therapy	17	136	27	213	38	299
Occupational Therapy	66	654	104	1,030	145	1,442
Medical Social Worker	24	93	37	146	52	205
Home Health Aide	20	184	31	289	43	405
<b>Total Clients &amp; Visits (Dup)</b>	<b>383</b>	<b>5,498</b>	<b>603</b>	<b>8,651</b>	<b>844</b>	<b>12,117</b>
<b>Duplicated Medicare Clients &amp; Visits</b>						
Full Episodes w/o Outlier	222	4,256	349	6,698	489	9,381
Full Episodes w/ Outlier	2	74	3	116	4	162
Partial Episode Payment	2	21	3	34	4	47
Low-Utilization Payment Adjustment	30	108	47	170	66	238
<b>Total Medicare Clients &amp; Visits</b>	<b>255</b>	<b>4,459</b>	<b>401</b>	<b>7,017</b>	<b>562</b>	<b>9,829</b>

In the Form C Utilization – Assumptions and Methodology subsection of Section Q, immediately following Form C.5, the applicant provides the assumptions and methodology used to project patient origin, as discussed below.

- Using projections from NC OSBM, the applicant calculated the 2023 through 2028 compound annual growth rate (CAGR) for the overall projected population growth of New Hanover County and the projected population growth of New Hanover County residents aged 65 and older. The applicant chose to use the 2023-2028 CAGR of 1.2% for the overall projected population growth for New Hanover County, stating it was conservative and noted that the chosen projected growth rate is similar to the projected growth rate used in the 2023 SMFP.

- The applicant applied the chosen projected growth rate of 1.2% to the patients projected to need HHA services in New Hanover County through FFY 2028. The applicant then calculated the projected patient deficit in the 2023 SMFP as a percentage of the projected patients needing HHA services and determined that the deficit of patients as projected in the 2023 SMFP was approximately 6.1% of the total patients who would need HHA services. The applicant assumed the 6.1% rate would remain consistent in its projections through the end of FFY 2028. The applicant subsequently converted the data from FFYs to calendar years.
- The applicant analyzed the market share of HHA patients it was serving at its existing HHA in Cumberland County as well as the market share of New Hanover County HHA patients being served by all of the Medicare-certified HHAs serving New Hanover County patients. The applicant determined that projecting to serve 6.1% of patients was reasonable, based on the following:
  - The applicant has a market share of approximately 7.4% in Cumberland County. 6.1% is approximately 80% of the applicant's market share in Cumberland County.
  - The existing Medicare-certified HHAs in New Hanover County each have a higher market share than 6.1%.
  - Two Medicare-certified HHAs serving New Hanover County patients but which are located outside of New Hanover County serve a higher market share of New Hanover County patients than the applicant's projected 6.1% market share.
- The applicant projects it would ramp up the market share of patients served to 6.1% over the interim and first three full fiscal years.
- The applicant also projects it will serve patients in adjacent counties which also have a deficit of HHA services. The applicant projects 13.1% of its patients in its third full fiscal year of operation will be from adjacent counties. The applicant states that 26.2% of patients it served at its Cumberland County Medicare-certified HHA in FFY 2021 were from outside of Cumberland County and used one-half of that rate to project the number of patients from outside of New Hanover County. The applicant also projects it will ramp up the percentage of those out-of-county patients to 13.1% over the first three full fiscal years.
- Immediately following Form F.5 in Section Q, the applicant provides the assumptions and methodology used to project types of visits. The applicant projects types of visits based on its experience at its Cumberland County HHA and adjusts some of its historical experience based on historical utilization of services by New Hanover County patients.

The applicant's utilization projections are summarized in the table below.

<b>Aveanna Projected Utilization</b>					
	<b>FFY 2024</b>	<b>FFY 2025</b>	<b>FFY 2026</b>	<b>FFY 2027</b>	<b>FFY 2028</b>
Patients Needing HHA Services (1.2% growth rate)	7,637	7,731	7,826	7,922	8,019
	<b>CY 2024</b>	<b>CY 2025</b>	<b>CY 2026</b>	<b>CY 2027</b>	
Conversion to CYs	7,661	7,755	7,850	7,946	
Projected Unserved Patients (6.1%)	467	471	477	483	
Ramp-Up in Market Share	174	236	358	483	
Inmigration (with ramp-up)	9	17	39	73	
<b>Projected Total Patients</b>	<b>184</b>	<b>252</b>	<b>397</b>	<b>556</b>	

As shown in the table above, the applicant projects to serve 556 patients during its third full fiscal year following project completion. This meets the performance standard promulgated in 10A NCAC 14C .2003(2), which requires an applicant to project to serve at least 325 patients by the end of the third full fiscal year following project completion.

It is unclear how the applicant converted FFYs to CYs – using the applicant’s stated methodology, the Project Analyst calculated a different number of patients for CYs 2024-2027. However, the calculations by the Project Analyst resulted in higher numbers of patients, which would not negatively impact the applicant’s utilization projections or its ability to meet the required performance standard.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant used historical population growth in New Hanover County as part of its projected utilization.
- The applicant provided data from publicly available and reliable sources such as NC OSBM.
- The applicant used historical experience of patients utilizing HHA services in New Hanover County to validate its projections.
- The applicant based some of its projections on its experience operating an existing HHA in Cumberland County.

**Access to Medically Underserved Groups** – In Section C, page 51, the applicant states:

*“Aveanna does not exclude or discriminate against any person based upon race, color, age, religion, gender, sexual orientation, marital status, sexual preference, age, national origin, veteran status, disability (mental or physical), communicable disease, or place of national origin for purposes of admission and eligibility to receive services and care. This policy is effective for patients cared for directly by Aveanna’s employees and by all contractors and contracted entities that Aveanna Healthcare engages to administer its programs and activities.”*

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Racial and ethnic minorities	17.7%
Women	52.3%
Persons 65 and older	66.5%
Medicare beneficiaries	66.5%
Medicaid recipients	9.8%

Source: Section C, page 53

On page 53, the applicant states it does not maintain information on patients that are considered low-income or disabled but says neither low-income patients nor disabled patients are excluded from services.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- The applicant provides a statement saying it will provide full access to area residents who are medically underserved.
- The applicant provides a copy of its admission policies which state the same in Exhibit L.5.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12404-23/BAYADA Home Health Care/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Patient Origin** – On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists of New Hanover County. Facilities may also serve residents of counties not included in their service area.

BAYADA does not currently operate a Medicare-certified HHA in New Hanover County. Projected patient origin is shown in the table below.

<b>Projected Patient Origin – BAYADA</b>						
	<b>FY 1 (FFY 2025)</b>		<b>FY 2 (FFY 2026)</b>		<b>FY 3 (FFY 2027)</b>	
	<b># Patients</b>	<b>% Patients</b>	<b># Patients</b>	<b>% Patients</b>	<b># Patients</b>	<b>% Patients</b>
New Hanover	116	74.4%	232	70.1%	348	68.6%
Brunswick	20	12.8%	50	15.1%	80	15.8%
Onslow	15	9.6%	37	11.2%	60	11.8%
Pender	5	3.2%	12	3.6%	19	3.7%
<b>Total</b>	<b>156</b>	<b>100.0%</b>	<b>331</b>	<b>100.0%</b>	<b>507</b>	<b>100.0%</b>

Source: Section C, page 39

In Section C, page 39, and in the Home Health Patient and Visit Methodology and Assumptions subsection of Section Q, immediately following Form C.5, the applicant provides the assumptions and methodology used to project patient origin. Projected patient origin is reasonable and adequately supported based on the following:

- The applicant projects patient origin based on proportions of deficits in HHA services as published in the SMFP.
- The applicant is experienced in operating Medicare-certified HHAs in North Carolina and has other agencies in the state that can assist with establishing referral relationships.
- Projected utilization is reasonable and adequately supported. Please see the discussion about projected utilization found below for more details.

**Analysis of Need** – In Section C, pages 42-48, the applicant explains the reasons why it believes the population projected to utilize the proposed services needs the proposed services, which are summarized below.

- There is a need determination in the 2023 SMFP for one additional Medicare-certified HHA in New Hanover County. (page 42)
- According to NC OSBM, the population in New Hanover County grew by 5.8% between 2018 and 2023 and is projected to grow by 6.3% between 2023 and 2028. NC OSBM also projects the population aged 65 to 74 and the population aged 75 and older has increased at faster rates than the overall population and is projected to grow at faster rates than the overall population is projected to grow. The applicant states that NC OSBM also shows the population in surrounding counties is experiencing similar growth patterns. The applicant further states that patients in older age brackets have higher use rates for home health services. (pages 42-43)
- The life expectancy of New Hanover County residents has increased across most age groups aged 65 and older between 1990 and 2020. (pages 44-45)

- The applicant states that, based on the 2023 SMFP, utilization of home health services in New Hanover County and surrounding counties has increased in the 18-64 age group and in most counties for the 75 and older age group. (page 45)
- BAYADA has well-respected home health agencies throughout the state, but has none in eastern North Carolina, and it desires to bring those services to the eastern part of the state. (page 45)
- Home care has taken on increased importance especially following the COVID-19 pandemic. (pages 46-48)

The information is reasonable and adequately supported based on the following reasons:

- There is a need determination in the 2023 SMFP for one additional Medicare-certified home health agency in New Hanover County.
- The applicant provides publicly available and reliable data and information to support its statements about population growth, life expectancy, and utilization of HHA services in New Hanover County.

Projected Utilization – On Form C.5 in Section Q, the applicant provides projected utilization, as illustrated in the following table.

<b>BAYADA – Projected Utilization</b>			
	<b>FY 1 (FFY 2025)</b>	<b>FY 2 (FFY 2026)</b>	<b>FY 3 (FFY 2027)</b>



	# of Clients	# of Visits	# of Clients	# of Visits	# of Clients	# of Visits
<b>Clients (Undup) by Admitting Discipline</b>						
Nursing	95		201		308	
Physical Therapy	57		121		186	
Occupational Therapy	4		9		14	
<b>Total Clients (Undup)</b>	<b>156</b>		<b>331</b>		<b>507</b>	
<b>Clients &amp; Visits by Discipline (Dup)</b>						
Nursing	135	884	326	2,131	517	3,383
Physical Therapy	112	826	286	2,104	412	3,031
Speech Therapy	31	107	78	266	116	396
Occupational Therapy	59	328	154	850	222	1,223
Medical Social Worker	8	11	19	26	28	37
Home Health Aide	6	30	16	75	23	108
<b>Total Clients &amp; Visits (Dup)</b>	<b>353</b>	<b>2,187</b>	<b>879</b>	<b>5,451</b>	<b>1,318</b>	<b>8,178</b>
<b>Duplicated Medicare Clients &amp; Visits</b>						
Full Episodes w/o Outlier	153	310	311	629	462	934
Full Episodes w/ Outlier	2	5	4	10	6	15
Low-Utilization Payment Adjustment	16	21	32	43	47	63
<b>Total Medicare Clients &amp; Visits</b>	<b>171</b>	<b>336</b>	<b>347</b>	<b>682</b>	<b>514</b>	<b>1,012</b>

In the Home Health Patient and Visit Methodology and Assumptions subsection of Section Q, immediately following Form C.5, the applicant provides the assumptions and methodology used to project patient origin, as discussed below.

- The applicant had concerns about the reliability of available data for New Hanover County HHA services. The applicant states data from FYs 2019 and 2020 were impacted by the pandemic and concerns about letting outside healthcare workers into homes, FY 2021 data was impacted because of the increase in use of HHA services to avoid other institutional services, and data from FY 2022 has potential errors. The applicant states that license renewals have been done online only for the last two years and it appears some data is missing, and other data is not consistent with the applicant's calculations. The applicant states that, because of the lack of reliable data in recent years, it chose to use its experience at its existing HHA in Guilford County when reliable data from New Hanover County was unavailable.
- The applicant projects that it will serve 25% of the patient deficit identified in the 2023 SMFP in its first full fiscal year of operation. The applicant believes this is reasonable based on the following reasons:
  - Experience in serving North Carolina patients;
  - Reputation for quality care;
  - Commitment to serving patients regardless of patient demographic or ability to pay; and
  - Development of referral sources (some of whom have written letters of support).
- The applicant projected it would serve 50% of the patient deficit in the second full fiscal year and 75% of the patient deficit in the third full fiscal year.

- The applicant compared its projections with the 2022 patient population (as listed in the Proposed 2024 SMFP) to determine its potential market share and compared the potential market share with existing Medicare-certified HHAs serving New Hanover County patients (including Medicare-certified HHAs serving New Hanover County patients but which are located outside of New Hanover County). The applicant determined that in its third full fiscal year, three other Medicare-certified HHAs serving New Hanover County patients – including the two existing Medicare-certified HHAs located in New Hanover County – would serve a higher market share than BAYADA’s projected market share.
- The applicant projected it would serve a percentage of the patient deficits in Brunswick, Onslow, and Pender counties, which are adjacent to New Hanover County. The applicant projected that it would ramp up to serving 15% of the projected patient deficit identified in the 2023 SMFP over the first three full fiscal years following project completion.
- The applicant relied on its own internal experience in serving patients at its Guilford County Medicare-certified HHA to project the following:
  - Unduplicated patients by service discipline admissions
  - Unduplicated patients by payor
  - Readmitted patients by payor
  - Medicare episode starts
  - Medicare episodes by reimbursement type
  - Projected visits by reimbursement type
  - Projected visits by service discipline

The applicant made the following assumptions in projecting utilization based on its historical experience serving patients in Guilford County and applied them to its historical experience:

- The Medicare exception for occupational therapy visits will be repealed and no initial admissions to occupational therapy will be permitted.
- No patients will be treated in the last three months of 2024 after becoming licensed.
- Pro bono care will be provided during the first four months of 2025 while the initial provider enrollment to CMS is under review. After approved, the remaining eight months in 2025 will be focused on Medicare patients, with Medicaid patients beginning to be admitted during the last three months of 2025.
- Patients from all payors will be admitted during 2026 and 2027 and eventually the payor mix will be similar to that of BAYADA’s Guilford County Medicare-certified HHA.

The applicant’s utilization projections are summarized in the table below.

<b>BAYADA Projected Utilization</b>			
	<b>FFY 2025</b>	<b>FFY 2026</b>	<b>FFY 2027</b>
New Hanover County Projected Patient Deficit in 2023 SMFP	463.88	463.88	463.88
Projected % of Patient Deficit to be Served by BAYADA	25%	50%	75%
Projected Patients to be Served by BAYADA	116	232	348
Brunswick County Projected Patient Deficit in 2023 SMFP	533.61	533.61	533.61
Projected Brunswick County Patients to be Served by BAYADA (ramp-up to 15%)	20	50	80
Onslow County Projected Patient Deficit in 2023 SMFP	398.54	398.54	398.54
Projected Onslow County Patients to be Served by BAYADA (ramp-up to 15%)	15	37	60
Pender County Projected Patient Deficit in 2023 SMFP	124.80	124.80	124.80
Projected Pender County Patients to be Served by BAYADA (ramp-up to 15%)	5	12	19
<b>Projected Total Patients</b>	<b>156</b>	<b>331</b>	<b>507</b>

As shown in the table above, the applicant projects to serve 507 patients during its third full fiscal year following project completion. This meets the performance standard promulgated in 10A NCAC 14C .2003(2), which requires an applicant to project to serve at least 325 patients by the end of the third full fiscal year following project completion.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant provided data from publicly available and reliable sources such as the SMFP.
- While FFY 2019 data would not have been impacted by the pandemic, the applicant is correct that later data about patients needing home health services was impacted by the pandemic.
- The applicant used New Hanover County data when it was available and appropriate for its projections.
- The applicant relied on its own historical experience serving HHA patients in Guilford County when New Hanover County data was unavailable or believed to be unreliable.

**Access to Medically Underserved Groups** – In Section C, page 54, the applicant states:

*“BAYADA maintains a nondiscrimination policy and is committed to serving all appropriate patients regardless of income, race or ethnicity, gender, disability, age and other characteristics that cause patients to be underserved. .... BAYADA Home Health will extend care services to Medicare and Medicaid, uninsured, underinsured, self-pay and medically indigent patients.”*

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low income persons	9.9%
Racial and ethnic minorities	18.8%
Women	57.5%
Persons 65 and older	76.0%
Medicare beneficiaries	76.0%
Medicaid recipients	8.8%

Source: Section C, page 54

On page 54, the applicant states it does not track information or data on disabled people that use its services.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- The applicant provides a statement saying it will provide full access to area residents who are medically underserved.
- The applicant provides a copy of its non-discrimination policies in Exhibit C.6.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12405-23/Well Care Home Health of New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Patient Origin** – On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists of New Hanover County. Facilities may also serve residents of counties not included in their service area.

Well Care currently operates a Medicare-certified HHA in New Hanover County; however, this proposal is for a new Medicare-certified HHA which does not yet exist. Projected patient origin is shown in the table below.

<b>Projected Patient Origin – Well Care</b>						
	<b>FY 1 (SFY 2025)</b>		<b>FY 2 (SFY 2026)</b>		<b>FY 3 (SFY 2027)</b>	
	<b># Patients</b>	<b>% Patients</b>	<b># Patients</b>	<b>% Patients</b>	<b># Patients</b>	<b>% Patients</b>
New Hanover	441	82.5%	999	78.9%	1,558	78.0%
Pender	94	17.5%	267	21.1%	440	22.0%
<b>Total</b>	<b>535</b>	<b>100.0%</b>	<b>1,266</b>	<b>100.0%</b>	<b>1,998</b>	<b>100.0%</b>

Source: Section C, page 47

In the Form C.5 Home Health Utilization – Assumptions and Methodology subsection of Section Q, immediately following Form C.5, the applicant provides the assumptions and methodology used to project patient origin. Projected patient origin is reasonable and adequately supported based on the following:

- The applicant projects to serve existing New Hanover County patients it is already serving at its existing Medicare-certified HHA.
- The applicant projects patient origin based on its projected utilization, including serving some of the patient deficit in New Hanover County, and serving some of the patient deficit in Pender County.
- Projected utilization is reasonable and adequately supported. Please see the discussion about projected utilization found below for more details.

**Analysis of Need-** In Section C, pages 48-65, the applicant explains the reasons why it believes the population projected to utilize the proposed services needs the proposed services, which are summarized below.

- There is a need determination in the 2023 SMFP for one additional Medicare-certified HHA in New Hanover County. (pages 48-50)
- Well Care served more than 8,000 patients in total during FY 2021, including 2,051 New Hanover County patients – roughly one third of all HHA patients originating from New Hanover County during FY 2021. (pages 50-51)
- The unique population challenges of New Hanover County, including increased population growth after the start of the pandemic, create challenges with traffic and scheduling; having a second Well Care HHA in New Hanover County will allow for more access for New Hanover County residents. (pages 51-56)
- The location of a HHA’s office can impact staff retention based on job satisfaction and driving time; adding a HHA in the proposed location will result in greater job

satisfaction, greater access for patients, and perhaps even shorter response times. (pages 56-57)

- Well Care has a history of providing high-quality care and has a reputation for quality care; the patients of New Hanover County will benefit from an additional Well Care HHA in New Hanover County. (pages 57-59)
- The applicant states that, according to NC OSBM, the populations of New Hanover and Pender counties aged 75 and older will grow faster than any other age cohort in those counties between 2023 and 2027. The applicant also states that, based on data from NC OSBM and the 2023 SMFP, use rates for HHA services for residents of New Hanover and Pender counties are higher than the statewide average use rate. (pages 59-61)
- Chronic disease rates among residents of New Hanover and Pender counties are comparable to or higher than the statewide average. Patients who are older and have chronic diseases are major users of HHA services. (pages 61-64)
- Access to HHA services reduce cost to discharged hospital patients and others; Well Care’s ability to provide additional cost-effective and high-quality services will benefit the residents of New Hanover County. (pages 64-65)

The information is reasonable and adequately supported based on the following reasons:

- There is a need determination in the 2023 SMFP for one additional Medicare-certified home health agency in New Hanover County.
- The applicant provides publicly available and reliable data and information to support its statements about population growth, utilization of HHA services in New Hanover County, and chronic disease.
- The applicant is currently providing HHA services to existing New Hanover County patients and is likely aware of the needs of the community based on their historical provision of services.

Projected Utilization – On Form C.5 in Section Q, the applicant provides projected utilization, as illustrated in the following table.

<b>Well Care – Projected Utilization</b>			
	<b>FY 1 (SFY 2025)</b>	<b>FY 2 (SFY 2026)</b>	<b>FY 3 (SFY 2027)</b>

	# of Clients	# of Visits	# of Clients	# of Visits	# of Clients	# of Visits
<b>Clients (Undup) by Admitting Discipline</b>						
Nursing	342		810		1,279	
Physical Therapy	192		456		719	
<b>Total Clients (Undup)</b>	<b>535</b>		<b>1,266</b>		<b>1,998</b>	
<b>Clients &amp; Visits by Discipline (Dup)</b>						
Nursing	437	4,283	1,290	12,642	2,036	19,956
Physical Therapy	383	2,948	1,125	8,660	1,775	13,667
Speech Therapy	50	246	148	727	234	1,147
Occupational Therapy	247	1,064	730	3,140	1,153	4,957
Medical Social Worker	132	158	388	466	612	735
Home Health Aide	81	414	240	1,224	379	1,932
<b>Total Clients &amp; Visits (Dup)</b>	<b>1,331</b>	<b>9,114</b>	<b>3,921</b>	<b>26,859</b>	<b>6,189</b>	<b>42,394</b>
<b>Duplicated Medicare Clients &amp; Visits</b>						
Full Episodes w/o Outlier	554	7,147	1,659	21,396	2,618	33,772
Full Episodes w/ Outlier	13	257	38	747	60	1,188
Episodes w/Partial Period Payments	1	11	2	20	3	32
Low-Utilization Payment Adjustment	63	120	189	359	298	566
<b>Total Medicare Clients &amp; Visits</b>	<b>630</b>	<b>7,535</b>	<b>1,887</b>	<b>22,522</b>	<b>2,978</b>	<b>35,558</b>

In the Form C.5 Home Health Utilization – Assumptions and Methodology subsection of Section Q, immediately following Form C.5, the applicant provides the assumptions and methodology used to project patient origin, as discussed below.

- The applicant examined the number of HHA patients in New Hanover and Pender counties as published in the 2021-2023 SMFPs and calculated the CAGR for each county. The applicant calculated a 7.9% 2-year CAGR for New Hanover County patients and a 0.2% 2-year CAGR for Pender County patients.
- The applicant projects growth in the number of New Hanover County HHA patients at roughly one-half of the 2-year CAGR (4.0%) and projects growth in the number of Pender County HHA patients at the 2-year CAGR (0.2%) through 2027.
- The applicant projects to be operational as of July 1, 2024, and projects at that time to serve 95% of the patient deficit in New Hanover County as published in the 2023 SMFP and 75% of the patient deficit in Pender County as published in the 2023 SMFP.
- The applicant compared its projections with the 2022 patient population (as listed in the Proposed 2024 SMFP) to determine its potential market share. The applicant determined its projections result in a market share of 6.2% of New Hanover County HHA patients and 5.7% of Pender County patients. The applicant projected its market share would remain constant through the first three full fiscal years following project completion and calculated the number of patients it would serve each year.
- The applicant projects that 50% of its existing New Hanover County and Pender County patients at its existing HHA will shift care to the proposed HHA and that the

patient shift will ramp up over the second and third full fiscal year following project completion.

- The applicant relies on its own experience, either specifically with New Hanover County patients or as an enterprise operating HHAs in multiple locations, to project the following:
  - Unduplicated patients by service discipline admissions
  - Unduplicated patients by payor
  - Readmitted patients by payor
  - Medicare patient episodes/periods of care
  - Medicare episodes and reimbursement type
  - Projected visits by reimbursement type
  - Projected visits by service discipline

The applicant’s utilization projections are summarized in the table below.

<b>Well Care Projected Utilization</b>							
	2021	2022	2023	2024	FY 1 (SFY)	FY 2 (SFY)	FY 3 (SFY)
					2025	2026	2027
New Hanover County Patients (4.0%)	6,216	6,462	6,717	6,983	7,259	7,547	7,845
Market Share % to be Served					6.2%	6.2%	6.2%
New Hanover County Patients to be Served					441	458	476
Pender County Patients (0.2%)	1,629	1,632	1,636	1,637	1,639	1,642	1,644
Market Share % to be Served					0.2%	0.2%	0.2%
Pender County Patients to be Served					94	94	94
Projected Total New Patients					535	552	570
New Hanover County Patient Shift (0%, 25%, 50%)					0	541	1,082
Pender County Patient Shift (0%, 25%, 50%)					0	173	346
<b>Projected Total Patients</b>					<b>535</b>	<b>1,266</b>	<b>1,998</b>

As shown in the table above, the applicant projects to serve 1,998 patients during its third full fiscal year following project completion. This meets the performance standard promulgated in 10A NCAC 14C .2003(2), which requires an applicant to project to serve at least 325 patients by the end of the third full fiscal year following project completion.

The Project Analyst notes that, based on the calculations, Well Care projects to serve a market share of 6.3% of the New Hanover County patient deficit, not 6.2%; however, that distinction does not impact the outcome of this review.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant provided data from publicly available and reliable sources such as the SMFP.



- The applicant projects utilization based on shifting its own patients that it is already serving at its existing HHA in New Hanover County.
- The applicant relied on its own historical experience in projecting utilization.

**Access to Medically Underserved Groups** – In Section C, page 69, the applicant states:

*“Well Care does not exclude, deny benefits to, or otherwise discriminate against any person on the ground of race, color, or national origin, sex, age or on the basis of disability in admission to, participation in, or receipt of the services and benefits under any of its programs and activities, whether carried out by Well Care directly or through a contractor or any other entity with which Well Care Home Health Inc. arranges to carry out its programs and activities.”*

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low income persons	11.0%
Racial and ethnic minorities	18.5%
Women	61.0%
Persons 65 and older	88.2%
Medicare beneficiaries	79.5%
Medicaid recipients	10.0%

**Source:** Section C, page 71

On page 71, the applicant states it does not have a method to estimate persons with disabilities that use its services, but that persons with disabilities will have access to Well Care services.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- The applicant provides a statement saying it will provide full access to area residents who are medically underserved.
- The applicant provides a copy of its non-discrimination policies in Exhibit C.6.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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, ... persons [persons with disabilities], and other underserved groups and the elderly to obtain needed health care.

#### **NA – All Applications**

None of the applicants propose to reduce a service, eliminate a service, or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

- (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.

#### **C**

Aveanna Home Health – New Hanover  
BAYADA Home Health Care  
Well Care Home Health of New Hanover

#### **NC**

Interim HealthCare  
Healthview Home Health – New Hanover

#### **Project ID #O-12389-23/Interim HealthCare/Develop a Medicare-certified HHA**

The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section E, pages 94-95, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo – The applicant states that maintaining the status quo would leave New Hanover County patients unserved; therefore, this was not an effective alternative.
- Allow a Different Provider to Develop a Different HHA – The applicant states allowing a different provider to develop a Medicare-certified HHA would lead to delays because of the time needed to establish a presence in New Hanover County, and large corporate-

run entities often have a one-size-fits-all policy that would not allow for individualized decisions; therefore, this was not an effective alternative.

However, the applicant does not adequately demonstrate that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant does not adequately demonstrate the need it has for the proposed project and does not demonstrate that projected utilization is based on reasonable and adequately supported assumptions. The discussion regarding need, including projected utilization, found in Criterion (3) is incorporated herein by reference. A proposal that is not needed by the population proposed to be served cannot be an effective alternative to meet the need.
- The applicant does not demonstrate sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses. The discussion regarding financial feasibility found in Criterion (5) is incorporated herein by reference. A proposal that cannot demonstrate it will be financially feasible cannot be an effective alternative to meet the need.
- The applicant does not demonstrate that the proposed project is not an unnecessary duplication of existing and approved services in New Hanover County. The discussion regarding unnecessary duplication found in Criterion (6) is incorporated herein by reference. A proposal that cannot demonstrate it is not an unnecessary duplication of existing and approved services in the service area cannot be an effective alternative to meet the need.
- The applicant does not demonstrate that any enhanced competition from the proposed project will have a positive impact on cost-effectiveness. The discussion regarding enhanced competition and the impact on cost-effectiveness found in Criterion (18a) is incorporated herein by reference. A proposal that cannot demonstrate how any enhanced competition will have a positive impact on cost-effectiveness cannot be an effective alternative to meet the need.
- The application is not conforming to all other statutory and regulatory review criteria. An application that cannot be approved cannot be an effective alternative to meet the need.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion for the reasons stated above.

**Project ID #O-12394-23/Healthview Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section E, page 46, the applicant states that the only alternative to meet the need would be to maintain the status quo, and the status quo would not meet the need for the proposed Medicare-certified HHA because the 2023 SMFP has identified a need for an additional Medicare-certified HHA in New Hanover County. However, the applicant does not adequately demonstrate that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant does not adequately identify the population it proposes to serve and does not demonstrate that projected utilization is based on reasonable and adequately supported assumptions. The discussions regarding identification of the population proposed to be served and need, including projected utilization, found in Criterion (3) are incorporated herein by reference. A proposal that is not needed by an unidentified population proposed to be served cannot be an effective alternative to meet the need.
- The applicant does not demonstrate projections of capital and working capital costs are reasonable and adequately supported and does not demonstrate sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses. The discussions regarding projected capital and working capital costs, along with financial feasibility, found in Criterion (5) are incorporated herein by reference. A proposal that cannot demonstrate projected capital and working capital costs are based on reasonable and adequately supported assumptions and cannot demonstrate it will be financially feasible cannot be an effective alternative to meet the need.
- The applicant does not demonstrate that the proposed project is not an unnecessary duplication of existing and approved services in New Hanover County. The discussion regarding unnecessary duplication found in Criterion (6) is incorporated herein by reference. A proposal that cannot demonstrate it is not an unnecessary duplication of existing and approved services in the service area cannot be an effective alternative to meet the need.
- The applicant does not demonstrate that any enhanced competition from the proposed project will have a positive impact on cost-effectiveness. The discussion regarding enhanced competition and the impact on cost-effectiveness found in Criterion (18a) is incorporated herein by reference. A proposal that cannot demonstrate how any

enhanced competition will have a positive impact on cost-effectiveness cannot be an effective alternative to meet the need.

- The applicant does not identify a location for its proposed Medicare-certified HHA and therefore cannot be awarded a certificate of need, even if conforming with all other statutory criteria.

In Section A, in response to questions about the site location and ownership, the applicant states the location is to be determined. In responses to comments submitted and which were handed to the Project Analyst at the public hearing, the applicant states that determining a site after a certificate of need is awarded is not uncommon; this is incorrect. While the applicant is correct in its later statements that applicants do not typically obtain a lease for a site until after a certificate of need is awarded, all applicants for a certificate of need must identify a proposed site.

N.C.G.S. 131E-181(a) states: “*A certificate of need shall be valid only for the defined scope, **physical location**, and person named in the application.*” (emphasis added) If there is not an identified physical location in an application, a valid certificate of need cannot be issued. A proposal which cannot be awarded a certificate of need because it does not meet the statutory requirements required for a certificate of need cannot be an effective alternative to meet the need.

- The application is not conforming to all other statutory and regulatory review criteria. An application that cannot be approved cannot be an effective alternative to meet the need.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion for the reasons stated above.

**Project ID #O-12401-23/Aveanna Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section E, page 62, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Construct a New Building for the HHA: the applicant states construction of a new building would involve significant costs, unpredictable schedules, and would not be ideal for services delivered mostly in the patient's home; therefore, this was not an effective alternative to meet the need.
- Lease Office Space at a Different Location: the applicant states it looked at multiple sites in New Hanover County, and other sites were either not close enough to major roads, not close enough to the majority of the population of New Hanover County, or didn't have the right amenities; therefore, this was not an effective alternative to meet the need.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

**Project ID #O-12404-23/BAYADA Home Health Care/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section E, page 64, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo: the applicant states maintaining the status quo would result in limited services for New Hanover County patients and would not give rise to the opportunity to serve New Hanover County patients; therefore, this was not an effective alternative to meet the need.

- Build a New Facility: the applicant states that the capital expenditure required to develop a new building, when services are provided in a patient's home, was unreasonable; therefore, this was not an effective alternative to meet the need.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

**Project ID #O-12405-23/Well Care Home Health of New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section E, pages 79-83, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo: the applicant states maintaining the status quo doesn't address the projected population growth and does not address the need in the 2023 SMFP; therefore, this was not an effective alternative to meet the need.
- Develop the HHA in a Different Location: the applicant states developing the HHA in the southern part of the county would not allow access to healthcare facilities under development, and there are no North Carolina counties south of New Hanover County; therefore, this was not an effective alternative to meet the need.
- Develop a Drop-Off Site/Work Station: the applicant states there are significant restrictions on what services can be provided and what can be stored and handled at a drop-off site/work station; therefore, this was not an effective alternative.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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.

C

Aveanna Home Health – New Hanover  
BAYADA Home Health Care  
Well Care Home Health of New Hanover

NC

Interim HealthCare  
Healthview Home Health – New Hanover

**Project ID #O-12389-23/Interim HealthCare/Develop a Medicare-certified HHA**

The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Capital and Working Capital Costs** – On Form F.1a in Section Q, the applicant projects a total capital cost of \$15,742 for medical equipment. (It should be listed as non-medical equipment. That mistake does not affect the outcome of this review.)

The applicant provides its assumptions and methodology for projecting capital cost immediately following Form F.1a in Section Q. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:



- The applicant provides a list of the prices of the equipment it proposes to purchase which adds up to the total projected capital cost.
- The applicant provides quotes for some of the equipment it proposes to acquire which are consistent with the listed prices.

In Section F, pages 97-98, the applicant projects \$171,000 in start-up costs and initial operating costs of \$265,000 over a 12-month period for a total projected working capital cost of \$436,000. On page 98, the applicant provides the assumptions and methodology used to project working capital costs. However, the applicant does not adequately demonstrate that projected working capital costs are based on reasonable and adequately supported assumptions based on the following:

- The applicant states initial operating costs are based on one year of operating expenses because it will not be able to generate revenue until it becomes Medicare-certified and anticipates that taking approximately 10 months. However, the Project Analyst cannot determine how the applicant calculated projected initial operating costs of \$265,000. On Form F.3b, the applicant projects \$998,645 in operating expenses for its first full fiscal year beginning in August 2024. The applicant does not explain why the year-long initial operating period will have initial operating costs of approximately one-fourth of one year's expenses.
- The applicant projects net revenue of \$376,021 at the end of its first full fiscal year. That is not consistent with the projected 12 months for the initial operating period and initial operating costs of \$265,000.
- The applicant provides no other information in the application as submitted that would enable the Project Analyst to determine how the projected start-up cost and initial operating expenses were calculated.

**Availability of Funds** – In Section F, pages 96-97, the applicant appears to state that the entire projected capital and working capital expenditure of \$451,742 will be funded with Interim's accumulated reserves.

In an exhibit labeled Tab 12, Section F Criterion (5), Question C2, the applicant provides a letter dated June 12, 2023 signed by both the President and the Finance Manager of Interim, stating that Interim has sufficient accumulated reserves to fund the projected capital and working capital costs and committing to providing that funding to develop the proposed project.

In an exhibit labeled Tab 13, Section F Criterion (5), Question C3, the applicant provides three letters to document the availability of funding for the proposed project. Information about each letter is shown in the table below.

<b>Documentation of Available Funding – Interim</b>			
Date of letter	Name of Institution	Title of Official	Amount Available in Accounts
June 13, 2023	Truist Bank	Senior Vice President	\$255,276
June 13, 2023	Truist Investment Services	Client Service Associate	\$499,514.91
June 13, 2023	First Bank	Assistant Branch Manager	\$225,000
<b>Total Available Amount</b>			<b>\$979,790.91</b>

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project based on the following:

- The applicant provides a letter from appropriate Interim officials confirming the availability of the funding proposed for the capital and working capital needs of the project and the commitment to use those funds to develop the proposed project.
- The applicant provides adequate documentation of the accumulated reserves it proposes to use to fund the capital and working capital needs of the project.

**Financial Feasibility** – The applicant provided pro forma financial statements for the first three full fiscal years of operation following project completion. On Form F.2b in Section Q, the applicant projects revenues will exceed operating expenses in each of the first three full fiscal years following project completion, as shown in the table below.

<b>Revenues and Operating Expenses – Interim</b>			
	<b>FY 1 (8/1/24–7/30/25)</b>	<b>FY 2 (8/1/25–7/30/26)</b>	<b>FY 3 (8/1/26–7/30/27)</b>
Total Visits	7,537	9,093	10,589
Total Gross Revenues (Charges)	\$1,402,720	\$1,693,887	\$1,973,134
Total Net Revenue	\$1,374,666	\$1,660,009	\$1,933,672
Total Net Revenue per Visit	\$182.39	\$182.56	\$182.61
Total Operating Expenses (Costs)	\$998,645	\$1,195,915	\$1,384,758
Total Operating Expenses per Visit	\$132.50	\$131.52	\$130.77
<b>Net Profit/(Loss)</b>	<b>\$376,021</b>	<b>\$464,094</b>	<b>\$548,914</b>

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Form F.3b in Section Q. However, the applicant does not adequately demonstrate that the financial feasibility of the proposal is reasonable and adequately supported because projected utilization is not based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference. Therefore, projected revenues and operating expenses, which are based in part on projected utilization, are also questionable.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion based on the following:

- The applicant does not demonstrate that projected working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant does not demonstrate that projections of costs and charges are based on reasonable and adequately supported assumptions for all the reasons described above.

**Project ID #O-12394-23/Healthview Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Capital and Working Capital Costs** – On Form F.1a in Section Q, the applicant projects the capital cost for the proposed project, as shown in the table below.

Medical Equipment	\$25,000
Non-Medical Equipment	\$75,000
Furniture	\$40,000
Consultant Fees	\$15,000
Other Start-Up Costs	\$45,000
<b>Total</b>	<b>\$200,000</b>

Immediately following Form O in Section Q, the applicant provides the assumptions and methodology used to project capital costs. The applicant states projected capital costs are estimated based on the equipment needed to properly equip the office for starting up.

However, the assumptions and methodology used to project capital costs are not reasonable and adequately supported because the applicant does not provide a projected location for the proposed Medicare-certified HHA. If the applicant does not know where it will develop the proposed Medicare-certified HHA, it cannot reasonably project associated capital costs.

In Section F, pages 48-49, the applicant projects \$60,000 in start-up costs and initial operating costs of \$339,735 over a 6-quarter period for a total projected working capital cost of \$399,735. On pages 49-50, the applicant provides the assumptions and methodology used to project working capital costs. However, the applicant does not adequately demonstrate that projected working capital costs are based on reasonable and adequately supported assumptions because of the following:

- According to publicly available information, the applicant has two other Medicare-certified HHAs in North Carolina. One was acquired in September 2018 and the other

was acquired around November 2021. Both were existing Medicare-certified HHAs that had been operating since at least 1993 and were not newly developed or newly operational.

On page 50, the applicant states its projected working capital costs “...represent the appropriate amount of operating expenses to fully operate a new agency while working towards a fill-up for patient episodes and visits.” However, the applicant has provided no information in the application as submitted to demonstrate the applicant has experience in projecting working capital costs for a proposed Medicare-certified HHA.

- The applicant provides no other information in the application as submitted that would enable the Project Analyst to determine the projected working capital costs are based on reasonable and adequately supported assumptions.

**Availability of Funds** – In Section F, pages 47-48 and 50-51, the applicant states the entire projected capital cost of \$200,000 and projected working capital cost of \$399,735 will be funded with Healthview’s accumulated reserves.

In Exhibits F.2 and F.3, the applicant provides identical letters dated June 1, 2023 signed by Andy Page, a CPA and partner with FORVIS, LLP, stating that funding will be provided by Healthview Capital Partners and affiliated entities, which are all wholly owned by Sandy Roberson. The letters state:

*“... we can verify that Mr. Roberson has in excess of \$3M in net liquid assets. Mr. Roberson has pledged the use of these personal and corporate liquid assets for both the capital and working capital needs of the Brunswick [sic] Home Health Agency project.”*

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project based on the following:

- The applicant provides a letter from a CPA documenting the availability of funding for the projected capital and working capital needs of the project.
- The letter contains a pledge to commit funding to develop the proposed project.

**Financial Feasibility** – The applicant provided pro forma financial statements for the first three full fiscal years of operation following project completion. On Form F.2b in Section Q, the applicant projects revenues will exceed operating expenses in the second and third full fiscal years following project completion, as shown in the table below.

<b>Revenues and Operating Expenses – Healthview</b>			
	<b>FY 1 (CY 2025)</b>	<b>FY 2 (CY 2026)</b>	<b>FY 3 (CY 2027)</b>
Total Visits	2,304	7,053	10,213
Total Gross Revenues (Charges)	\$510,402	\$1,556,749	\$2,239,042

Total Net Revenue	\$510,402	\$1,556,749	\$2,239,042
Total Net Revenue per Visit	\$221.53	\$220.72	\$219.23
Total Operating Expenses (Costs)	\$733,863	\$1,442,753	\$1,925,124
Total Operating Expenses per Visit	\$318.52	\$204.56	\$188.50
<b>Net Profit/(Loss)</b>	<b>(\$223,462)</b>	<b>\$113,996</b>	<b>\$313,918</b>

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Form O in Section Q. However, the applicant does not adequately demonstrate that the financial feasibility of the proposal is reasonable and adequately supported because projected utilization is not based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference. Therefore, projected revenues and operating expenses, which are based in part on projected utilization, are also questionable.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion based on the following:

- The applicant does not demonstrate that projected capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant does not demonstrate that projected working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant does not demonstrate that projections of costs and charges are based on reasonable and adequately supported assumptions for all the reasons described above.

**Project ID #O-12401-23/Aveanna Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Capital and Working Capital Costs** – On Form F.1a in Section Q, the applicant projects capital costs of \$22,544 for non-medical equipment and \$102,920 for furniture for a total projected capital cost of \$125,464.

Immediately following Form F.1a in Section Q, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected

capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant used vendor estimates to determine some of the projected capital cost.
- The applicant is relying on its own historical experience in developing or acquiring equipment for HHAs.

In Section F, page 66, the applicant projects that start-up costs will be \$70,020 and initial operating expenses will be \$735,513 during a 35-month initial operating period for a total working capital of \$805,533. In Section F, page 67, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant accounts for delays in obtaining Medicare certification.
- The applicant explains what projections are included in the projected start-up costs and initial operating expenses.

**Availability of Funds** – In Section F, pages 64-65 and 67-68, the applicant states the entire projected capital cost of \$125,464 and projected working capital cost of \$805,333 will be funded entirely by the applicant's accumulated reserves.

In Exhibit F.2-1, the applicant provides a letter dated June 15, 2023 from the Chief Accounting Officer of Aveanna Healthcare, stating that Aveanna Healthcare has available funds for the proposed project and has committed to using the funds to develop the proposed project. In Exhibit F.2-2, the applicant provides a letter dated June 15, 2023 from Aveanna Healthcare's Interim President for Home Health and Hospice Operations, stating they have the authority to receive and disburse the funding from Aveanna Healthcare on behalf of the applicant and commits to funding the proposed project with those accumulated reserves.

In Exhibit F.2-3, the applicant provides a copy of Form 10-K, the annual form required to be filed with the US Securities and Exchange Commission, for the year ending December 31, 2022. As of December 31, 2022, the applicant had sufficient cash and assets to fund the proposed project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project based on the following:

- The applicant provides letters from appropriate company officials documenting the availability of funding for the projected capital and working capital needs of the project as well as a commitment to use those funds toward the development of the proposed project.

- The applicant provides documentation filed with the US Securities and Exchange Commission showing availability of sufficient funds.

**Financial Feasibility** – The applicant provided pro forma financial statements for the first three full fiscal years of operation following project completion. On Form F.2b in Section Q, the applicant projects revenues will exceed operating expenses by the third full fiscal years following project completion, as shown in the table below.

<b>Revenues and Operating Expenses – Aveanna</b>			
	<b>FY 1 (CY 2025)</b>	<b>FY 2 (CY 2026)</b>	<b>FY 3 (CY 2027)</b>
Total Visits	5,498	8,651	12,117
Total Gross Revenues (Charges)	\$905,694	\$1,467,982	\$2,117,789
Total Net Revenue	\$771,625	\$1,250,679	\$1,804,295
Total Net Revenue per Visit	\$140.35	\$144.57	\$148.91
Total Operating Expenses (Costs)	\$872,437	\$1,269,581	\$1,688,723
Total Operating Expenses per Visit	\$158.68	\$146.76	\$139.37
<b>Net Profit/(Loss)</b>	<b>(\$100,812)</b>	<b>(\$18,902)</b>	<b>\$115,572</b>

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Form F.5 in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant relies on its own experience in providing care at a different HHA in North Carolina to project financial feasibility.
- The applicant provides adequate explanation for line items not included in the financial pro formas.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.

**Project ID #O-12404-23/BAYADA Home Health Care/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Capital and Working Capital Costs** – On Form F.1a in Section Q, the applicant projects capital costs as shown in the table below.

Construction/Office Improvements	\$100,000
Non-Medical Equipment	\$36,409
Furniture	\$18,488
Consultant Fees	\$37,000
Non-Medical Equipment/Furniture Contingency	\$8,235
<b>Total</b>	<b>\$200,132</b>

Immediately following Form F.1a in Section Q, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions because the applicant provides information about costs of equipment.

In Section F, page 68, the applicant projects that start-up costs will be \$206,322 and initial operating expenses will be \$750,000 during a 26-month initial operating period for a total working capital of \$956,322. In Section F, page 69, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant includes negative income during the first eleven months of the second operating year even though it projects to end the second operating year with positive income.
- The applicant explains the details of the start-up costs.
- While the applicant’s information suggests an initial operating period of 23 months, not 26 months, the difference does not meaningfully impact projections.



**Availability of Funds** – In Section F, pages 66-67 and 70-71, the applicant states the entire projected capital cost of \$200,132 and projected working capital cost of \$956,322 will be funded entirely by the applicant’s accumulated reserves.

In Exhibit F.2 (and in identical Exhibit F.3), the applicant provides a letter dated June 7, 2023 from the Chief Financial Officer of BAYADA, stating that BAYADA has available funds for the proposed project and has committed to using the funds to develop the proposed project. The applicant also provides a letter dated June 7, 2023 from a Senior Vice President for Corporate Banking at Citizens Commercial Banking, stating that BAYADA is a client of Citizens Commercial Bank, and stating that the applicant has significant deposits and has enough money in its accounts to fund both the proposed capital and working capital costs.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project based on the following:

- The applicant provides letters from an appropriate company official documenting the availability of funding for the projected capital and working capital needs of the project as well as a commitment to use those funds toward the development of the proposed project.
- The applicant provides documentation from a bank where the applicant has accounts showing availability of sufficient funds.

**Financial Feasibility** – The applicant provided pro forma financial statements for the first three full fiscal years of operation following project completion. On Form F.2b in Section Q, the applicant projects revenues will exceed operating expenses by the third full fiscal years following project completion, as shown in the table below.

<b>Revenues and Operating Expenses – BAYADA</b>			
	<b>FY 1 (FFY 2025)</b>	<b>FY 2 (FFY 2026)</b>	<b>FY 3 (FFY 2027)</b>
Total Visits	2,187	5,451	8,178
Total Gross Revenues (Charges)	\$554,533	\$1,382,224	\$2,074,071
Total Net Revenue	\$530,534	\$1,290,852	\$1,900,007
Total Net Revenue per Visit	\$242.59	\$236.81	\$232.33
Total Operating Expenses (Costs)	\$844,451	\$1,287,830	\$1,818,215
Total Operating Expenses per Visit	\$386.12	\$236.26	\$222.33
<b>Net Profit/(Loss)</b>	<b>(\$313,917)</b>	<b>\$3,023</b>	<b>\$81,793</b>

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Form F.5 in Section Q. The applicant adequately

demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant provides detailed calculations showing projected charges and visits used to project revenues.
- The applicant provides a copy of a Home Health Services Fee Schedule for Medicaid published by the NC Department of Health and Human Services, which states it was updated in February 2023, and which the applicant used in its projections.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.

**Project ID #O-12405-23/Well Care Home Health of New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Capital and Working Capital Costs** – On Form F.1a in Section Q, the applicant projects capital costs as shown in the table below.

Non-Medical Equipment	\$20,000
Furniture	\$15,000

Consultant Fees	\$50,000
Contingency	\$15,000
<b>Total</b>	<b>\$100,000</b>

Immediately following Form O in Section Q, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions because the applicant relies on its own historical experience developing new Medicare-certified HHAs.

In Section F, page 86, the applicant projects that start-up costs will be \$50,786 and initial operating expenses will be \$1,000,000 during a 14-month initial operating period for a total working capital cost of \$1,050,786. In Section F, page 87, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant provides a categorical breakdown of the various components included in the projection of start-up costs.
- The applicant projects initial operating expenses based on revenues and operating expenses as provided on Form F.2b.

**Availability of Funds** – In Section F, pages 84-85 and 88-89, the applicant states the entire projected capital cost of \$100,000 and projected working capital cost of \$1,050,786 will be funded entirely by the applicant’s accumulated reserves.

In Exhibit F.2, the applicant provides a letter dated June 8, 2023 from the Chief Executive Officer of Well Care Home Health, Inc., stating that the applicant is a subsidiary company, that Well Care Home Health, Inc. has funds for the proposed project, and a commitment to using the funds to develop the proposed project. The applicant also provides a letter dated May 4, 2023 from a Senior Vice President at Truist Bank, stating that the applicant is a client of Trust and stating that the applicant has enough money in its accounts to fund both the proposed capital and working capital costs up to \$1,500,000.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project based on the following:

- The applicant provides letters from an appropriate company official documenting the availability of funding for the projected capital and working capital needs of the project as well as a commitment to use those funds toward the development of the proposed project.
- The applicant provides documentation from a bank where the applicant has accounts showing availability of sufficient funds.

**Financial Feasibility** – The applicant provided pro forma financial statements for the first three full fiscal years of operation following project completion. On Form F.2b in Section Q, the applicant projects revenues will exceed operating expenses by the second and third full fiscal years following project completion, as shown in the table below.

<b>Revenues and Operating Expenses – Well Care</b>			
	<b>FY 1 (SFY 2025)</b>	<b>FY 2 (SFY 2026)</b>	<b>FY 3 (SFY 2027)</b>
Total Visits	9,114	26,859	42,394
Total Gross Revenues (Charges)	\$883,035	\$5,220,740	\$8,237,791
Total Net Revenue	\$659,848	\$3,444,076	\$5,434,676
Total Net Revenue per Visit	\$172.39	\$128.23	\$128.19
Total Operating Expenses (Costs)	\$1,482,295	\$2,918,222	\$4,394,509
Total Operating Expenses per Visit	\$162.64	\$108.65	\$103.66
<b>Net Profit/(Loss)</b>	<b>(\$822,447)</b>	<b>\$525,854</b>	<b>\$1,040,166</b>

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Form O in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant provides detailed calculations showing projected charges and visits used to project revenues.
- The applicant explains the assumptions used to project expenses.
- The applicant relies on its historical experience in operating North Carolina Medicare-certified HHAs.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.

- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
  - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

**C**  
 Aveanna Home Health – New Hanover  
 BAYADA Home Health Care  
 Well Care Home Health of New Hanover

**NC**  
 Interim HealthCare  
 Healthview Home Health – New Hanover

In Chapter 12, page 213, the 2023 SMFP defines the service area for a Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists of New Hanover County. Facilities may also serve residents of counties not included in their service area.

There are currently two Medicare-certified HHAs in New Hanover County. Information about each of those agencies is provided below.

<b>New Hanover County Medicare-Certified HHAs</b>				
<b>License</b>	<b>Name</b>	<b>In-County Patients</b>	<b>Out-of-County Patients</b>	<b>Total Patients</b>
HC0196	Liberty Home Care	657	18	675
HC1231	Well Care Home Health, Inc.	2,051	6,148	8,199
<b>Total</b>		<b>2,708</b>	<b>6,166</b>	<b>8,874</b>

Source: Table 12A, page 220, 2023 SMFP

**Project ID #O-12389-23/Interim HealthCare/Develop a Medicare-certified HHA**

The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section G, pages 104-105, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing Medicare-certified home health agencies in New Hanover County. On page 104, the applicant states:

*“IHEC does not foresee duplication of services as outlined in SMFP 2023 Home Health Services New Hanover County [sic]. As outlined in SMFP, there is a deficit, meaning patients/clients are denied access due to lack of providers. The SMFP 2023 [sic] projected need for one (1) new home health provider to meet the needs of the community.”*

However, the applicant does not adequately demonstrate that the proposal would not result in an unnecessary duplication of existing or approved services in the service area because the applicant does not demonstrate the need the population proposed to be served has for the proposed services or that projected utilization is based on reasonable and adequately supported assumptions. The discussion regarding need, including projected utilization, found in Criterion (3) is incorporated herein by reference. An application that cannot demonstrate that the population proposed to be served needs the proposed services cannot demonstrate that the project will not be an unnecessary duplication of existing or approved services.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion for all the reasons described above.

**Project ID #O-12394-23/Healthview Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section G, page 56, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing Medicare-certified HHAs in New Hanover County. The applicant states:

*“The NC State Medical Facilities Plan for 2023 has already identified the need for an additional Medicare Certified Home Health Agency in New Hanover County, based on the mathematical calculations included in the NC State Medical Facilities Plan. It is evident that the number [of] existing Medicare Certified Home Health Agencies in New Hanover County is not sufficient to handle the volume of need within the service area. It is further evidenced that the significant population growth in New Hanover County for those over 65 years of age will generate an increased need for Home Health services beyond the existing Home Health Agency providers in New Hanover County.”*

However, the applicant does not adequately demonstrate that the proposal would not result in an unnecessary duplication of existing or approved services in the service area because the applicant does not demonstrate that projected utilization is based on reasonable and adequately supported assumptions or that the proposed project is the most effective alternative to meet the need. The discussions regarding need (including projected utilization) and alternatives found in Criterion (3) and Criterion (4), respectively, are incorporated herein by reference. An application that cannot demonstrate that the population proposed to be served needs the proposed services or that the project is an effective alternative cannot demonstrate that the project will not be an unnecessary duplication of existing or approved services.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion for all the reasons described above.

**Project ID #O-12401-23/Aveanna Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section G, page 74, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing Medicare-certified HHAs in New Hanover County. The applicant states:

*“The 2023 SMFP includes a need determination for a Medicare-certified home health agency in New Hanover County. .... As stated previously, more than one-half of New Hanover home health patients receive care from a HHA based outside the county. Moreover, ..., given the need deficit identified in New Hanover County, increased need for home health services based on New Hanover County population growth and demographics, and the utilization of existing home health agencies in the region, another HHA is needed in the county.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There is a need determination in the 2023 SMFP for the proposed Medicare-certified HHA.

- The applicant adequately demonstrates that the proposed Medicare-certified HHA is needed in addition to the existing or approved Medicare-certified HHAs in New Hanover County.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12404-23/BAYADA Home Health Care/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section G, page 75, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing Medicare-certified HHAs in New Hanover County. The applicant states:

*“The 2023 State Medical Facilities Plan identifies a need determination for one Medicare-certified home health agency based on a projected 2024 home health patient deficit of 463.88 patients in New Hanover County. The 2023 State Medical Facilities Plan would not have generated a need for an additional Medicare-certified home health agency if the need did not exist and would not duplicate existing home health services.*

*Additionally, after reviewing the projected increase in population growth and aging in the service area, increase in New Hanover County life expectancies, and the utilization of home health services in the service area, support for an additional home health agency in New Hanover County exists.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There is a need determination in the 2023 SMFP for the proposed Medicare-certified HHA.
- The applicant adequately demonstrates that the proposed Medicare-certified HHA is needed in addition to the existing or approved Medicare-certified HHAs in New Hanover County.



**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12405-23/Well Care Home Health of New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section G, pages 94-95, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing Medicare-certified HHAs in New Hanover County. The applicant states:

*“As evidenced by the need determination for an additional Medicare-certified home health agency in New Hanover County in the 2023 SMFP, the projected number of New Hanover County patients who will need home health services will exceed the projected number of patients to be served by existing providers, including Well Care’s existing New Hanover County home health agency. The State considers the existing home health agencies serving New Hanover County inadequate to meet the growing demand for home health services by New Hanover County residents and has determined a need for one additional home health agency.*

...

*Based on the projected deficit of patients who will need home health services in New Hanover County, the need to enhance access to home health services in New Hanover County, and the need to optimize operational efficiencies to promote cost effective care delivery, the proposed Medicare-certified home health agency located in New Hanover County is needed.*

*For these reasons, the proposed new home health agency will not result in any unnecessary duplication of the existing home health agencies located in New Hanover County.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There is a need determination in the 2023 SMFP for the proposed Medicare-certified HHA.
- The applicant adequately demonstrates that the proposed Medicare-certified HHA is needed in addition to the existing or approved Medicare-certified HHAs in New Hanover County.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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.

**C – All Applications**

**Project ID #O-12389-23/Interim HealthCare/Develop a Medicare-certified HHA**

The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

On Form H in Section Q, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

<b>Interim – Projected FTEs</b>			
	<b>FY 1 (8/1/24–7/30/25)</b>	<b>FY 2 (8/1/25–7/30/26)</b>	<b>FY 3 (8/1/26–7/30/27)</b>
Registered Nurses	1.00	1.50	1.50
Nursing Supervisor	0.25	0.25	0.25
Licensed Practical Nurses	0.36	0.47	0.50
Certified Nursing Aides/Assistants	0.50	0.50	0.50
Q/A	0.25	0.25	0.25
Director of Nursing/Clinical Director	0.38	0.50	0.50
Physical Therapists	1.00	1.00	1.50
Physical Therapy Assistants	1.50	1.50	2.00
Speech Therapists	0.20	0.20	0.25
Occupational Therapists	0.50	0.50	0.50
Occupational Therapy Aides	0.50	0.50	0.50
Social Workers	0.07	0.70	0.70
Medical Records	0.25	0.25	0.25

Administrator/CEO	0.55	0.85	1.00
Business Office Manager	0.25	0.25	0.50
Clerical/Bookkeeper	0.25	0.25	0.25
Scheduler	0.25	0.25	0.50
<b>Total</b>	<b>8.06</b>	<b>9.72</b>	<b>11.45</b>

The assumptions and methodology used to project staffing salaries are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Section H, pages 106-116, the applicant describes the methods it will use to recruit or fill new positions and its proposed training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant is an existing home care agency in New Hanover County and already has experience with staffing and recruiting.
- The applicant accounts for projected salaries and other costs of employment for FTEs in its projected operating expenses found on Form F.3b in Section Q.
- The applicant provides supporting documentation in exhibits labeled Tab 17, Section H Criterion (7), Question 2 and Tab 18, Section H Criterion (7), Question 3.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12394-23/Healthview Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

On Form H in Section Q, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

<b>Healthview – Projected FTEs</b>			
	<b>FY 1 (CY 2025)</b>	<b>FY 2 (CY 2026)</b>	<b>FY 3 (CY 2027)</b>
Registered Nurses	0.50	1.50	2.00

Licensed Practical Nurses	0.75	1.75	2.50
Home Health Aides	0.10	0.15	0.25
Physical Therapists	0.65	2.00	3.00
Occupational Therapists	0.15	0.50	0.75
Speech Therapists	0.03	0.10	0.15
Medical Social Workers	0.02	0.03	0.03
Administrator/CEO	1.00	1.00	1.00
Business Office	0.50	1.00	2.00
Marketing	0.50	1.00	1.00
<b>Total</b>	<b>4.20</b>	<b>9.03</b>	<b>12.68</b>

The assumptions and methodology used to project staffing salaries are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Section H, pages 58-59, the applicant describes the methods it will use to recruit or fill new positions and its proposed training and continuing education programs and provides supporting documentation in Exhibit H.2.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant accounts for projected salaries and other costs of employment for FTEs in its projected operating expenses found on Form F.3b in Section Q.
- In Exhibit H.2, the applicant provides documentation of its job postings on its own website and on others.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12401-23/Aveanna Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

On Form H in Section Q, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

<b>Aveanna – Projected FTEs</b>
---------------------------------

	<b>FY 1 (CY 2025)</b>	<b>FY 2 (CY 2026)</b>	<b>FY 3 (CY 2027)</b>
Office Manager (Executive Director)	1.00	1.00	1.00
Scheduler/Office Support	1.00	1.50	2.00
Registered Nurses	0.75	1.25	1.75
Licensed Practical Nurses	0.75	1.25	1.75
Physical Therapists	0.75	1.25	1.75
Occupational Therapists	0.50	0.75	1.00
Speech Therapists	0.10	0.20	0.20
Physical Therapy Assistant	0.75	1.25	1.75
Medical Social Workers	0.10	0.10	0.10
Home Health Aide	0.10	0.20	0.30
Clinical Manager	1.00	1.00	1.00
<b>Total</b>	<b>6.80</b>	<b>9.75</b>	<b>12.60</b>

The assumptions and methodology used to project staffing salaries are provided in immediately following Form H in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Section H, pages 76-77, the applicant describes the methods it will use to recruit or fill new positions and its proposed training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant relies on its historical experience as a starting point to project staffing but adjusts its staffing projections based on specifics from the New Hanover County area.
- The applicant lists specific websites it uses to advertise staffing and lists affiliations with colleges that it will provide tuition reimbursement for when its employees attend job-related classes.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12404-23/BAYADA Home Health Care/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

On Form H in Section Q, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

<b>BAYADA – Projected FTEs</b>			
	<b>FY 1 (FFY 2025)</b>	<b>FY 2 (FFY 2026)</b>	<b>FY 3 (FFY 2027)</b>
Administrator	1.00	1.00	1.00
Clinical Manager	1.00	1.00	1.00
Client Services Associates	0.50	0.50	1.00
RN Transitional Care Manager	0.00	0.50	1.00
Registered Nurses	1.00	1.39	2.21
Licensed Practical Nurses	0.06	0.14	0.22
Physical Therapists	1.00	1.47	2.12
Speech Therapists	0.12	0.29	0.44
Occupational Therapists	0.24	0.62	0.89
Home Health Aides	0.02	0.05	0.07
Medical Social Worker	0.01	0.03	0.04
<b>Total</b>	<b>4.95</b>	<b>6.99</b>	<b>9.98</b>

The assumptions and methodology used to project staffing salaries are provided both before and following Form H in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Section H, pages 77-79, the applicant describes the methods it will use to recruit or fill new positions and its existing and proposed training and continuing education programs. Supporting documentation is provided in Exhibits H.2 and H.3.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant provides the assumptions and methodology used to calculate the need for staff based on projected visits by discipline.
- The applicant describes its learning centers for staff training.
- In Exhibit H.3, the applicant provides information from its training programs.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12405-23/Well Care Home Health of New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

On Form H in Section Q, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

<b>Well Care – Projected FTEs</b>			
	<b>FY 1 (SFY 2025)</b>	<b>FY 2 (SFY 2026)</b>	<b>FY 3 (SFY 2027)</b>
Director of Operations	1.0	1.0	1.0
Clerical/Medical Records	1.0	1.0	2.0
Marketing/Business Development	1.0	1.5	2.0
Clinical Manager	1.0	1.0	2.0
Medical Social Worker	1.0	1.0	1.0
Registered Nurses	1.5	5.0	7.0
Licensed Practical Nurses	2.0	3.5	5.5
Home Health Aides	1.0	1.0	2.0
Physical Therapists	1.0	2.8	4.4
PT Assistants	0.9	2.4	4.0
Occupational Therapists	0.4	1.1	1.6
OT Assistants	0.3	0.9	1.4
Speech Therapists	1.0	1.0	1.0
<b>Total</b>	<b>13.1</b>	<b>23.2</b>	<b>34.9</b>

The assumptions and methodology used to project staffing salaries are provided both before and following Form O in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Section H, pages 96-101, the applicant describes the methods it will use to recruit or fill new positions and its existing training and continuing education programs. Supporting documentation is provided in Exhibit H.3.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant operates an existing Medicare-certified HHA in New Hanover County and has experience in staff recruitment and training.
- In Exhibit H.3, the applicant provides information from its training programs.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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 Applications**

#### **Project ID #O-12389-23/Interim HealthCare/Develop a Medicare-certified HHA**

The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Ancillary and Support Services** – In Section I, page 117, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 117-119, the applicant explains how each ancillary and support service is made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available because the applicant is currently providing the necessary ancillary and support services that will be needed by the Medicare-certified HHA at its existing home care agency.

**Coordination** – In Section I, page 120, the applicant describes Interim’s existing and proposed relationships with other local health care and social service providers and provides supporting documentation in an exhibit labeled Tab 19, Section I Criterion (8), Question 2b. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- Interim is an existing home care agency in New Hanover County and thus has established many relationships with area healthcare providers.
- The applicant provides letters of support from local physicians and healthcare providers documenting their support for Interim and the proposed project.



**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12394-23/Healthview Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Ancillary and Support Services** – In Section I, page 60, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 60-61, the applicant explains how each ancillary and support service will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant currently operates two additional Medicare-certified HHAs in North Carolina and has experience with what kinds of ancillary and support services are necessary.
- The applicant explains which ancillary services can be provided by the overall parent entity of all the Medicare-certified HHAs versus the ancillary services which must be provided on an individual basis.

**Coordination** – In Section I, page 62, the applicant describes Healthview’s proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant states it has begun developing relationships with other local health care and social service providers.
- In Exhibit I.2, the applicant provides letters of support from local health care and social service providers documenting their support for Healthview and the proposed project.

**Conclusion** – The Agency reviewed the:

- Application

- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12401-23/Aveanna Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Ancillary and Support Services** – In Section I, page 79, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 79-80, the applicant explains how each ancillary and support service will be made available and provides supporting documentation in Exhibits C.1 and I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant currently operates two additional Medicare-certified HHAs in North Carolina and has experience with the provision of necessary ancillary and support services.
- In Exhibit I.1, the applicant provides a letter from the Interim President of Home Health and Hospice Operations at Aveanna, committing to providing the necessary ancillary and support services.

**Coordination** – In Section I, page 80, the applicant describes Aveanna’s proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant states it has worked to introduce the agency and the proposed plans to the New Hanover County community.
- In Exhibit I.2, the applicant provides letters of support from local health care and social service providers documenting their support for Aveanna and the proposed project.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12404-23/BAYADA Home Health Care/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Ancillary and Support Services** – In Section I, page 81, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, page 82, the applicant explains how each ancillary and support service will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant currently operates additional Medicare-certified HHAs in North Carolina and has experience with the provision of necessary ancillary and support services.
- In Exhibit I.1, the applicant provides a letter from the Regional Director of BAYADA Home Health Care, Inc., committing to providing the necessary ancillary and support services.
- In Exhibit I.1, the applicant also provides a letter from a provider of ancillary services supporting the proposed project and which states the provider would provide ancillary services to BAYADA.

**Coordination** – In Section I, page 83, the applicant describes BAYADA’s proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant discusses the strategies and plans it will use to build relationships with other local health care and social service providers.
- In Exhibit I.2, the applicant provides letters of support from local health care and social service providers documenting their support for BAYADA and the proposed project.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12405-23/Well Care Home Health of New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

**Ancillary and Support Services** – In Section I, page 102, the applicant identifies the necessary ancillary and support services for the proposed services. In Section I, pages 102-103, the applicant explains how each ancillary and support service will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant currently operates a Medicare-certified HHA in New Hanover County and has experience with the provision of necessary ancillary and support services.
- In Exhibit I.1, the applicant provides letters from potential providers of ancillary and support services that support the project and also offer to provide ancillary and support services to the applicant.

**Coordination** – In Section I, page 103, the applicant describes Well Care’s existing relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant currently operates a Medicare-certified HHA in New Hanover County and has established relationships with local health care and social service providers.
- In Exhibit I.2, the applicant provides letters of support from local health care and social service providers documenting their support for Well Care and the proposed project.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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 Applications**

None of the applicants project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, none of the applicants project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (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 Applications**

None of the applicants are an HMO. Therefore, Criterion (10) is not applicable to this review.

- (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 Applications**

None of the applicants propose to construct any new space or make more than minor renovations to existing space. Therefore, Criterion (12) is not applicable to this review.

- (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 ... persons [with disabilities], 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;

**NA – All Applications**

None of the applications involve an existing facility in New Hanover County. Therefore, Criterion (13a) is not applicable to this review.

- (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 ... persons [with disabilities] to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

**NA – All Applications**

None of the applications involve an existing facility in New Hanover County. Therefore, Criterion (13b) is not applicable to this review.

- (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

**C**

Aveanna Home Health – New Hanover  
BAYADA Home Health Care  
Well Care Home Health of New Hanover

**NC**

Interim HealthCare  
Healthview Home Health – New Hanover

**Project ID #O-12389-23/Interim HealthCare/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section L, page 130, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

<b>Interim Projected Payor Mix – FY 3 (8/1/2026 – 7/31/2027)</b>	
<b>Payor Category</b>	<b>% of Total Patients Served</b>
Charity Care	1%
Medicare*	53%
Medicaid*	12%
Insurance*	34%
<b>Total</b>	<b>100.0%</b>

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 1% of services will be provided to charity care patients, 53% of services to Medicare patients, and 12% of services to Medicaid patients.

Immediately following Form C.5b in Section Q, the applicant provides the assumptions used to project payor mix. However, the projected payor mix is not reasonable and adequately supported based on the following:

- The applicant provides no methodology or other explanation as to how it calculated its projected payor mix.
- The applicant does not provide any methodology or other explanation as to how it projected utilization of its proposed services. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Since the applicant provides no information to demonstrate how it projected utilization, projected payor mix calculations are also questionable.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is not conforming to this criterion based on the reasons stated above.

**Project ID #O-12394-23/Healthview Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section L, page 70, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

<b>Healthview Projected Payor Mix – CY 2027</b>	
<b>Payor Category</b>	<b>% of Total Patients Served</b>
Medicare*	90.5%
Medicaid*	9.5%
<b>Total</b>	<b>100.0%</b>

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 90.5% of services will be provided to Medicare patients and 9.5% of services to Medicaid patients.

In Section L, page 70, the applicant provides the assumptions and methodology used to project the payor mix. The applicant states projected payor mix is based on its experience operating other Medicare-certified HHAs and the need for home health services for certain populations. However, the applicant's assumptions and methodology are not reasonable or adequately supported based on the following:

- The applicant provides no information to support its statements about the need for home health services by Medicare and Medicaid patients in New Hanover County.
- The applicant owns two Medicare-certified HHAs in North Carolina – one in Caswell County and one in Nash County. The 2023 LRAs for each Medicare-certified HHA show different payor mixes than represented here. The 2021 LRA for the Nash County Medicare-certified HHA shows a similar percentage when reviewing the total number of duplicated visits, not the number of patients. All available LRAs for the Caswell County Medicare-certified HHA show significant differences in payor mix than the applicant projected above. The applicant does not provide any information to explain how it determined the payor mix from its Nash County Medicare-certified HHA reported on the 2021 LRA was a reasonable projection for payor mix in New Hanover County in its third full fiscal year of operation.



**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is not conforming to this criterion based on the reasons stated above.

**Project ID #O-12401-23/Aveanna Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section L, page 90, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

<b>Aveanna Projected Payor Mix – CY 2027*</b>	
<b>Payor Category</b>	<b>% of Total Patients Served</b>
Self-Pay	2.0%
Medicare**	66.5%
Medicaid**	9.8%
Insurance**	21.7%
<b>Total</b>	<b>100.0%</b>

\*The table on page 90 is labeled with CY 2026, which is the second full fiscal year following project completion. It is not clear whether this is a typo or deliberate; however, nothing in the application as submitted suggests the payor mix in the third full fiscal year would be meaningfully different and this does not impact the outcome of this review.

\*\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 2% of services will be provided to self-pay patients, 66.5% of services to Medicare patients, and 9.8% of services to Medicaid patients.

In Section L, page 89, the applicant provides the assumptions and methodology used to project the payor mix. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant relied on the data provided in the 2023 SMFP about need for services for patients 65 and older to project Medicare payor mix.
- The applicant relied on the historical experience of other Medicare-certified HHAs serving New Hanover County patients.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

**Project ID #O-12404-23/BAYADA Home Health Care/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section L, page 94, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

<b>BAYADA Projected Payor Mix – FFY 2027</b>	
<b>Payor Category</b>	<b>% of Total Patients Served</b>
Indigent/Charity Care	1.5%
Medicare*	72.7%
Medicaid*	3.5%
Insurance*	22.3%
<b>Total</b>	<b>100.0%</b>

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 1.1% of services will be provided to indigent/charity care patients, 72.7% of services to Medicare patients, and 3.5% of services to Medicaid patients.

In Section L, pages 93-94, the applicant provides the assumptions and methodology used to project the payor mix. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant provides the timeline for licensure, certification, and admission of patients from different payors that forms the basis of its projections.
- The applicant relied on its historical experience at another Medicare-certified HHA it operates in North Carolina.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

**Project ID #O-12405-23/Well Care Home Health of New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section L, page 112, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

<b>Well Care Projected Payor Mix – SFY 2027</b>	
<b>Payor Category</b>	<b>% of Total Patients Served</b>
Charity Care	1.0%
Medicare*	79.5%
Medicaid*	10.0%
Insurance*	7.0%
TRICARE	2.5%
<b>Total</b>	<b>100.0%</b>

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation following completion of the project, the applicant projects that 1% of services will be provided to charity care patients, 79.5% of services to Medicare patients, and 10% of services to Medicaid patients.

In Section L, pages 112-114, the applicant provides the assumptions and methodology used to project the payor mix. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant relies on its historical experience with its existing Medicare-certified HHA in New Hanover County.
- The applicant adjusted its projections based on the demographics of New Hanover County.
- The applicant explains why changes in the Medicaid program impacted its projections.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

- (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 Applications**

**Project ID #O-12389-23/Interim HealthCare/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section L, page 133, the applicant adequately describes the range of means by which patients will have access to the proposed services.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

**Project ID #O-12394-23/Healthview Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section L, page 71, the applicant adequately describes the range of means by which patients will have access to the proposed services.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

**Project ID #O-12401-23/Aveanna Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section L, page 91, the applicant adequately describes the range of means by which patients will have access to the proposed services.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

**Project ID #O-12404-23/BAYADA Home Health Care/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section L, page 96, the applicant adequately describes the range of means by which patients will have access to the proposed services.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

**Project ID #O-12405-23/Well Care Home Health of New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section L, page 116, the applicant adequately describes the range of means by which patients will have access to the proposed services.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that 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**

Interim HealthCare  
Aveanna Home Health – New Hanover  
BAYADA Home Health Care  
Well Care Home Health of New Hanover

**NC**

Healthview Home Health – New Hanover

**Project ID #O-12389-23/Interim HealthCare/Develop a Medicare-certified HHA**

The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section M, page 134, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant states it has policies in place to allow students to participate in learning opportunities with Interim.
- The applicant states it plans to reach out to the University of North Carolina – Wilmington, Cape Fear Community College, and Miller-Motte.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12394-23/Healthview Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section M, page 72, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes. The applicant states:

*“While a Home Health Agency is not an ideal “setting” for training, Healthview Home Health – New Hanover will remain committed to the community and provide training on an as needed basis to perpetuate the industry and provide support to those seeking a career in the clinical field of healthcare.*

...

*Specifically, Healthview Home Health – New Hanover has reached out to the Department of Social Services to develop a relationship and to be a conduit for community outreach and education relative to Home Health Services.”*

In Exhibit M.1, the applicant provides a letter dated June 1, 2023 that was sent to the New Hanover County Department of Social Services. However, the applicant does not adequately demonstrate that the proposed health services accommodate the needs of the health professional training programs in the area based on the following:

- The letter sent to the Department of Social Services states that they are writing to express their willingness to work with the Department of Social Services to serve patients, specifically for underserved and Medicaid patients, and has nothing to do with building a relationship to accommodate the clinical needs of health professional training programs in the area.
- The applicant provides no other information in the application as submitted that supports the applicant’s statements about outreach and providing access to the facility for health professional training programs in the area.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is not conforming to this criterion for all the reasons described above.

**Project ID #O-12401-23/Aveanna Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section M, page 93, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant states it intends to provide students in health professional training programs the opportunity to get hands-on experience.
- In Exhibit M.1, the applicant provides copies of letters it has sent to several colleges and programs that are in the New Hanover County area, offering their agency as a potential option for students.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12404-23/BAYADA Home Health Care/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section M, page 98, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant states any health professional training programs in the area will have access to BAYADA for training.



- In Exhibit M.1, the applicant provides copies of letters it sent to several colleges and programs that are in the New Hanover County area, offering their agency as a potential option for students.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

**Project ID #O-12405-23/Well Care Home Health of New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

In Section M, page 117, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit M.2. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant states that health professional training programs in the area already collaborate with the applicant's existing Medicare-certified HHA in New Hanover County.
- In Exhibit M.2, the applicant provides a letter from Cape Fear Community College, offering support for the proposed project and discussing plans for partnership for purposes of offering learning opportunities for students of health professional training program.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

(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.

**C**  
 Aveanna Home Health – New Hanover  
 BAYADA Home Health Care  
 Well Care Home Health of New Hanover

**NC**  
 Interim HealthCare  
 Healthview Home Health – New Hanover

In Chapter 12, page 213, the 2023 SMFP defines the service area for a Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists of New Hanover County. Facilities may also serve residents of counties not included in their service area.

There are currently two Medicare-certified HHAs in New Hanover County. Information about each of those agencies is provided below.

<b>New Hanover County Medicare-Certified HHAs</b>				
<b>License</b>	<b>Name</b>	<b>In-County Patients</b>	<b>Out-of-County Patients</b>	<b>Total Patients</b>
HC0196	Liberty Home Care	657	18	675
HC1231	Well Care Home Health, Inc.	2,051	6,148	8,199
<b>Total</b>		<b>2,708</b>	<b>6,166</b>	<b>8,874</b>

Source: Table 12A, page 220, 2023 SMFP

**Project ID #O-12389-23/Interim HealthCare/Develop a Medicare-certified HHA**

The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 136, the applicant states:

*“Competition drives better customer service, innovation in technology, programs and offerings as companies compete to attract and retain patients/clients. It also*

*benefits employees as agencies compete for the best talent – thereby offering better pay and benefits to attract top talent. Home health is ordered by a physician, but it is patient choice that drives where that referral ends up. .... [The applicant] believes that competition will also drive companies to take on a diversity of payers [sic], and patients.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 137, the applicant states:

*“...adding home health to [the applicant’s] existing home care services offers significant economies of scale by sharing staff and providing cross coverage to meet patient needs. Having a single home health agency in New Hanover County that provides both home health services along with home care services fosters cost savings by reducing administrative costs and unnecessary duplication. Since [the applicant] is already providing home care services in New Hanover County, it can share services and space.”*

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 137, the applicant states:

*“Continued monitoring for improvement. [The applicant] follows policies and procedures that assure us we are looking at quality indicators and continually adjusting to ensure quality and safety remain our top priority. From QAPI (Quality Assessment Performance Indicators), patient/client satisfaction surveys to supervision policies regarding our team members [the applicant] ensures quality of services at every step...”*

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 138, the applicant states:

*“We do not discriminate against any person seeking care on the basis of race, color, religion, sex, sexual orientation, gender identity, national origin, age, marital status, genetic information, disability, veteran status or any other category protected by the law, or patients’ decisions regarding advance directives in admission or the provision of services.”*

See also Sections C and L of the application and any exhibits.

However, the applicant does not adequately demonstrate the proposal would have a positive impact on cost-effectiveness because the applicant did not adequately demonstrate: a) the need the population to be served has for the proposal; b) that projected revenues and operating costs

are reasonable; and c) that the proposal would not result in an unnecessary duplication of existing and approved health services. The discussions regarding demonstration of need (including projected utilization), projected revenues and operating costs, and unnecessary duplication found in Criterion (3), Criterion (5), and Criterion (6), respectively, are incorporated herein by reference. A proposal that cannot demonstrate need, cannot demonstrate that projected revenues and operating costs are based on reasonable and adequately supported assumptions, and cannot demonstrate that the proposed project is not an unnecessary duplication cannot have a positive impact on cost-effectiveness.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion based on all the reasons described above.

**Project ID #O-12394-23/Healthview Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 73, the applicant states:

*“While the proposed project does increase the number of Home Health Agencies in New Hanover County, this will be a healthy addition to the services currently provided in the area. .... The expected volume of Home Health Services will create a very healthy competitive environment in the service area.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 73, the applicant states:

*“With the expected volume of patients coming from the Medicare and Medicaid Home Health benefit, the proposed services are provided to patients at virtually no cost.*

*Of course, Healthview Home Health – New Hanover will always serve patients regardless of payer type. As a seasoned Home Health operator with other Medicare Certified Home Health agencies, the applicants understand how to manage an efficient Home Health Agency, which translates to a very cost-effective business model.”*

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 73, the applicant states:

*“The related agencies owned by the applicant all have a reputation for delivering quality care. As seasoned operators of Home Health Agencies, the Healthview Home Health- New Hanover [sic] will continue this reputation at the new agency.*

....

*Quality is an integral component of the culture of agencies operated by the applicant, as evidenced in the “Services” section of its website.”*

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 74, the applicant states:

*“The new agency will open up services to the underserved and indigent population of New Hanover County through the Medicaid benefits programs. The agency anticipates a significant amount of patients as Medicaid beneficiaries.”*

See also Sections C and L of the application and any exhibits.

However, the applicant does not adequately demonstrate the proposal would have a positive impact on cost-effectiveness because the applicant did not adequately demonstrate: a) that projected patient origin is reasonable; b) that projected utilization was reasonable and adequately supported; c) that capital and working capital costs are based on reasonable and adequately supported assumptions; d) that projected revenues and operating costs are reasonable; e) that the proposed project is an effective alternative to meet the need, and f) that the proposal would not result in an unnecessary duplication of existing and approved health services. The discussions regarding patient origin and demonstration of need (including projected utilization), alternatives, projected capital and working capital costs and projected revenues and operating costs, and unnecessary duplication found in Criterion (3), Criterion (4), Criterion (5), and Criterion (6), respectively, are incorporated herein by reference. A proposal that cannot demonstrate need, cannot demonstrate that the project is an effective alternative to meet the need, cannot demonstrate that projected capital costs, projected working capital costs, and projected revenues and operating costs are based on reasonable and adequately supported assumptions, and cannot demonstrate that the proposed project is not an unnecessary duplication cannot have a positive impact on cost-effectiveness.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion based on all the reasons described above.

**Project ID #O-12401-23/Aveanna Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 94, the applicant states:

*“Aveanna’s proposed project is expected to enhance competition in the service area. As a high quality provider of home health care for over three decades, Aveanna has the experience and expertise to promptly establish a Medicare-certified agency in New Hanover County, expand access to home health services, ensure access by the medically underserved, and promote competition as a new home health alternative for New Hanover County residents. The proposed project will better meet the needs of New Hanover County patients in need of home health services, ensuring convenient access to home health services and timely provision of care to the communities in New Hanover County.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 94, the applicant refers the reader to its response to Section B, Question 20.b (the applicant likely means Question 20.c). In Section B, Question 20.c, on page 28, the applicant states:

*..., Aveanna has invested in state-of-the-art documentation, technology, recruitment, hiring and training programs and procedures. Lastly, the proposed Medicare-certified agency will achieve some operational efficiencies through the sharing of various resources with its existing licensed home health agencies, including IT infrastructure, policies and procedures, billing and collections, and other administrative functions, thereby making the Aveanna proposal a cost-effective one.”*

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 94, the applicant refers the reader to its response to Section B, Question 20.a. In Section B, Question 20.a, on page 26, the applicant states:

*“Aveanna believes that the proposed project will promote safety and quality in the delivery of healthcare services.”*

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 94, the applicant refers the reader to its response to Section B, Question 20.c (the applicant likely means Question 20.b). In Section B, Question 20.b, on page 28, the applicant states:

*“..., patients are admitted for care without regard to race, color, age, religion, gender, sexual orientation, marital status, sexual preference, age, national origin, veteran status, disability, communicable disease, or national origin. For the purpose of serving the uninsured and indigent, Aveanna has an established policy for admitting and providing care to patients unable to pay for services.”*

See also Sections C and L of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

**Project ID #O-12404-23/BAYADA Home Health Care/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 100, the applicant states:

*“The proposed project will enhance competition because the office will be cost-effective based on economies of scale and the existing availability of corporate resources such as staff training and an ongoing national recruitment campaign. BAYADA excels in the recruitment of highly trained staff and can afford to pay highly competitive salaries because as a nonprofit it is focused on delivering excellent service with compassion, excellence, and reliability.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 101, the applicant states:

*“The BAYADA office will have a core staff of highly skilled and experienced home health personnel that can quickly implement services and achieve high utilization in the initial months of operation. High utilization reduces the fixed cost per visit and translates to greater cost effectiveness. Offering an extensive array of treatment options and advanced therapies supports the development of the most appropriate plan of care, resulting in cost savings and better patient outcomes.”*

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, pages 101-102, the applicant states:

*“The proposed BAYADA Home Health office in Wilmington will promote safety and quality based on implementation of a new home health office that fully complies with licensure requirements and CMS quality reporting programs. The BAYADA Home Health Quality Assurance and Performance Improvement Plan is comprehensive and includes North Carolina specific standards that relate to the random sample of active and closed client records. The BAYADA Annual Program Review demonstrates that the evaluation is agency specific, criteria based, and multi-disciplinary in scope.”*

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 102, the applicant states:

*“BAYADA maintains a non-discriminatory policy and serves all patients regardless of age, race, color, creed, national origin, disability, sex, or ability to*



*pay. The proposed home health office will provide care to all persons, consistent with the availability of qualified staff. The BAYADA Home Health and Home Care offices in North Carolina serve patients that are un-insured, under-insured, self-pay, and indigent. The proposed home health office will provide care to these patients. BAYADA does not discriminate and currently serves many home care patients with physical disabilities.”*

See also Sections C and L of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 3) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 4) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

**Project ID #O-12405-23/Well Care Home Health of New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 118, the applicant states:

*“The proposed project to develop a new Medicare-certified home health agency in New Hanover County will promote competition in the service area because it will enable Well Care to better meet the needs of its existing patient population, and to ensure timely provision of and convenient access to home health services for residents of New Hanover County. .... The development of a new home health agency in New Hanover County will lead to significant gains in operational efficiency and the overall quality of care. It will enhance cost-effectiveness, quality, and access to home health services, ...”*

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 118-119, the applicant states:

*“This project will have a positive impact on the cost effectiveness of services, as the development of a new Medicare-certified home health agency in New Hanover County will not increase the charges or projected reimbursement for these services, which are established by Medicare, Medicaid, and/or existing private payor contracts.*

...

*Well Care has made concerted efforts to control its costs in order to provide services at the lowest reasonable cost to New Hanover County residents.*

...

*..., Well Care Health can leverage its current staffing and experience with its Intake, Quality Assurance, Performance Improvement, Education, Finance, and other support departments to glean efficiencies and ensure operational success with the addition of home health services in New Hanover County. Additionally, Well Care has relationships with a variety of healthcare providers in New Hanover County through its home health and home care services. Well Care can draw on these existing relationships to provide an ease of transition for patients moving across the continuum of care.”*

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, pages 119-120, the applicant states:

*“Well Care is dedicated to ensuring quality care and patient safety through compliance with all applicable licensure and certification standards established in regard to home health agencies. Well Care will maintain the highest standards and quality of care, consistent with the high standard that it has sustained throughout its history of providing home health services.*

...

*Well Care’s existing New Hanover County home health agency received a 5 Star Quality Rating from CMS and exceeds statewide and national averages for many quality measures. To put this achievement in perspective, only nine home health agencies in North Carolina currently have a CMS 5 Star rating (three of which are Well Care agencies) and approximately six percent of home health agencies nationwide currently have a CMS 5 Star rating.”*

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, pages 120-121, the applicant states:

*“Well Care will make sure that its home health services continue to be available to and accessible by any patient having a clinical need for such services. As a certified provider under Title XVIII (Medicare), Well Care will provide its services to the elderly. Services to low-income persons will be provided by Well Care as a certified provider under Title XIX (Medicaid). Well Care will continue to be a participating Medicare and Medicaid provider to serve the elderly and medically indigent populations in New Hanover County and surrounding communities.*

...

*..., [the applicant] will comply with applicable Federal civil rights laws and will not discriminate on the basis of race, color, national origin, age, disability, gender, or sexual orientation. [The applicant] will not exclude people or treat them differently because of race, color, national origin, age, disability, gender, or sexual orientation.”*

See also Sections C and L of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 5) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 6) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.

- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

**Conclusion** – The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

- (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.

NA  
Interim HealthCare

C  
Healthview Home Health – New Hanover  
Aveanna Home Health – New Hanover  
BAYADA Home Health Care  
Well Care Home Health of New Hanover

**Project ID #O-12389-23/Interim HealthCare/Develop a Medicare-certified HHA**  
Neither the applicant nor any related entities own, operate, or manage an existing health service facility located in North Carolina. Therefore, Criterion (20) is not applicable to this review.

**Project ID #O-12394-23/Healthview Home Health – New Hanover/Develop a Medicare-certified HHA**  
The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

On Form O in Section Q, the applicant identifies the Medicare-certified HHAs located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of two Medicare-certified HHAs located in North Carolina.

In Section O, page 76, the applicant states that, during the 18 months immediately preceding the submittal of the application, there were no incidents resulting in a finding of

immediate jeopardy at either of the other Medicare-certified HHAs. According to the files in the Acute and Home Care Licensure and Certification Section, DHR, during the 18 months immediately preceding submission of the application through the date of this decision, there were no incidents related to quality of care that occurred in either of these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at both Medicare-certified HHAs, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID #O-12401-23/Aveanna Home Health – New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

On Form O in Section Q, the applicant identifies the Medicare-certified HHAs located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of two Medicare-certified HHAs located in North Carolina.

In Section O, page 97, the applicant states that, during the 18 months immediately preceding the submittal of the application, there were no incidents resulting in a finding of immediate jeopardy at either of the Medicare-certified HHAs listed on Form O. According to the files in the Acute and Home Care Licensure and Certification Section, DHR, during the 18 months immediately preceding submission of the application through the date of this decision, there were no incidents related to quality of care that occurred in either of these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at both Medicare-certified HHAs, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID #O-12404-23/BAYADA Home Health Care/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

On Form O in Section Q, the applicant identifies the Medicare-certified HHAs located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of 11 Medicare-certified HHAs located in North Carolina.

In Section O, page 108, the applicant states that, during the 18 months immediately preceding the submittal of the application, there were no incidents resulting in a finding of immediate jeopardy at any of the Medicare-certified HHAs listed on Form O. According to the files in the Acute and Home Care Licensure and Certification Section, DHR, during the 18 months immediately preceding submission of the application through the date of this decision, there were no incidents related to quality of care that occurred in any of these facilities. After reviewing and considering information provided by the applicant and by

the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 11 Medicare-certified HHAs, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

**Project ID #O-12405-23/Well Care Home Health of New Hanover/Develop a Medicare-certified HHA** The applicant proposes to develop a new Medicare-certified HHA in New Hanover County.

On Form O in Section Q, the applicant identifies the Medicare-certified HHAs located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of five Medicare-certified HHAs located in North Carolina.

In Section O, page 124, the applicant states that, during the 18 months immediately preceding the submittal of the application, there were no incidents resulting in a finding of immediate jeopardy at any of the Medicare-certified HHAs listed on Form O. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, there were no incidents related to quality of care that occurred in any of these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all five Medicare-certified HHAs, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

G.S. 131E-183(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.

**C**

Aveanna Home Health – New Hanover  
BAYADA Home Health Care  
Well Care Home Health of New Hanover

**NC**

Interim HealthCare  
Healthview Home Health – New Hanover

The Criteria and Standards for Home Health Services, promulgated in 10A NCAC 14C .2000, are applicable to all applications in this review.

**10A NCAC 14C .2003          PERFORMANCE STANDARDS**

*An applicant proposing to develop a new Medicare-certified home health agency pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:*

- (1) *provide projected utilization for each of the first three full fiscal years of operation following completion of the project;*
- C- **Interim HealthCare.** In Section Q, the applicant provides projected utilization for each of the first three full fiscal years of operation following completion of the project.
- C- **Healthview Home Health – New Hanover.** On Form C.5 in Section Q, the applicant provides projected utilization for each of the first three full fiscal years of operation following completion of the project.
- C- **Aveanna Home Health – New Hanover.** On Form C.5 in Section Q, the applicant provides projected utilization for each of the first three full fiscal years of operation following completion of the project.
- C- **BAYADA Home Health Care.** On Form C.5 in Section Q, the applicant provides projected utilization for each of the first three full fiscal years of operation following completion of the project.
- C- **Well Care Home Health of New Hanover.** On Form C.5 in Section Q, the applicant provides projected utilization for each of the first three full fiscal years of operation following completion of the project.
- (2) *project to serve at least 325 residents of the proposed service area during the third full fiscal year of operation following completion of the project; and*

- NC- **Interim HealthCare.** On Form C.5 in Section Q, the applicant projects to serve at least 325 residents of the proposed service area during the third full fiscal year of operation following completion of the project. However, projected utilization is not reasonable and adequately supported. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.
- NC- **Healthview Home Health – New Hanover.** On Form C.5 in Section Q, the applicant projects to serve at least 325 residents of the proposed service area during the third full fiscal year of operation following completion of the project. However, projected utilization is not reasonable and adequately supported. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.
- C- **Aveanna Home Health – New Hanover.** On Form C.5 in Section Q, the applicant projects to serve at least 325 residents of the proposed service area during the third full fiscal year of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- C- **BAYADA Home Health Care.** On Form C.5 in Section Q, the applicant projects to serve at least 325 residents of the proposed service area during the third full fiscal year of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- C- **Well Care Home Health of New Hanover.** On Form C.5 in Section Q, the applicant projects to serve at least 325 residents of the proposed service area during the third full fiscal year of operation following completion of the project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- (3) *provide the assumptions and methodology used to provide the projected utilization required in Item (1) of this Rule.*
- NC- **Interim HealthCare.** The applicant does not provide the assumptions and methodology used to provide the projected utilization required in Item (1) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.
- NC- **Healthview Home Health – New Hanover.** In Section C, page 39, the applicant provides the assumptions and methodology used to provide the projected utilization required in Item (1) of this Rule. However, projected utilization is not reasonable and adequately supported. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.
- C- **Aveanna Home Health – New Hanover.** In the Form C Utilization – Assumptions and Methodology subsection of Section Q, the applicant provides the assumptions and



methodology used to provide the projected utilization required in Item (1) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- C- **BAYADA Home Health Care.** In the Home Health Patient and Visit Methodology and Assumptions subsection of Section Q, the applicant provides the assumptions and methodology used to provide the projected utilization required in Item (1) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
  
- C- **Well Care Home Health of New Hanover.** In the Form C.5 Home Health Utilization – Assumptions and Methodology subsection of Section Q, the applicant provides the assumptions and methodology used to provide the projected utilization required in Item (1) of this Rule. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

## COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2023 SMFP, no more than one Medicare-certified home health agency or office may be approved for New Hanover County in this review. Because the five applications in this review collectively propose to develop five additional Medicare-certified home health agencies or offices, all the applications cannot be approved. Therefore, after considering all the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposal should be approved.

Below is a brief description of each project included in this review.

- Project ID # O-12389-23 / **Interim HealthCare** / Develop a Medicare-certified home health agency
- Project ID # O-12394-23 / **Healthview Home Health – New Hanover** / Develop a Medicare-certified home health agency
- Project ID # O-12401-23/ **Aveanna Home Health – New Hanover** / Develop a Medicare-certified home health agency
- Project ID # O-12404-23/ **BAYADA Home Health Care** / Develop a Medicare-certified home health agency
- Project ID # O-12405-23/ **Well Care Home Health of New Hanover** / Develop a Medicare-certified home health agency

The analysis of comparative factors and what conclusions the Agency reaches (if any) regarding specific comparative analysis factors is determined in part by whether the applications included in the review provide data that can be compared and whether or not such a comparison would be of value in evaluating the competitive applications.

### Conformity with Review Criteria

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved.

**Interim HealthCare's** application, **Project ID #O-12389-23**, and **Healthview Home Health – New Hanover's** application, **Project ID #O-12394-23**, are not conforming to all applicable statutory and regulatory review criteria. The applications submitted by **Aveanna Home Health – New Hanover (Project ID #O-12401-23)**, **BAYADA Home Health Care (Project ID #O-12404-23)**, and **Well Care Home Health of New Hanover (Project ID #O-12405-23)** are all conforming to all applicable statutory and regulatory review criteria. Therefore, with regard to conformity with review criteria, the applications submitted by **Aveanna Home Health – New Hanover**, **BAYADA Home Health Care**, and **Well Care Home Health of New Hanover** are more effective alternatives than the applications submitted by **Interim HealthCare** and **Healthview Home Health – New Hanover**.

**Scope of Services**

Generally, the application proposing to provide the greatest scope of services is the more effective alternative with regard to this comparative factor.

Each application proposes to develop a new Medicare-certified home health agency in New Hanover County. Therefore, regarding scope of services, all three applications are equally effective alternatives.

**Access by Service Area Residents**

The 2023 SMFP defines the service area for a home health agency or office as “... *the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.*” Thus, the service area for this review is New Hanover County. Facilities may also serve residents of counties not included in their service area. Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that residents of a service area should be able to derive a benefit from a need determination for an additional Medicare-certified home health agency in the service area where they live.

The following table illustrates access by service area residents during the third full fiscal year following project completion for each application in this review.

<b>Number and Percentage of New Hanover County Residents Projected to be Served 3<sup>rd</sup> Full Fiscal Year</b>			
<b>Applicant</b>	<b># of New Hanover County Patients</b>	<b>Total # of Patients</b>	<b>% of Total Patients</b>
Interim HealthCare	673	673	100.0%
Healthview Home Health – New Hanover	856	930	92.0%
Aveanna Home Health – New Hanover	483	556	86.9%
BAYADA Home Health Care	348	507	68.6%
Well Care Home Health of New Hanover	1,558	1,998	78.0%

Source: Tables in Section C.3 of the respective applications.

As shown in the table above, **Well Care Home Health of New Hanover** projects to serve the highest number of service area residents. **Interim HealthCare** projects to serve the highest percentage of service area residents, but a lower number of service area residents during the third full fiscal year following project completion. Therefore, regarding access by service area residents, the application submitted by **Well Care Home Health of New Hanover** is the more effective alternative and the applications submitted by **Interim HealthCare**, **Healthview Home Health – New Hanover**, **Aveanna Home Health – New Hanover**, and **BAYADA Home Health Care** are less effective alternatives.

**Competition (Patient Access to a New or Alternate Provider)**

Generally, the introduction of a new provider in the service area would be the most effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer Medicare-certified home health agencies or offices than another provider would also presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

There are currently two Medicare-certified home health agencies in New Hanover County. Information about each of those agencies is provided below.

<b>New Hanover County Medicare-Certified HHAs</b>				
<b>License</b>	<b>Name</b>	<b>In-County Patients</b>	<b>Out-of-County Patients</b>	<b>Total Patients</b>
HC0196	Liberty Home Care	657	18	675
HC1231	Well Care Home Health, Inc.	2,051	6,148	8,199
<b>Total</b>		<b>2,708</b>	<b>6,166</b>	<b>8,874</b>

Source: Table 12A, page 220, 2023 SMFP

As shown in the table above, there are currently two existing or approved Medicare-certified home health agencies in New Hanover County. One of the applicants (or an entity affiliated with the applicant) in the current review, **Well Care Home Health of New Hanover**, owns an existing Medicare-certified home health agency in New Hanover County. None of the other applicants in this review own an existing or approved Medicare-certified home health agency in New Hanover County.

Therefore, with regard to patient access to a new or alternate provider, the applications submitted by **Interim HealthCare**, **Healthview Home Health – New Hanover**, **Aveanna Home Health – New Hanover**, and **BAYADA Home Health Care** are the more effective alternatives and the application submitted by **Well Care Home Health of New Hanover** is a less effective alternative.

**Access by Underserved Groups**

“Underserved groups” is defined in G.S. 131E-183(a)(13) as follows:

*“Medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], 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 access by underserved groups, the applications in this review are compared with respect to two underserved groups: Medicare patients and Medicaid patients. Access by each group is treated as a separate factor.

***Projected Access by Medicare Recipients***

The following table compares the total number of duplicated patients in the third full fiscal year of operation, the number of duplicated Medicare patients in third full fiscal year of operation, and duplicated Medicare patients as a percentage of total duplicated patients for each application in this review. Generally, the application proposing the highest number of Medicare patients is the more effective alternative with regard to this comparative factor.

<b>Projected Medicare Duplicated Patients – 3<sup>rd</sup> Full Fiscal Year</b>			
<b>Applicant</b>	<b>Total # of Dup. Patients</b>	<b>Total # of Dup. Medicare Patients</b>	<b>Dup. Medicare Patients as a % of Total Dup. Patients</b>
Interim HealthCare	1,513	--	--
Healthview Home Health – New Hanover	2,945	1,025	34.8%
Aveanna Home Health – New Hanover	844	562	66.6%
BAYADA Home Health Care	1,318	514	39.0%
Well Care Home Health of New Hanover	6,189	2,978	48.1%

Source: Form C.5 of each application

As discussed in Criterion (3), **Interim HealthCare** provided an incomplete copy of their pro formas with its application. Duplicated Medicare patients was one of the items not included in the pro formas that were submitted.

As shown in the table above, **Well Care Home Health of New Hanover** projects to serve the highest number of duplicated Medicare patients in the third full fiscal year of operation. **Aveanna Home Health – New Hanover** projects to serve a higher percentage of duplicated Medicare patients as a percentage of total duplicated patients but a lower number of duplicated Medicare patients. Therefore, with regard to projected access by Medicare recipients, the application submitted by **Well Care Home Health of New Hanover** is the more effective alternative and the applications submitted by **Interim HealthCare**, **Healthview Home Health – New Hanover**, **Aveanna Home Health – New Hanover**, and **BAYADA Home Health Care** are less effective alternatives.

***Projected Access by Medicaid Recipients***

The following table compares the total number of unduplicated patients in the third full fiscal year of operation, the number of unduplicated Medicaid patients in third full fiscal year of operation, and unduplicated Medicaid patients as a percentage of total duplicated patients for each application in this review. Generally, the application proposing the highest number of Medicaid patients is the more effective alternative with regard to this comparative factor.

<b>Projected Medicaid Unduplicated Patients – 3<sup>rd</sup> Full Fiscal Year</b>
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Applicant	Total # of Undup. Patients	Total # of Undup. Medicaid Patients	Undup. Medicaid Patients as a % of Total Undup. Patients
Interim HealthCare	673	81	12.0%
Healthview Home Health – New Hanover	930	88	9.5%
Aveanna Home Health – New Hanover	556	55	9.8%
BAYADA Home Health Care	507	18	3.5%
Well Care Home Health of New Hanover	1,998	200	10.0%

Source: The total number of unduplicated patients is from Form C.5 of each application and the Medicaid percentage is from Section L.3 of each application. The number of unduplicated Medicaid patients was calculated by applying the Medicaid percentage from the table in Section L.3 to the applicant’s projections of total unduplicated patients in the third full fiscal year of operation from Form C.5.

As shown in the table above, **Well Care Home Health of New Hanover** projects to serve the highest number of unduplicated Medicaid patients in the third full fiscal year of operation. **Interim HealthCare** projects to serve a higher percentage of unduplicated Medicaid patients as a percentage of total unduplicated patients but a lower number of unduplicated Medicaid patients. Therefore, with regard to projected access by Medicaid recipients, the application submitted by **Well Care Home Health of New Hanover** is the more effective alternative and the applications submitted by **Interim HealthCare**, **Healthview Home Health – New Hanover**, **Aveanna Home Health – New Hanover**, and **BAYADA Home Health Care** are less effective alternatives.

**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 the third full fiscal of operation. Generally, the application proposing the highest average number of visits per unduplicated patient is the more effective alternative with regard to this comparative factor.

Average Number of Visits per Unduplicated Patient – 3 <sup>rd</sup> Full Fiscal Year			
Applicant	Total # of Undup. Patients	Total # of Visits (incl. Dup.)	Average # of Visits per Undup. Patient*
Interim HealthCare	673	10,589	15.7
Healthview Home Health – New Hanover	930	10,213	11.0
Aveanna Home Health – New Hanover	556	12,117	21.8
BAYADA Home Health Care	507	8,178	16.1
Well Care Home Health of New Hanover	1,998	42,394	21.2

Source: Form C.5 of each application

\*The average number of visits per unduplicated patient was calculated by dividing the projected number of visits by the applicant’s projections of total unduplicated patients in the third full fiscal year of operation.

As shown in the table above, **Aveanna Home Health – New Hanover** projects the highest average number of visits per unduplicated patient in the third full fiscal year of operation. Therefore, with regard to average number of visits per unduplicated patient, the application submitted by **Aveanna Home Health – New Hanover** is the more effective alternative and the applications submitted by

**Interim HealthCare, Healthview Home Health – New Hanover, BAYADA Home Health Care, and Well Care Home Health of New Hanover** are less effective alternatives.

**Projected Average Net Revenue per Visit**

The following table compares projected average net revenue per visit in the third full fiscal year following project completion for each application in this review. Generally, regarding this factor, the application proposing the lowest average net revenue per visit is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor.

<b>Projected Average Net Revenue per Visit – 3<sup>rd</sup> Full Fiscal Year</b>			
<b>Applicant</b>	<b>Total # of Visits</b>	<b>Projected Net Revenue</b>	<b>Average Net Revenue per Visit</b>
Interim HealthCare	10,589	\$1,933,672	\$182.61
Healthview Home Health – New Hanover	10,213	\$2,239,042	\$219.23
Aveanna Home Health – New Hanover	12,117	\$1,804,295	\$148.91
BAYADA Home Health Care	8,178	\$1,900,007	\$232.33
Well Care Home Health of New Hanover	42,394	\$5,434,676	\$128.19

Source: Forms C.5 and F.2b from each application

As shown in the table above, **Well Care Home Health of New Hanover** projects the lowest average net revenue per visit in the third full fiscal year following project completion. Therefore, with regard to projected average net revenue per visit, the application submitted by **Well Care Home Health of New Hanover** is the more effective alternative and the applications submitted by **Interim HealthCare, Healthview Home Health – New Hanover, Aveanna Home Health – New Hanover, and BAYADA Home Health Care** are less effective alternatives.

**Projected Average Net Revenue per Unduplicated Patient**

The following table compares projected average net revenue per unduplicated patient in the third full fiscal year following project completion for each application in this review. Generally, regarding this factor, the application proposing the lowest average net revenue per unduplicated patient is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor.

<b>Projected Average Net Revenue per Unduplicated Patient – 3<sup>rd</sup> Full Fiscal Year</b>			
<b>Applicant</b>	<b>Total # of Undup. Patients</b>	<b>Projected Net Revenue</b>	<b>Average Net Revenue per Undup. Patient</b>

Interim HealthCare	673	\$1,933,672	\$2,873
Healthview Home Health – New Hanover	930	\$2,239,042	\$2,408
Aveanna Home Health – New Hanover	556	\$1,804,295	\$3,245
BAYADA Home Health Care	507	\$1,900,007	\$3,748
Well Care Home Health of New Hanover	1,998	\$5,434,676	\$2,720

Source: Forms C.5 and F.2b from each application

As shown in the table above, **Healthview Home Health – New Hanover** projects the lowest average net revenue per unduplicated patient in the third full fiscal year following project completion. Therefore, with regard to projected average net revenue per unduplicated patient, the application submitted by **Healthview Home Health – New Hanover** is the more effective alternative and the applications submitted by **Interim HealthCare**, **Aveanna Home Health – New Hanover**, **BAYADA Home Health Care**, and **Well Care Home Health of New Hanover** are less effective alternatives.

**Projected Average Operating Expense per Visit**

The following table compares projected average operating expense per visit in the third full fiscal year following project completion for each application in this review. Generally, regarding this factor, the application proposing the lowest average operating expense per visit is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

<b>Projected Average Operating Expense per Visit – 3<sup>rd</sup> Full Fiscal Year</b>			
<b>Applicant</b>	<b>Total # of Visits</b>	<b>Projected Total Operating Expense</b>	<b>Average Operating Expense per Visit</b>
Interim HealthCare	673	\$1,384,758	\$130.77
Healthview Home Health – New Hanover	930	\$1,925,124	\$188.50
Aveanna Home Health – New Hanover	556	\$1,688,723	\$139.37
BAYADA Home Health Care	507	\$1,818,215	\$222.33
Well Care Home Health of New Hanover	1,998	\$4,394,509	\$103.66

Source: Forms C.5 and F.3b from each application

As shown in the table above, **Well Care Home Health of New Hanover** projects the lowest average operating expense per visit in the third full fiscal year following project completion. Therefore, with regard to projected average operating expense per visit, the application submitted by **Well Care Home Health of New Hanover** is the more effective alternative and the applications submitted by **Interim HealthCare**, **Healthview Home Health – New Hanover**, **Aveanna Home Health – New Hanover**, and **BAYADA Home Health Care** are less effective alternatives.

**Ratio of Average Net Revenue per Visit to Average Operating Expense per Visit**

The following table compares the ratio of the projected average net revenue per visit to the projected average operating expense per visit in the third full fiscal year following project completion for each application in this review. Generally, regarding this factor, the application



proposing the lowest ratio is the more effective alternative; however, the ratio must equal one or greater in order for the proposal to be financially feasible.

<b>Ratio of Average Net Revenue to Average Operating Expense per Visit – 3<sup>rd</sup> Full Fiscal Year</b>			
<b>Applicant</b>	<b>Average Net Revenue per Visit</b>	<b>Average Operating Cost per Visit</b>	<b>Ratio of Average Net Revenue to Average Operating Cost per Visit*</b>
Interim HealthCare	\$182.61	\$130.77	1.40
Healthview Home Health – New Hanover	\$219.23	\$188.50	1.16
Aveanna Home Health – New Hanover	\$148.91	\$139.37	1.07
BAYADA Home Health Care	\$232.33	\$222.33	1.05
Well Care Home Health of New Hanover	\$128.19	\$103.66	1.24

Source: Forms C.5, F.2b, and F.3b from each application

\*Ratio = average net revenue per visit / average operating cost per visit

As shown in the table above, **BAYADA Home Health Care** projects the lowest ratio of average net revenue to average operating expense per visit in the third full fiscal year following project completion. Therefore, with regard to ratio of average net revenue to average operating expense per visit, the application submitted by **BAYADA Home Health Care** is the more effective alternative and the applications submitted by **Interim HealthCare**, **Healthview Home Health – New Hanover**, **Aveanna Home Health – New Hanover**, and **Well Care Home Health of New Hanover** are less effective alternatives.

### **Nursing and Home Health Aide Salaries**

The table below compares the proposed annual salary for registered nurses, licensed practical nurses, and home health aides in the third full fiscal year of operation following project completion for each application in this review. Generally, the application proposing the highest annual salary is the more effective alternative with regard to this comparative factor because salaries are a significant contributing factor in recruitment and retention of staff.

<b>Average Annual Salaries – 3<sup>rd</sup> Full Fiscal Year</b>			
<b>Applicant</b>	<b>Registered Nurses</b>	<b>Licensed Practical Nurses</b>	<b>Home Health Aides</b>
Interim HealthCare	\$97,203	\$60,825	\$38,411
Healthview Home Health – New Hanover	\$79,040	\$66,560	\$37,440
Aveanna Home Health – New Hanover	\$101,546	\$67,531	\$50,648
BAYADA Home Health Care	\$106,512	\$66,143	\$45,764
Well Care Home Health of New Hanover	\$108,726	\$71,843	\$46,947

Source: Form H from each application

On Form H in Section Q, **Interim HealthCare** does not list home health aides. However, in Section C, page 43, and in an exhibit labeled Tab 7, Section C Criterion (3), Question 1, **Interim HealthCare** discusses using certified nursing assistants or other nursing assistants as home health aides. On Form H in Section Q, **Interim HealthCare** does include salaries for certified nursing assistants or other nursing assistants. Based on **Interim HealthCare’s** own documentation and statements, the average salary for certified nursing assistants or other nursing assistants provided

by **Interim HealthCare** on Form H is treated as the average salary for home health aides in the table above.

As shown in the table above, **Well Care Home Health of New Hanover** projects the highest average annual salary for registered nurses and licensed practical nurses and the second highest salary for home health aides during the third full fiscal year of operation. **Aveanna Home Health – New Hanover** projects the highest average annual salary for home health aides but the second highest average annual salary for licensed practical nurses and the third highest average annual salary for registered nurses during the third full fiscal year of operation. Therefore, with regard to nursing and home aide salaries, the application submitted by **Well Care Home Health of New Hanover** is the more effective alternative and the applications submitted by **Interim HealthCare**, **Healthview Home Health – New Hanover**, **Aveanna Home Health – New Hanover**, and **BAYADA Home Health Care** are less effective alternatives.

### SUMMARY

The following table lists the comparative factors and states which application is the more effective alternative with regard to that particular comparative factor. 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	Interim HealthCare	Healthview Home Health – New Hanover	Aveanna Home Health – New Hanover	BAYADA Home Health Care	Well Care Home Health of New Hanover
Conformity with Review Criteria	Less Effective	Less Effective	<b>More Effective</b>	<b>More Effective</b>	<b>More Effective</b>
Scope of Services	Equally Effective	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Access by Service Area Residents	Less Effective	Less Effective	Less Effective	Less Effective	<b>More Effective</b>

Competition / Access to a New or Alternate Provider	<b>More Effective</b>	<b>More Effective</b>	<b>More Effective</b>	<b>More Effective</b>	Less Effective
<b>Access by Underserved Groups</b>					
Projected Access – Medicare Recipients	Less Effective	Less Effective	Less Effective	Less Effective	<b>More Effective</b>
Projected Access – Medicaid Recipients	Less Effective	Less Effective	Less Effective	Less Effective	<b>More Effective</b>
Average Number of Visits per Unduplicated Patient	Less Effective	Less Effective	<b>More Effective</b>	Less Effective	Less Effective
Projected Average Net Revenue Per Visit	Less Effective	Less Effective	Less Effective	Less Effective	<b>More Effective</b>
Projected Average Net Revenue per Unduplicated Patient	Less Effective	<b>More Effective</b>	Less Effective	Less Effective	Less Effective
Projected Average Operating Expense per Visit	Less Effective	Less Effective	Less Effective	Less Effective	<b>More Effective</b>
Ratio of Average Net Revenue per Visit to Average Operating Expense Per Visit	Less Effective	Less Effective	Less Effective	<b>More Effective</b>	Less Effective
Nursing and Home Health Aide Salaries	Less Effective	Less Effective	Less Effective	Less Effective	<b>More Effective</b>

- **Interim HealthCare** is the more effective alternative with regard to the following comparative analysis factor:

- Competition/Access to a New or Alternate Provider

See Comparative Analysis for discussion.

- **Healthview Home Health – New Hanover** is the more effective alternative with regard to the following comparative analysis factors:

- Competition/Access to a New or Alternate Provider
- Projected Average Net Revenue per Unduplicated Patient

See Comparative Analysis for discussion.

- **Aveanna Home Health – New Hanover** is the more effective alternative with regard to the following comparative analysis factors:

- Conformity with Review Criteria
- Competition/Access to a New or Alternate Provider
- Average Number of Visits per Unduplicated Patient

See Comparative Analysis for discussion.

- **BAYADA Home Health Care** is the more effective alternative with regard to the following comparative analysis factors:

- Conformity with Review Criteria
- Competition/Access to a New or Alternate Provider
- Ratio of Average Net Revenue per Visit to Average Operating Expense per Visit

See Comparative Analysis for discussion.

- **Well Care Home Health of New Hanover** is the more effective alternative with regard to the following comparative analysis factors:

- Conformity with Review Criteria
- Access by Service Area Residents
- Projected Access by Medicare Patients
- Projected Access by Medicaid Patients
- Projected Average Net Revenue per Visit
- Projected Average Operating Expense per Visit
- Nursing and Home Health Aide Salaries

See Comparative Analysis for discussion.

### CONCLUSION

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 Agency. Approval of all applications submitted during this review would result in Medicare-certified home health agencies in excess of the need determination for New Hanover County.

However, the applications submitted by **Interim HealthCare** and **Healthview Home Health – New Hanover** are not approvable and therefore cannot be considered effective alternatives. Consequently, the following applications are denied:

Project ID #O-12389-23 / **Interim HealthCare** / Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Project ID #O-12394-23 / **Healthview Home Health – New Hanover** / Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Of the remaining three applications, **Aveanna Home Health – New Hanover** is the more effective alternative with regard to three comparative analysis factors, **BAYADA Home Health Care** is the more effective alternative with regard to three analysis factors, and **Well Care Home Health of New Hanover** is the more effective alternative with regard to seven comparative analysis factors. **Well Care Home Health of New Hanover** is the more effective alternative for more than double the amount of comparative analysis factors than for any other application in this review.

Based upon the independent review of each application and the Comparative Analysis, the following applications are denied:

Project ID #O-12401-23 / **Aveanna Home Health – New Hanover** / Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Project ID #O-12404-23 / **BAYADA Home Health Care** / Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

And the following application is approved as submitted:

Project ID #O-12405-23 / **Well Care Home Health of New Hanover** / Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Project ID #O-12405-23, **Well Care Home Health of New Hanover**, is approved subject to the following conditions.

1. **Well Care Home Health of New Hanover, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall develop one Medicare-certified home health agency or office in New Hanover County pursuant to the need determination in the 2023 SMFP.**
3. **Upon completion of the project, the certificate holder shall be licensed for no more than one Medicare-certified home health agency or office in New Hanover County.**
4. **Progress Reports:**
  - a. **Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
  - b. **The certificate holder shall complete all sections of the Progress Report form.**
  - c. **The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
  - d. **The first progress report shall be due on May 1, 2024.**
5. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**

- 6. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**