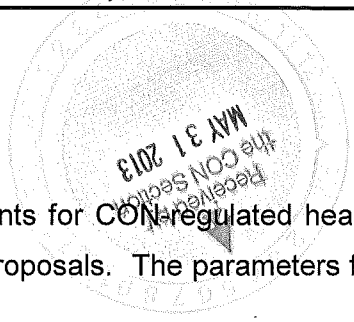
COMMENTS ON COMPETING CON APPLICATIONS
2013 BRUNSWICK COUNTY HOME HEALTH AGENCY REVIEW
Submitted by: CONTINUUM II HOME CARE & HOSPICE, INC.



Introduction

North Carolina General Statute 131E-185 permits applicants for CON-regulated health service allocations to submit comments about their competitors' proposals. The parameters for these comments include:

a. ***Facts relating to the service area proposed in the application;***

b. ***Facts relating to the representations made by the applicant in its application, and its ability to perform or fulfill the representation made;***

c. ***Discussion and argument regarding whether, in light of the material contained in the application and other relevant factual material, the application complies with relevant review criteria (§131E-183), plans and standards.***

While these standards allow for a fair amount of latitude for applicants to comment, introducing extraneous information outside the scope of these guidelines is unwarranted. Doing so shifts the focus of this process away from identifying the proposal that will best meet the home health needs of Brunswick County. The following comments consider, within the scope of the cited statute, the most pertinent issues affecting this CON review and whether or not the various applicants' proposals effectively address these issues.

Overview

Seven entities have submitted Certificate of Need (CON) applications for authorization to develop one new home health agency in Brunswick County. At most, only one of these seven applications is approvable, even if they were all to conform to each of the applicable review criteria. Each applicant is an existing home health provider with experience in eastern North Carolina. Specifically, the applicants are:

NHRMC Home Care

Maxim Healthcare Services, Inc.

HealthKeeperz of Brunswick

Advanced Home Care

Gentiva Health Services

UniHealth Home Health

Continuum Home Care of Brunswick County

Since each entity is an experienced provider, differentiating among the applicants requires careful consideration of the unique factors driving the need in Brunswick County. As set forth in its CON application (see pp. 61 – 81), Continuum identified the most important issues affecting the provision of home health care services. Having analyzed the proposals submitted by all of the applicants in this review, Continuum concludes that there are several critical issues that differentiate the projects (and their potential approvability). Principally, these include:

1) the accurate identification of ***need***, in relation to CON Review Criterion (3),
2) accessibility to services for ***underserved*** populations, per CON Review Criterion (13),
3) increased service to area residents

These considerations are discussed in summary below and in detail, where relevant, with respect to each applicant. Although the comments presented here are comprehensive, they are not necessarily reflective of all potential shortcomings or non-conformities to applicable review criteria. The CON Section evaluates each proposal against each of the applicable review criteria to determine overall conformity. Then, a comparative analysis is done among applicants, with the CON Section choosing the specific factors to compare. Continuum offers these comments as

PRIMARY ISSUE #1: NEED FOR SERVICES PROPOSED

While "need...for the services proposed..." is necessarily related to the need determination in the applicable State Medical Facilities Plan (i.e., if there was no "need"

identified in the SMFP, there would not be a competitive review), "need" is not static and perfectly captured by the SMFP. In actuality, the health planning process always lags behind the current health service utilization landscape, primarily due to the requirements for Plan assembly and publication. This is a significant point, because an applicant that only **accepts the need** as identified in the then-current SMFP is at least tacitly devaluing data that is more up-to-date.

The primary goal of an applicant proposing to develop a new health service should be to **ensure that that health service actually is needed**. Determining need should include consideration of factors that did not directly relate to the SMFP's need determination. The significance of comprehensive need assessment is not merely opinion; rather, it tracks with the clear language of CON Review Criterion (3), which reads:

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

There is always a balance that must be achieved between reliance on SMFP data and data available subsequent to publication of the Plan. For example, more current population data than was utilized in development of the 2013 SMFP was available as early as January 2013. These updates affect the home health USE-RATES for prior years (particularly 2010 and 2011), as well as for the project years 2014 and 2015.

In this review, apparently only Continuum and UniHealth attempted to address how the most current data available during the **realistic development phase** of these applications could affect the need determination in Brunswick County. While UniHealth acknowledged that it updated population data in January 2013, it actually missed a later release (on January 28, 2013) of even ***more*** up-to-date data, data upon which Continuum's projections are based. Thus, UniHealth's projections, while more current than those in the 2013 SMFP, are less current than Continuum's.

To be fair, other applicants analyzed population data in Section III, some of which was updated beyond the version contained in the SMFP; however, no other applicant factored these most-recent updates into the calculated home health use-rates. Of course, Continuum recognizes that it is unrealistic for an applicant to update data immediately up to the filing deadline. However, aside from UniHealth, all other applicants failed to even acknowledge, let alone rely upon, these updated data. There may be a question as to how substantive the failure to incorporate revised data into the need methodology is. When producing a Certificate of ***NEED*** application, it would seem important that all reasonable steps be taken to ensure that the need generated in the SMFP is as accurate as possible. The following analysis summarizes how each of the other applicants reached its need projections:

- **Advanced** relies primarily on estimates of percentages of hospital discharges to justify its projections. Given that Advanced's need projections rely so heavily on receiving referrals from the four area hospitals, it is noted that a letter only from Brunswick Novant Medical Center is provided. Additionally, Advanced projects that approximately 43% of its patients will be NON-BRUNSWICK CO. RESIDENTS (533 TOTAL patients: 303 Brunswick, 182 New Hanover, 49 Pender). The proposal submitted is for a regional service, when the reality is that the need identified is for Brunswick County. Would approval of Advanced's project represent the most effective alternative for Brunswick County residents?

- **Maxim**, on p. 56 of its application, presents the number of total projected home health patients for years 2014 to 2016; however, it does not show how many of these individuals existing agencies are likely to serve. Rather, Maxim concludes that its projected 503 Brunswick County clients in Year 2 will be the result of "admitting nine (9) unduplicated patients per week during the initial three months of project year two and 10 patients per week during months four through twelve of project year two." (p. 56). Instead of calculating how many actual individuals are likely to be in need of home health services, Maxim simply sums up the number of admissions it anticipates. How admissions are related to likely underserved patients is not made clear. As reflected in Continuum's CON application, based on our analysis the likely maximum potential home health

need in 2015 will be 453 Brunswick County residents; thus, Maxim overstates the need with its projection of 503 clients.

- **HealthKeeperz** apparently relies on the 2013 SMFP methodology in its need calculations; however, instead of using CoG O Use-Rates, per the standard need determination methodology, it substitutes North Carolina Use-Rates. Its basis for this approach, as quoted from its application, is that "[t]he standard home health need methodology underestimates the true need of patients in Brunswick County for Medicare-certified home health services." (pp. 54-5) HealthKeeperz fails to acknowledge, though, that the calculated North Carolina Use-Rates are based on ***outdated data***. Furthermore, HealthKeeperz premise that North Carolina data is more representative than CoG O or Brunswick Co.-specific data is faulty. HealthKeeperz ***assumes*** that all counties are like the State and that there are no factors that differentiate the State, the CoG, and the county (such as access to other services). Another apparent fallacy is that while HealthKeeperz assumes Brunswick County home health utilization can grow at higher statewide rates, it does NOT assume that existing providers will increase their capacity correspondingly. It is unlikely that a new provider, such as HealthKeeperz, would contribute to increased utilization, but NOT to increased performance by existing providers.

- **NHRMC** proposes to serve, in Year 2, 1,108 Brunswick Co. residents, 175 Columbus Co. residents, and 45 Bladen County residents. ***No other applicant makes projections for Brunswick County at anywhere near this level.*** Furthermore, NHRMC does not indicate whether it is including in its total the 319 Brunswick County residents it served in 2011 (which increased to 380 in 2012). NHRMC apparently bases its projection of total patient need directly on Table 12C from the 2013 SMFP. Thus, NHRMC made no account of updated population data impacting use-rates and future need.

The rationale behind NHRMC's calculation is rather unclear. Based on FY 2011 data, all agencies serving Brunswick Co. residents, EXCLUDING NHRMC, served 3,222 Brunswick County patients. If NHRMC serve 1,108 Brunswick County residents in 2016 (when it projects a TOTAL of 4,189 Brunswick Co. residents will need home health care), there would remain 3,081 individuals for **existing** agencies to serve (4,189 – 1,108), which is less than the number these agencies served in 2011. It makes no sense that existing providers would serve **fewer** Brunswick County clients in 2016 than in 2011, particularly when the trend has been INCREASING service over time. **NHRMC's need projections are unreasonable and unsupportable**.

NHRMC supports its projection of serving 1,108 Brunswick County unduplicated clients in 2016 (Y2) based on its inpatient hospital market share (50% of Brunswick County). It is reasonable to question whether this a proposal would foster competition, as there are already two providers with over 30% of the market, and NHRMC already serves the community from its Pender County location.

- **Gentiva** relies on Brunswick Co.-specific changes in Use-Rates and patients served to project home health need; however, the applicant does not update all of the population data in reaching its calculations. Furthermore, Gentiva fails to explain why it is ***more reasonable*** to use county-specific rates than regional CoG rates. Gentiva cites that Brunswick County rates of Patients Served and Use-Rates showed growth from 2009 to 2011. The following data, however, shows that the trend reverses from 2010 to 2012 (the data for which is now fully available):

Brunswick Co. Home Health Patients
Calculation of Annual Rate of Change in *Patients Served* (2010 - 2012)

Age Group	2010	2011	2012	Change '10-'11	Change '11- '12	AARC
	[Given]	*[Given]*	*[Given]*			
0-17	89	109	52	22.5%	-52.3%	**-14.9108%**
18-64	963	1,031	952	7.1%	-7.7%	**-0.3006%**
65-74	955	987	1,086	3.4%	10.0%	**6.6906%**
75+	1,372	1,414	1,558	3.1%	10.2%	**6.6226%**
Totals	**3,379**	**3,541**	**3,648**	**4.8%**	**3.0%**	**3.9080%**

Source: 2013 SMFP; 2013 License Renew al Applications

Brunswick Co. Home Health Patients
Calculation of Annual Rate of Change in *Use-Rate* (per 1,000)
2010 - 2012

Age Group	2010	2011	2012	Change '10-'11	Change '11- '12	AARC
0-17	4.40	5.36	2.53	21.7%	-52.9%	-15.5988%
18-64	14.95	15.96	14.76	6.7%	-7.5%	-0.3824%
65-74	61.18	58.60	59.10	-4.2%	0.8%	-1.6847%
75+	175.11	169.61	176.12	-3.1%	3.8%	0.3497%
Totals						

Source: 2013 SMFP; 2013 License Renew al Applications

These tables illustrate that isolating data can be misleading, particularly when part of the data is based on out-of-date population estimates. These data show that Use-Rates actually fell in three of the age groups over the three most recent years (Note: USE-RATES are particularly impacted by changes in POPULATION, whereas PATIENTS SERVED is unaffected by such changes).

Community Engagement

Demonstrating and documenting "need" certainly goes beyond statistical calculations, such as those discussed and presented above, and should include making contact with representatives of the community that are involved in health care and related ancillary services. All of the applicants in this review had some degree of contact with these communities in Brunswick County and the surrounding region. Having such contact is essential to understanding the unique needs of the identified service area (which differs slightly for each

applicant). The degree of contact, however, differs among the applicants, ranging from mostly signed "form" letters to need assessment surveys accompanied by letters from key county stakeholders. For instance, Continuum, UniHealth and HealthKeeperz all obtained survey responses from various entities, the responses to which provided a specific guide to service needs. The other four applicants apparently did not conduct this type of need assessment. Additionally, Continuum described its communication with key stakeholders, such as Brunswick Senior Resources, Inc., the Cape Fear Council of Government Area Agency on Aging, and Brunswick County Department of Social Services (to name a few). These entities, for instance, provided key specific feedback regarding county and regional needs, including for enhanced accessibility for Medicaid patients.

While the quantity and quality of stakeholder feedback may not be a strict matter of conformity or non-conformity, it is a noteworthy comparative factor in which some applicants, such as Continuum, have demonstrated a qualitative advantage.

PRIMARY ISSUE #2: ACCESSIBILITY FOR UNDERSERVED POPULATIONS

Assuring access to CON regulated healthcare services for all residents of North Carolina is one of the fundamental purposes of the CON law. One Review Criterion, (13), specifically addresses this issue, and reads as follows:

> ***The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. [...]***

Applicants must balance the objective of serving the entire community at levels commensurate with need with the ability to operate in a financially feasible manner. In Brunswick County, there

are specific unmet needs for at least several of these underserved groups and there is variation in how the applicants in this review address these needs.

Medicaid Access

Medicaid reimbursement for home health services is considerably lower than that of Medicare, which is the primary payment source. Correspondingly, access to care for Medicaid recipients can be limited if providers. In Brunswick County there has apparently been a gradual decline in Medicaid access to home health services. The following table shows payor source data for the five largest agencies serving Brunswick County in Fiscal Year 2012:

PAYOR SOURCE DATA FOR **FIVE (5)** HOME HEALTH AGENCIES SERVING BRUNSWICK CO. RESIDENTS *(CLIENTS)*						
	2010		2011		2012	
	CLIENTS		CLIENTS		CLIENTS	
PAYOR SOURCE	Total	% of Total	Total	% of Total	Total	% of Total
Private Pay	57	0.5%	61	0.5%	16	0.1%
Commercial Ins.	1,642	14.8%	1,453	12.7%	1,354	11.7%
Medicare	7,033	63.44%	7,545	65.86%	8,231	70.94%
Medicaid	2,075	18.7%	2,114	18.5%	1,612	13.9%
VA/Champus	186	1.7%	178	1.6%	213	1.8%
Indigent (HHSP)	47	0.4%	51	0.4%	102	0.9%
Workers Comp	17	0.2%	22	0.2%	17	0.1%
Other**	29	0.3%	32	0.3%	57	0.5%
Total	**11,086**	**100.0%**	**11,456**	**100.0%**	**11,602**	**100.0%**
Source: FY2011 & 2012 LRA Databases; FY2013 LRAs						

As indicated, the decrease in Medicaid clients served from 2010 to 2012 has been significant. Based on feedback from local ancillary and social service providers, including Brunswick Co. DSS and Brunswick Senior Resources, accessibility to home health care for Medicaid recipients is an ***important issue***.

The following table shows the payor source projections for each of the applicants in this review:

Payer Mix (DUPLICATED PATIENTS as % of TOTAL UTILIZATION)							
Visits (Year 2)	**Continuum**	**Advanced**	**Gentiva**	**Healthkeeperz**	**Maxim**	**NHRMC**	**UniHealth**
Private Pay	0.14%	1.90%	1.00%	0.00%	1.10%		0.38%
Insurance	7.47%	4.10%	3.00%	11.40%	10.30%		4.49%
Medicare	70.94%	73.90%	68.70%	68.40%	71.20%	100.00%	76.65%
Medicaid	**18.09%**	**15.60%**	**25.50%**	**17.90%**	**17.40%**		**17.73%**
VA/Champus	1.40%	1.90%	0.00%	0.20%			0.00%
HHSp	0.00%	0.00%	0.00%				0.00%
Charity	1.31%	2.60%	1.50%	0.70%			0.75%
Other	0.64%	0.00%	0.0%	1.5%			0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

As reflected, 18.1% of Continuum's projected clients will be Medicaid recipients, which exceeds the average of providers serving the area. NHRMC reports that it will serve 100% Medicare clients; however, their Form B revenue projections indicate they will receive Medicaid reimbursement; thus, there appears to be a disconnect in the information reflected in Section VI. Proposing ***NO*** service to Medicaid recipients would constitute non-conformity to Criterion (13), at a minimum, as well as to other criteria that relate to "Access". Also, there may be a question as to whether Advanced's projection 15.6% Medicaid is sufficiently effective for conformity.

Access to Racial Groups

In addition to ensuring access to Medicaid patients, the CON law requires that applicants demonstrate that racial minorities also have adequate access to the services proposed. In order to assess an applicant's commitment to serving racial minorities, the Agency must rely on the contents of individual CON applications. At a minimum, for an applicant to demonstrate that it will serve racial minorities, it should at least present data that illustrates the likely needs of minority groups. In the case of this review, the African American population in Brunswick County appears to be one that may be underserved and, thus, in need of additional access.

Continuum provided considerable analysis in Section III of its CON application documenting the distribution of the African American population in Brunswick County, as well as the health care issues most faced by this population, and the utilization trends of this portion of the population. We note that only Gentiva and UniHealth offered substantive discussion of the needs of the African American population, NHRMC had minimal discussion, and Maxim, HealthKeeperz and Advanced offered no apparent discussion. For the latter three, this

observation does not suggest that these agencies do not intend to serve this community; rather, it calls into question how in-depth of a need analysis they conducted.

PRIMARY ISSUE #3: **IMPROVED SERVICE TO AREA RESIDENTS**

Home health care consists of visits made by trained staff to a client's home. Generally, the more visits an agency provides, the better outcome a client experiences (this relationship, of course, is also dependent on the acuity of care needs for individual patients). The following table presents each applicant's projected number of visits per UNDUPLICATED and DUPLICATED clients:

Analysis of Proposed Home Health Visits, Year 2 (Brunswick Co. CON Review)							
Visits (Year 2)	Continuum	Advanced	Gentiva	Healthkeeperz	Maxim	NHRMC	UniHealth
SN	5,202	5,780	3,066	6,078	5,348	11,182	5,463
PT	3,956	3,333	3,076	3,028	2,488	7,382	3,868
ST	231	216	619	236	183	403	177
OT	867	793	490	518	537	2,042	1,342
MSW	71	132	58	71	89	273	45
HHA	835	869	54	1,004	760	1,740	681
Total Visits	**11,162**	**11,123**	**7,363**	**10,935**	**9,405**	**23,022**	**11,576**
Year 2 Unduplicated Clients	**474**	**533**	**391**	**582**	**503**	**1,328**	**508**
Year 2 Duplicated Clients	**1,264**	**1,185**	**1,059**	**1,543**	**2,595**	**5,990**	**679**
Visits per Unduplicated Client	**23.55**	**20.87**	**18.83**	**18.79**	**18.70**	**17.34**	**22.79**
Visits per Duplicated Client	**8.83**	**9.39**	**6.95**	**7.09**	**3.62**	**3.84**	**17.05**

As reflected, Continuum will provide the highest number of visits per unduplicated client. Also of note, there are questions about the feasibility of some of these projections. Maxim and NHRMC project very few visits per DUPLICATED client (3.62 and 3.84, respectively), whereas UniHealth projects a very high number of visits per DUPLICATED client (17.05).

Visits vis-à-vis Staffing Capacity

In order to provide these visits, though, applicants must have projected adequate staffing. Assessing whether projected levels are "adequate" requires consideration of FTEs proposed, daily visit capability, and number of days worked by an individual FTE. The following detailed analysis includes an assessment of whether or not the visiting-discipline FTEs reported in Section VII were sufficient to provide all of the visits that were projected in Section IV. This

was accomplished by analyzing the visits-per-day "productivity" factor that the applicants reported (in Section VII), then multiplying those visits-per-day times 240 work days in a year, times the reported number of FTEs. The calculations assume 240 work days per year instead of 260 (52*5) to allow for vacation, holiday, sick, bereavement, jury duty, training, etc. Most applicants did not obviously specify the number of work days they assumed for their employees (note: Continuum specified 232 work days for its employees and, thus, that number is utilized in the calculations below). Furthermore, only a few applicants defined what the components are of their productivity assumptions (i.e., visits per day per discipline), which should include 1) direct visit time, 2) travel time, and 3) case management time (e.g. documentation). The use of 240 days (rather than 232) gives the other applicants the "benefit of the doubt", as using 232 would INCREASE projected visit DEFICITS. Even conservatively assuming 240 work days, it is noted that an applicant would have to have 100% productive time to complete all the projected visits in 240 days.

Continuum	**Analysis of Projected Staff's Ability to Provide Projected Visits (*Year 2*)**				
Staffing Discipline	**FTEs Projected for Year 2 (Section VII)**	**Visits per Day (Section VII)**	**Total Projected vists (Section IV)**	**Maximum Calc. Visits***	**Difference (Calc. Visits - Proj. Visits)**
[A]	*[B]*	*[C]*	*[D]*	*[E]*	*[F]*
	[Given]	[Given]	[Given]	[B] * [C] * 232	[E] - [D]
RN	3.24	5.30	3,974	3,978	5
LPN	1.00	6.00	1,228	1,392	164
CNA	0.74	5.00	835	854	19
Dietician	0.03	0.00	0	0	0
Med Rec	0.00	0.00	0	0	0
MSW	0.14	3.30	71	107	36
Therapy Super	0.50	0.00	0	0	0
PT	2.00	5.62	2,555	2,608	52
LPTA	1.10	6.00	1,401	1,526	125
OT	1.00	5.57	867	1,292	425
COTA	0.00	5.57	0	0	0
SLP	0.24	4.25	231	237	6
Totals			**11,162**	**11,994**	**832**
*Assumes 232 w ork days in a year					

As reflected in this table for Continuum, sufficient staff has been projected to cover all of the projected visits in each of the service disciplines, with some "cushion" (i.e., excess capacity) in all disciplines. The following applicants, which propose to deliver all services with their own

staff (as opposed to contracted staffing), **have all apparently failed** to project enough staff to cover the visits proposed in one or more disciplines:

Advanced	Analysis of Projected Staff's Ability to Provide Projected Visits (*Year 2*)				
Staffing Discipline	FTEs Projected for Year 2 (Section VII)	Visits per Day (Section VII)	Total Projected vists (Section IV)	Maximum Calc. Visits*	Difference (Calc. Visits - Proj. Visits)
[A]	*[B]*	*[C]*	*[D]*	*[E]*	*[F]*
	[Given]	[Given]	[Given]	[B] * [C] * 240	[E] - [D]
RN	3.80	5.00	4,576	4,408	(168)
LPN	1.00	5.00	1,204	1,160	(44)
CNA	0.80	5.50	869	1,021	152
Dietician	0.00	0.00	0	0	0
Med Rec	0.00	0.00	0	0	0
MSW	0.25	3.00	132	174	42
Therapy Super	0.00	0.00	0	0	0
PT	2.90	5.00	3,333	3,364	31
LPTA	0.00	0.00	0	0	0
OT	1.00	5.00	793	1,160	367
COTA	0.00	0.00	0	0	0
SLP	0.25	4.50	216	261	45
Totals			**11,123**	**11,548**	**425**
*Assumes 240 w ork days in a year					

Although Advanced shows a net POSITIVE staffing capacity (+425), the applicant apparently fails to project adequate staffing in the RN and LPN disciplines.

Gentiva	**Analysis of Projected Staff's Ability to Provide Projected Visits (*Year 2*)**				
Staffing Discipline	**FTEs Projected for Year 2 (Section VII)**	**Visits per Day (Section VII)**	**Total Projected vists (Section IV)**	**Maximum Calc. Visits***	**Difference (Calc. Visits - Proj. Visits)**
[A]	*[B]*	*[C]*	*[D]*	*[E]*	*[F]*
	[Given]	**[Given]**	**[Given]**	**[B] * [C] * 240**	**[E] - [D]**
RN	2.49	4.60	3,066	2,744	(322)
LPN	0.00	0.00	0	0	0
CNA	0.32	0.00	54	0	(54)
Dietician	0.00	0.00	0	0	0
Med Rec	1.00	0.00	0	0	0
MSW	0.05	4.60	58	52	(6)
Therapy Super	0.25	0.00	0	0	0
PT	2.49	4.60	3,076	2,753	(323)
LPTA	0.00	0.00	0	0	0
OT	0.50	4.60	490	554	64
COTA	0.00	0.00	0	0	0
SLP	0.40	4.60	619	438	(181)
Totals			**7,363**	**6,541**	**(822)**
*Assumes 240 w ork days in a year					

Gentiva apparently has staffing capacity issues in all disciplines other than Occupational Therapy. The total deficiency is –822 visits. This is a substantive deficiency that would be related directly to financial feasibility.

Maxim	**Analysis of Projected Staff's Ability to Provide Projected Visits (*Year 2*)**				
Staffing Discipline	**FTEs Projected for Year 2 (Section VII)**	**Visits per Day (Section VII)**	**Total Projected vists (Section IV)**	**Maximum Calc. Visits***	**Difference (Calc. Visits - Proj. Visits)**
[A]	*[B]*	*[C]*	*[D]*	*[E]*	*[F]*
	[Given]	**[Given]**	**[Given]**	**[B] * [C] * 240**	**[E] - [D]**
RN	4.10	5.00	5,348	4,920	(428)
LPN	0.00	0.00	0	0	0
CNA	0.60	5.20	760	749	(11)
Dietician	0.10	0.00	0	0	0
Med Rec	0.00	0.00	0	0	0
MSW	0.10	3.50	89	84	(5)
Therapy Super	0.00	0.00	0	0	0
PT	2.00	5.00	2,488	2,400	(88)
LPTA	0.00	0.00	0	0	0
OT	0.45	5.00	537	540	3
COTA	0.00	0.00	0	0	0
SLP	0.15	5.00	183	180	(3)
Totals			**9,405**	**8,873**	**(532)**
*Assumes 240 w ork days in a year					

As with Gentiva, Maxim's projected staffing, except in the Occupational Therapy category, is deficient in all disciplines, for a total deficit of –532 visits. This is a substantial deficiency unlikely explained by rounding errors. Given that Gentiva projects only $42,578 Year 2 profit, it is unclear whether the proposal would be financially feasible if additional staff were added.

NHRMC	**Analysis of Projected Staff's Ability to Provide Projected Visits (*Year 2*)**				
Staffing Discipline	**FTEs Projected for Year 2 (Section VII)**	**Visits per Day (Section VII)**	**Total Projected vists (Section IV)**	**Maximum Calc. Visits***	**Difference (Calc. Visits - Proj. Visits)**
[A]	*[B]*	*[C]*	*[D]*	*[E]*	*[F]*
	[Given]	[Given]	[Given]	[B] * [C] * 240	[E] - [D]
RN	2.00	5.50	2,431	2,640	209
LPN	7.20	6.00	8,751	10,368	1,617
CNA	1.20	5.50	1,740	1,584	(156)
Dietician	0.00	0.00	0	0	0
Med Rec	0.00	0.00	0	0	0
MSW	0.40	3.00	273	288	15
Therapy Super	0.00	0.00	0	0	0
PT	5.20	5.50	7,382	6,864	(518)
LPTA	0.00	0.00	0	0	0
OT	1.40	5.50	2,042	1,848	(194)
COTA	0.00	0.00	0	0	0
SLP	0.30	5.50	177	396	219
Totals			**22,796**	**23,988**	**1,192**
*Assumes 240 w ork days in a year					

NHRMC has projected ***substantial*** staffing/visit ***shortages*** in the CNA/HHA, PT, and OT disciplines, thereby introducing doubt about the applicant's ability to perform the services proposed.

Overall, the failure of these agencies to clearly demonstrate that projected staff will be able to meet the visit demands could be significant; therefore, **this is not an insignificant issue**. These applicants have proposed delivering services that they do not have stave to provide. Furthermore, inadequate staffing relates directly to financial feasibility in that if more staff is needed to provide the un-served visits, there will be additional cost to the applicant, cost that has not been reflected in the pro formas. Final note: Applicants UniHealth and HealthKeeperz proposed contract staffing. Continuum analyzed the data for these agencies

similar to that just presented; however, it was unclear exactly how the the "hourly" contract rates for the various disciplines translated to FTEs, thereby making a direct comparison difficult. Continuum does not intend to insinuate that neither of these agencies has problems with its projected staffing and visits; rather, the lack of information to convert the data provided prevents a direct one-to-one comparison.

Comparative Analysis

The CON Section, after determining individual applicants' conformity (or non-conformity) to the statutory review criteria, conducts a comparative analysis of all applicants. Continuum has suggested in this document areas we believe are particularly pertinent; however, the Agency uses factors that it deems to be relevant to the particular review. In past reviews the Agency has been fairly consistent in its comparative analysis. Continuum provides the following tables that track with past Agency practice. It should be noted, though, that not all factors are weighted equally by the Agency.

Payor Source Metrics

Payor Source Analysis: MEDICARE Projections per Duplicated CLIENT								
Applicant	Private Pay	Insurance	**Medicare**	Medicaid	VA/ Champus	HHSp	Charity	Other
NHRMC	0.0%	0.0%	**100.0%**	0.0%	0.0%	0.0%	0.0%	0.0%
UniHealth	0.4%	4.5%	**76.7%**	17.7%	0.0%	0.0%	0.8%	0.0%
Advanced	1.9%	4.1%	**73.9%**	15.6%	1.9%	0.0%	2.6%	0.0%
Maxim	1.1%	10.3%	**71.2%**	17.4%	0.0%	0.0%	0.0%	0.0%
Continuum	0.1%	7.5%	**70.9%**	18.1%	1.4%	0.0%	1.3%	0.6%
Gentiva	1.0%	3.0%	**68.7%**	25.5%	0.0%	0.0%	1.5%	0.0%
Healthkeeperz	0.0%	11.4%	**68.4%**	17.9%	0.2%	0.0%	0.7%	1.5%

Medicare is the primary payor for home health services. Thus, Medicare recipients are not ***underserved***. Nevertheless, with the exception of NHRMC, which states that 100% of its clients (in Sec. VI) will be Medicare recipients, all other applicants are within approximately 8% points of one another.

Payor Source Analysis: MEDICAID Projections per Duplicated CLIENT								
Applicant	Private Pay	Insurance	Medicare	**Medicaid**	VA/ Champus	HHSp	Charity	Other
Gentiva	1.0%	3.0%	68.7%	**25.5%**	0.0%	0.0%	1.5%	0.0%
Continuum	0.1%	7.5%	70.9%	**18.1%**	1.4%	0.0%	1.3%	0.6%
Healthkeeperz	0.0%	11.4%	68.4%	**17.9%**	0.2%	0.0%	0.7%	1.5%
UniHealth	0.4%	4.5%	76.7%	**17.7%**	0.0%	0.0%	0.8%	0.0%
Maxim	1.1%	10.3%	71.2%	**17.4%**	0.0%	0.0%	0.0%	0.0%
Advanced	1.9%	4.1%	73.9%	**15.6%**	1.9%	0.0%	2.6%	0.0%
NHRMC	0.0%	0.0%	100.0%	**0.0%**	0.0%	0.0%	0.0%	0.0%

As described above, Medicaid is a lower-paying source for home health care, yet Medicaid recipients are eligible for home health services. Medicaid beneficiaries are relatively more ***underserved*** than other payor groups. Therefore, it is important that agencies serve this portion of the population. As shown, Continuum projects a relatively high percentage of duplicated Medicaid clients, in recognition of an increased need for this population.

Visits Metrics

Analysis of Visits per Duplicated Client			
Applicant	Total Visits	Year 2 Unduplicated Clients	Visits per Unduplicated Client
Continuum	11,162	474	23.55
UniHealth	11,576	508	22.79
Advanced	11,123	533	20.87
Gentiva	7,363	391	18.83
Healthkeeperz	10,935	582	18.79
Maxim	9,405	503	18.70
NHRMC	23,022	1,328	17.34

Financial Metrics

The following tables present various metrics related to the financial projections of the various applicants. As noted, the Agency assigns weight to each of the factors it compares, and the weight is not equal. These categories form an overall picture for each applicant, as some will be stronger in certain categories, while weaker in others. It should be noted that while

NHRMC **appears** to the "top" applicant in many categories, its rankings are impacted **substantially** by the fact that it proposes more clients and visits **by far** than any other applicant.

Analysis of Net Revenue Per Unduplicated Client			
Applicant	Year 2 Revenue	Total Unduplicated Clients	Net Revenue per Undup. CLIENT
	[A]	[B]	[A] / [B]
NHRMC	$3,546,820	1,328	$2,670.80
Healthkeeperz	$1,595,709	582	$2,741.77
Gentiva	$1,099,399	391	$2,811.76
UniHealth	$1,430,501	508	$2,815.95
Advanced	$1,541,982	533	$2,893.02
Maxim	$1,518,518	503	$3,018.92
Continuum	$1,636,041	474	$3,451.56

Analysis of Net Revenue Per Visit			
Applicant	Year 2 Revenue	Year 2 Visits	Net Revenue per VISIT
	[A]	[B]	[A] / [B]
UniHealth	$1,430,501	11,576	$123.57
Advanced	$1,541,982	11,123	$138.63
Healthkeeperz	$1,595,709	10,935	$145.93
Continuum	$1,636,041	11,162	$146.57
Gentiva	$1,099,399	7,363	$149.31
NHRMC	$3,546,820	23,022	$154.06
Maxim	$1,518,518	9,586	$158.41

Analysis of TOTAL Operating Costs Per Visit			
Applicant	Year 2 Operating Costs	Year 2 Visits	Total Operating Costs per Visit (Y2)
	[A]	[B]	[A] / [B]
NHRMC	$2,041,650	23,022	$88.68
Advanced	$1,306,201	11,123	$117.43
UniHealth	$1,410,200	11,576	$121.82
Continuum	$1,455,998	11,162	$130.44
Healthkeeperz	$1,445,606	10,935	$132.20
Maxim	$1,305,747	9,586	$136.21
Gentiva	$1,056,821	7,363	$143.53

Analysis of DIRECT Operating Costs Per Visit			
Applicant	Year 2 Direct Operating Costs	Year 2 Visits	Direct Operating Costs per Visit (Y2)
	[A]	[B]	[A] / [B]
NHRMC	$1,473,222	23,022	$63.99
Advanced	$883,641	11,123	$79.44
Gentiva	$594,516	7,363	$80.74
Maxim	$811,259	9,586	$84.63
UniHealth	$1,015,571	11,576	$87.73
Healthkeeperz	$975,508	10,935	$89.21
Continuum	$1,095,989	11,162	$98.19

Analysis of INDIRECT Operating Costs Per Visit			
Applicant	Year 2 Indirect Operating Costs	Year 2 Visits	Indirect Operating Costs per Visit (Y2)
	[A]	[B]	[A] / [B]
NHRMC	$568,428	23,022	$24.69
Continuum	$360,009	11,162	$32.25
UniHealth	$394,629	11,576	$34.09
Advanced	$422,560	11,123	$37.99
Healthkeeperz	$470,098	10,935	$42.99
Maxim	$494,488	9,586	$51.58
Gentiva	$462,305	7,363	$62.79

Ratio of Net Revenue per Visit to Average Total Operating Cost per Visit			
Applicant	Net Revenue per VISIT	Total Operating Costs per Visit (Y2)	Ratio
	[A]	[B]	[A] / [B]
UniHealth	$123.57	$121.82	1.01
Gentiva	$149.31	$143.53	1.04
Healthkeeperz	$145.93	$132.20	1.10
Continuum	$146.57	$130.44	1.12
Maxim	$158.41	$136.21	1.16
Advanced	$138.63	$117.43	1.18
NHRMC	$154.06	$88.68	1.74

Ratio of Average Direct Care Operating Cost per Visit to Average Total Operating Cost per Visit			
Applicant	Direct Operating Costs per Visit (Y2)	Total Operating Costs per Visit (Y2)	Ratio
	[A]	[B]	[A] / [B]
Continuum	$98.19	$130.44	0.75
NHRMC	$63.99	$88.68	0.72
UniHealth	$87.73	$121.82	0.72
Advanced	$79.44	$117.43	0.68
Healthkeeperz	$89.21	$132.20	0.67
Maxim	$84.63	$136.21	0.62
Gentiva	$80.74	$143.53	0.56

Overview of Comparative Analysis

As noted in the introduction to this section, making sense of these factors is not a mere question of "which applicant ranks highest overall". Rather, the question is, recognizing that no applicant will be the "strongest" in every category, which one is particularly effective in the categories most relevant to the needs of the service area? Continuum's strengths include:

- The **second highest** percentage of duplicated **Medicaid** clients;
- The **highest** projected **visits** per duplicated client;
- The **highest** direct operating cost per visit, reflecting a commitment to investing in staff and patient care;
- The **second lowest** average indirect operating cost per visit; and
- The **highest** Ratio of Average Direct Care Operating Cost per Visit to Average Total Operating Cost per Visit, further illustrating that Continuum's costs for this project are dedicated to patient care, rather than administrative functions and overhead.

Additional Considerations

Agency Operational Dates

The projected need determination that triggered the allocation of this home health agency CON is for the year 2014. All applicants project a best-case CON issuance data around

November 1, 2013. The following table demonstrates the dates on which each applicant projects obtaining Licensure and Certification to operate its proposed agency:

2013 Brunswick County Home Health CON Applications							
Applicant	Continuum	Advanced	Gentiva	Healthkeeperz	Maxim	NHRMC	UniHealth
Project ID	O-10122-13	O-10118-13	O-10121-13	O-10119-13	O-10120-13	O-10117-13	O-10113-13
Operational Dates							
Licensure	4/1/2014	2/5/2014	1/1/2014	7/1/2014	1/1/2014	10/1/2014	7/1/2014
Certification	10/1/2014	2/5/2014	4/1/2014	10/1/2014	7/1/2014	4/1/2015	2/15/2015
	183.00	0.00	90.00	92.00	181.00	182.00	229.00

Continuum believes that applicants that project fewer than 180 (approximately) days between Licensure and Certification likely have underestimated the timeframe by which these events can realistically occur. We believe that it would be impossible, for instance, that Advanced could receive licensure and certification on the same day.

CONCLUSION

Seven experienced applicants have submitted proposals to develop a single new Medicare-certified home health agency in Brunswick County. While these proposals share some similarities, there are also substantive differences. The preceding analysis attempted to present the factors **most critical** to this unique review (each CON review is different, in that each county is a separate service area). It is rare that the projections of any single applicant would be the "most optimal" in **all** categories. Rather, certain applicants will be strong in some areas, and weaker in others.

In this review, Continuum has crafted a proposal that is most effective in the comparative categories, and particularly those that correlate with the areas of greatest need. More so than most other applicants, we assessed overall need using the most up-to-date data possible (and supplementing it with meaningful input from interested stakeholders), thereby pinpointing the most likely number of total Brunswick County residents in need of care. Likewise, our proposal is responsive to the Medicaid and racial accessibility needs of Brunswick County. Additionally, we have demonstrated a commitment to providing a maximum number of visits per each admitted client. Our costs are weighted heavily to direct care positions/services, meaning that

the greatest benefits will accrue to our clients. No other applicant in this review, as demonstrated in the preceding discussion and tables, strikes quite the same balance.