

**Long-Term Behavioral Health Committee  
Agency Report  
Adjusted Need Petition for  
Medicare-certified Home Health Need Determinations  
Proposed 2013 State Medical Facilities Plan**

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***Petitioners:***

HealthKeeperz, Inc.  
509 West 3<sup>rd</sup> Street  
Pembroke, North Carolina 28372

***Contacts:***

Mr. Tim Brooks,  
President

***Request:***

HealthKeeperz, Inc. requests an adjusted need determination for one Medicare-certified home health agency in Brunswick County in the 2013 State Medical Facilities Plan (SMFP).

***Background Information:***

The home health need methodology was incorporated in the 1996 SMFP. The methodology has undergone two formal reviews and two formal revisions since then.

First, in 2003 based on the recommendation of its Long-Term and Behavioral Health (LTBH) Committee, the State Health Coordinating Council (SHCC) authorized the formation of a Home Health Methodology Task Force to make recommendations for the 2005 SMFP.

The task force presented three recommendations to the LTBH Committee. The committee accepted the recommendations, which were also approved by the council for inclusion in the 2005 SMFP. The recommendations were as follows:

1. Policy HH-2 was deleted and Policy HH-3 was revised to incorporate distance and population as factors in determining if there would be a need determination.
2. The methodology was revised to raise the deficit threshold for a need determination from 250 patients to 400 patients. This would be re-evaluated for the 2007 SMFP.
3. The Division of Health Service Regulation and the Association for Home and Hospice Care of North Carolina were to continue to work on identifying additional data needs for the Annual Home Health Licensure Application and Data Supplement.

In 2007, for a second time the SHCC authorized the formation of a Home Health Task Force to make recommendations for the 2009 state Medical Facilities Plan after receiving a recommendation from its Long-Term and Behavioral Health Committee.

Three recommendations were presented by the task force to the LTBH Committee. The council accepted and approved the following two recommendations.

1. Revised the methodology to lower the deficit threshold for a need determination and the “placeholder” adjustment for a new agency from 400 patients to 275; and
2. Added an item “d” to item 8 of the basic Assumptions of the Method to read, “address special needs population.”

The task force recommended the need determination threshold be reviewed again in five years; however, the LTBH Committee recommended and the Council approved the threshold be reviewed again in three years.

The home health need methodology projects future need based on trends in historical data, including the “Average Annual Rate of Change in Number of Home Health Patients” over the previous three years and the “average Annual Rate of Change in Use Rates per 1000 Population” over the previous three years. The average annual rate of change is compiled based on Council of Governments (COG) regions.

Patient origin data used in the SMFP is compiled from Home Health Agency Annual Data Supplements to Licensure Applications as submitted to the Division of Health Service Regulation. The data supplements request data for a twelve month period using a start date of July, August, September or October. The methodology aggregates patient origin data by the following four age groups: under age 18, 18-64, 65-74 and over 75.

The methodology utilized in development of the State Medical Facilities Plan does not project future need based on the number of home health agencies in any given county or on the capacity of existing agencies. Rather, it projects need based on the number of patients served during the reporting years indicated in the Plan.

A basic assumption of the current methodology is that a new agency or office is needed if the projected unmet need in a single county is 325 patients or more. Therefore, the “threshold” for a need determination is a projected unmet need of 325 patients in a given service area.

Another basic assumption states that when the need for additional agencies or offices is determined by the standard methodology, the three annual SMFPs following certification of the agencies or offices based on that need should count the greater of 325 patients for each new agency or office or the actual number of patients served by the new agency office as part of the total people serviced. If a new agency office served fewer than 325 clients, an adjustment “placeholder” equal to the difference between the reported number of home health patients and 325 is used.

In essence, the “threshold” and the “placeholder” are linked and they are intended to represent the minimum size (in number of patients) for a financially viable home health agency.

It should be noted that any person may submit a certificate of need (CON) application for a need determination in the Plan. Therefore, should there be a need determination in the 2013 Plan, the CON review could be competitive and there is no guarantee that the petitioner would be the approved applicant.

The petition was posted on the Division of Health Service Regulation’s web site. Written comments were received by the August 17, 2012 date that was identified for submission of comments on petitions and comments to the Division’s Medical Facility Planning Branch. The Comments were from Liberty HomeCare & Hospice, New Hanover Regional Medical Center, AssistedCare Home Health and the Association of Home and Hospice Care of North Carolina.

***Analysis/Implications:***

In the spring of 2012, Hospice of Wake County / Horizons Home Care petitioned the SHCC requesting the modification of the home health agency need methodology by increasing the deficit threshold for a need determination and corresponding placeholder from 275 patients to 325 patients. “In response to the petition, on May 30, 2012, the Long-Term and Behavioral Health Committee and the State Health Coordinating Council revised the methodology that increased the deficit threshold for a need determination and the ‘placeholder’ adjustment for a new agency from 275 patients to 325 patients for inclusion in the North Carolina Proposed 2013 State Medical Facilities Plan.”

Historically, changes to standard methodologies are implemented at the beginning of the Planning Year, (January 1<sup>st</sup>) instead of mid-year as the change to the home health methodology was implemented. Brunswick County is the only county in the state with a need determination generated at the deficit threshold of 275 patients and not at the deficit threshold of 325 patients. The Proposed 2013 Plan indicates a projected deficit of 324.94 patients in Brunswick County.

Based on information reported on Home Health 2012 Annual Data Supplement to License Renewal Applications, seven agencies reported serving patients of Brunswick County. In addition to the two agencies located in the county, there were two agencies in New Hanover County and one agency each in Wake, Cumberland and Pender counties. The three highest volume providers were the two agencies in Brunswick County and the agency in New Hanover County which is contiguous to Brunswick County.

***Agency Recommendation:***

Given that a need determination was generated for one new home health agency or office in Brunswick County at the deficit “threshold” of 275 patients using criteria in place prior to the SHCC’s May 30, 2012 revision of the standard methodology, it is reasonable and appropriate to provide the county with an opportunity to meet its growing healthcare needs. The agency supports the standard methodology for Medicare-certified home health agencies or offices as presented in the Proposed 2013 SMFP given available information and comments submitted by the August 17, 2012 deadline, and in consideration of factors discussed above, the agency recommends approval of the request for an adjusted need determination for a Medicare-certified home health agency or office in Brunswick County.

Furthermore, the agency suggests providing the additional home health office a “placeholder,” similar to the “placeholder” provided to the office that received a need determination by the standard methodology, for the three annual Plans following certification of the office based on need. This permits time for new offices to become established and develop their services. The agency will count the greater of 325 patients or the actual number of patients served by the new office as part of the total people served.