



September 3, 2013

Celia Inman, Project Analyst
Certificate of Need Section
Division of Health Service Regulation
North Carolina Department of Health and Human Services
809 Ruggles Drive
Raleigh, North Carolina 27626-0530

RE: Comments on Home Health CON Applications for Forsyth County

Dear Ms. Inman:

Enclosed please find comments prepared by Maxim Healthcare Services, regarding the competing CON applications for one new Medicare-certified Home Health Agency to meet the need identified in the *2013 State Medical Facilities Plan* for Forsyth County. We trust that you will take these comments into consideration during the Agency's review of the applications.

If you have any questions about the information presented here, please feel free to contact me at (910) 616-0319. We look forward to seeing you at the public hearing.

Sincerely,

Mike Raney

Mike Raney
Vice President of Operations - SE Region
Maxim Healthcare Services

COMMENTS ABOUT COMPETING CERTIFICATE OF NEED APPLICATIONS

HOME HEALTH NEED DETERMINATION FOR FORSYTH COUNTY

SUBMITTED BY MAXIM HEALTHCARE SERVICES, INC.

SEPTEMBER 3, 2013

Four applicants submitted Certificate of Need (CON) applications in response to the need identified in the *2013 State Medical Facilities Plan (SMFP)* for one additional Medicare-certified Home Health Agency in Forsyth County. In accordance with N.C.G.S. §131E-185(a.1)(1), this document includes comments relating to the representations made by the other applicants, and a discussion about whether the material in those applications complies with the relevant review criteria, plans, and standards. These comments also address the issue of which of the competing proposals represents the most effective alternative for development of a new Medicare-certified home health program in Forsyth County.

Specifically, the CON Section, in making the decision, should consider several key issues. These include, but are not limited to:

- (1) The extent to which each applicant projects a reasonable number of patients and patient visits, documented by credible assumptions and evidence of referral sources and relationships.
- (2) The extent to which each applicant reasonably projects to increase and improve accessibility to home health services, especially for the medically underserved residents of the service area;
- (3) The extent to which the proposed project represents a cost-effective alternative for developing a new Medicare-certified home health program;
- (4) The extent to which the applicants project to increase competition and consumer choice for Forsyth County residents.
- (5) The extent to which the competing applicants submitted accurate and reasonable applications that are conforming to all statutory and regulatory criteria.

Forsyth County Home Health Need

The need determination in the 2013 SMFP is for one Medicare-certified home health agency in Forsyth County. The methodology is calculated based on the home health utilization of Forsyth County residents. Therefore, the competing applications should be evaluated based on their projected home health utilization for Forsyth County residents. Maxim was one of only two applicants whose patient projections are based on serving the needs of Forsyth County patients. The two other competing applications projected serving patients from adjacent counties. Thus, to evaluate the competing applications based on a level playing field and to be responsive to the need identified in the 2013 SMFP is for one Medicare-certified home health agency in Forsyth County, it is necessary to exclude patient and visit projections from outside Forsyth County. The following table summarizes the projected home health patients and visits to be served in Forsyth County based on the utilization projections and patient origin provided in the competing applications.

**Projected Forsyth County Unduplicated Home Health Patients & Visits
Project Year 2**

	Maxim	Liberty	Well Care	UniHealth
Total Projected HH Patients (Year 2)	503	330	591	581
Total Projected HH Visits (Year 2)	12,046	5,606	13,183	13,307
Forsyth County Patient Origin (Year 2)	100.0%	100.0%	86.5%	90.0%
Forsyth County HH Patients (Year 2)	503	330	511	523
Forsyth County HH Visits (Year 2)	12,046	5,606	11,403	11,976

Source: 2013 Forsyth County Home Health CON applications

Regardless of the historical patient origin patterns of the home health agencies based in Forsyth County, the need determination in the 2013 SMFP is based on the home health utilization of Forsyth County residents. Thus, it is logical and necessary to evaluate the competing applications based on their projected access to Forsyth County residents. For example, UniHealth projects to serve 808 duplicated home health clients during Project Year 2 (page 164 of CON application); however, only 90% of these patients will be residents of Forsyth County. Thus, to evaluate the level of access for duplicated Medicaid patients, the Agency should reduce their projected duplicated patients by 90%. As an example, during Project Year 2 UniHealth projects 19.1% of duplicated home health patients will be Medicaid patients (page 172 of CON application). Thus, the following calculation determines the projected number of duplicated Medicaid patients from Forsyth County: 808 total duplicated clients in Project Year 2 x 90%

Forsyth County patient origin = 727 duplicated Forsyth County patients in Project Year 2 x 19.1% Medicaid clients = 139 duplicated Medicaid patients from Forsyth County in Project Year 2. This simple calculation should be applied to the Agency’s comparative analysis of the following metrics in both Well Care and United’s CON applications:

- Projected Access by Medicare Recipients

	Well Care	UniHealth
Duplicated Patients	1,241	808
Forsyth Co. Patient Origin	86.5%	90.0%
Forsyth Co. Duplicated Patients	1,073	727
Medicare Access	68.0%	71.7%
Forsyth Co. Duplicated Medicare Patients	730	521

- Projected Access by Medicaid Recipients

	Well Care	UniHealth
Duplicated Patients	1,241	808
Forsyth Co. Patient Origin	86.5%	90.0%
Forsyth Co. Duplicated Patients	1,073	727
Medicaid Access	26.8%	19.1%
Forsyth Co. Duplicated Medicaid Patients	287	139

Including patient projections from other counties only inflates utilization projections and, therefore, artificially increases many of the comparative metrics analyzed by the Agency in the comparative review. Therefore, the Agency should analyze each of the comparative factors based on Forsyth County patient utilization.

Access

Based on the need for access to home health services, as indicated by the need determination in the 2013 SMFP, it is important to consider the dates when the competing applications will become operational. Maxim proposes to be operational July 1, 2014. Thus, in addition to providing the highest level of access to Forsyth County home health residents, Maxim is an effective alternative for increasing access because it projects to operate a Medicare-certified home health agency earlier than two of the competing applicants.

Scope of Services

As described in its CON application, Maxim will provide a full continuum of home health services to Forsyth County residents. Some of the competing applicants may describe

specialized services such as pediatrics or behavioral health as a method to differentiate their proposal from the competing applicants. Maxim will offer these services as part of its continuum of care.

Specific Comments Regarding Competing Applicants

The following pages provide critiques specific to each of the competing applicants and discussion regarding their nonconformity to statutory and regulatory criteria.

Well Care Home Health G-10159-13

Comments Specific to Criterion 3

- Well Care does not demonstrate the need to serve patients in Davidson, Guilford and Rockingham counties. Specifically, Well Care projects to serve patients in Davidson, Guilford and Rockingham counties even though a projected surplus exists. The following table summarizes the projected surplus of home health patients during 2014 based on the home health standard methodology.

County	Surplus or Deficit ("-" = deficit)
Davidson	5.7
Guilford	1.94
Rockingham	119.67

Source: 2013 SMFP Table 12C 2014

Well Care’s basis of the need for serving patients of Davidson, Guilford and Rockingham counties is “because most of the existing providers in Forsyth County provide home health services to most of the adjoining counties.” (Page 41 of Well Care CON application). Clearly this is not sufficient evidence of the need the population has for the proposed services, especially when the 2013 SMFP projects a surplus of home health services in Davidson, Guilford and Rockingham counties.

- Well Care failed to provide any specific assumptions or methodology to describe how it projected the number of Forsyth County home health patients and corresponding market share it projects during the first three project years. Well Care only states its market share percentages are based on the large deficit (327 patients) that is projected by the 2013 SMFP (page 46 of Well Care CON application). Well Care provides no assumptions or methodology to describe how it expects to increase its Forsyth County home health patient projections from 327 during project year one to 511 during project year two, or how its Forsyth County market share will increase from 2.776% to 4.195% during the same time period. Without any assumptions, methodology or rationale, the Well Care patient projections are unsupported. Therefore, Well Care’s home health patient projections are not reliable and the applicant is not conforming to Criterion 3.
- Well Care used a ratio to project duplicated home health patients. However, Well Care failed to justify the reasonableness of its projected ratio of duplicated patients to unduplicated patients. Specifically, on page 50 of its CON application, Well Care simply states its ratio of 2.1 duplicated patients to unduplicated patients is based on the applicant’s historical experience. However, the applicant failed to provide any historical data to support the veracity of its assumption. The applicant also failed to provide any data regarding historical ratio of duplicated patients to unduplicated patients in Forsyth County to demonstrate whether its projected ratio was reasonable. Therefore, Well

Care’s home health patient projections are not reasonable and the applicant is not conforming to Criterion 3.

- Well Care failed to provide adequate rationale to justify the reasonableness of its projected number of visits per Medicare patient. On page 50 of its CON application, Well Care projects Medicare patients will experience 19.01 average visits per patient; however, this is much higher compared to the most recent experience in Forsyth County. During FY2012, the average Medicare visits per episode was 16.82 for Forsyth County Home Health patients. Please refer to the following table.

**Forsyth County Home Health Agencies
Average Medicare Visits per Episode, FY2012**

	<i>Average Medicare episodes/beneficiary</i>
Advanced Home Care (HC0499)	12.60
Gentiva Health Services (HC0567)	15.73
Gentiva Health Services (HC0231)	15.58
Gentiva Health Services (HC1131)	17.15
Gentiva Health Services (HC1210)	14.78
Bayada Home Health Care (HC0005)	14.50
Hospice & Palliative CareCenter (HC0409)	33.00
Interim HealthCare of the Triad (HC1886)	11.24
Average	16.82

Source: 2013 License Renewal Applications for Forsyth County HH Agencies

Well Care ignored the historical Forsyth County Medicare data and failed to provide any rationale to justify why its projected Medicare patients will receive a much higher number of visits per patient. Without such explanation, one cannot evaluate the reasonableness of Well Care’s assumptions. Therefore, Well Care’s home health visit projections are not reasonable and the applicant is not conforming to Criterion 3.

Comments Specific to Criterion 4

- Well Care projects serving over 15% non-Forsyth County patients patient origin in Project Year 2. With a focus on adjacent counties, Well Care is a less effective alternative with respect to meeting the home health needs of Forsyth County residents.
- Well Care projects to provide fewer visits per patient than Maxim, and therefore is a less effective alternative from a patient care perspective. Please see the table below.

Projected Visits per Patient (Year 2)

Agency	Visits Per Patient (Year 2)
Maxim	23.9
Well Care	22.3

Source: CON Applications

Comments Specific to Criterion 5

- As shown in Section XII, Well Care projects Medicare certification on the same day that the agency becomes operational, which is not a reasonable assumption. This results in flawed projections about revenue collected from Medicare, which makes the proformas financial statements unreliable. Thus, Well Care application is non-conforming to Criterion 5.

Comments Specific to Criterion 6

- Well Care projects to serve patients in Davidson, Guilford and Rockingham counties even though a projected surplus exists (see discussion in response to Criterion 3). Well Care’s basis of the need for serving patients of Davidson, Guilford and Rockingham counties is “because most of the existing providers in Forsyth County provide home health services to most of the adjoining counties.” (Page 41 of Well Care CON application). Clearly this is not sufficient evidence of the need the population has for the proposed services, especially when the 2013 SMFP projects a surplus of home health services in Davidson, Guilford and Rockingham counties. Therefore, Well Care failed to adequately demonstrate that its proposal will not result in an unnecessary duplication of existing or approved home health services and is nonconforming to this criterion.

Comments Specific to Criterion 7

- Well Care projects unreasonably high performance standards for the number of patient visits/day for its clinicians. Specifically, Well Care anticipates a standard of 6 patient visits per day for nurses, aides and therapists, and four visits per day for a social worker. These are much higher than the average productivity across the nation, as calculated by the National Association for Home Care & Hospice, shown on page 111 of Maxim’s application. Well Care provides no solid basis for this expectation, and therefore is non-conforming to Criterion 7.
- Given that it has significantly overestimated a standard number of daily patient visits for its clinical staff, Well Care is actually lacking the clinical staffing levels necessary to address all the clinical visits it projected in Section IV. Specifically:

- Year 1 PT. Table IV.2 shows visits of 2,107, which requires 1.62 FTE (2,107 visits/5.0 visits/day/260 days). Yet Table VII.2 only shows 1.50 FTE PT.
- Year 1 OT. Table IV.2 shows visits of 506, which requires 0.39 FTE (506 visits/5.0 visits/day/260 days). Yet Table VII.2 only shows 0.38 FTE OT.

- Year 2 nursing. Table IV.2 shows visits of 7,778, which requires 5.98 FTE (7,778 visits/5.0 visits/day/260 days). Yet Table VII.2 only shows 5.24 FTE RN and 0.60 LPN.
- Year 2 HH Aide. Table IV.2 shows visits of 923, which requires 0.68 FTE (923 visits/5.2 visits/day/260 days). Yet Table VII.2 only shows 0.65 FTE HHA.
- Year 2 PT. Table IV.2 shows visits of 3,295, which requires 2.53 FTE (3,295 visits/5.0 visits/day/260 days). Yet Table VII.2 only shows 2.3 FTE PT.
- Year 2 OT. Table IV.2 shows visits of 791, which requires 0.61 FTE (791 visits/5.0 visits/day/260 days). Yet Table VII.2 only shows 0.55 FTE OT.

Comments Specific to Criterion 13c

- Well Care projects its Medicaid payor mix higher much than the current Forsyth County average without providing reasonable justification. Although the current Forsyth County payor mix is low, Well Care's projection of 26.75% is 125% higher than the county average, and 40% higher than any other applicant. This is not reasonable, and therefore Well Care's application is non-conforming to Criterion 13.

Comments Related to Comparative Review

- The primary site Well Care proposes is in Kernersville, which is not central within Forsyth County. This is not amenable to cost-effective and efficient provision of home health services, which naturally rely upon travel to a patient's home. Further, this location, which is adjacent to Greensboro, lends to the applicant targeting Guilford County residents, rather than Forsyth County residents for whom the 2013 SMFP need determination project is focused.
- Well Care (along with United) projects to establish its Forsyth agency last among all the competing applicants, and therefore is a less effective alternative from an access perspective.
- Well Care projects the second lowest average visits per patient during Project Year 2, and therefore is a less effective alternative from a quality perspective.
- Well Care projects a lower provision of charity care/bad debt than does Maxim, as shown in Section VI. In fact, Well Care proposes the second lowest provision of charity care of all the applicants, and therefore is a less effective alternative from an access perspective.
- Well Care projects higher nursing, aide and therapy charges per visit than Maxim, as shown in Section X, and therefore is a less effective alternative from a cost perspective.

UniHealth Home Health G-10161-13

Comments Specific to Criterion 3

- United failed to provide the specific assumptions and methodology used to project its unduplicated patient admissions by month during the initial project years. Specifically, on page 166 of its CON application, United provides a table summarizing projected unduplicated admissions per month; however, the applicant failed to describe its assumptions for projecting the number of patient referrals per month. There is no discussion of the number of patient referrals the applicant expects to receive each week during the initial project years to substantiate the patient projections.

United anecdotally states that “[i]n Wake County, UHS reached 10 admissions a week four months after certification”; however, in addition to failing to describe its projected admission per week for the proposed project, United failed to describe the relevance of its Wake County experience to Forsyth County. Wake County has a population that is over two and half times larger compared to Forsyth County. Thus, Wake County is a much larger market compared to Forsyth County. During FY2012, Wake County served 14,490 home health patients compared to only 8,894 home health patients served in Forsyth County. United failed to describe why it is reasonable to expect that its Forsyth County home health agency should expect to receive a comparable number of referrals as its Wake County agency. In fact, United projects its Forsyth County agency to achieve more patient referrals per week than its Wake County agency. Specifically, during the second project year, United projects an average of 11.17 referrals per week (581 total admissions ÷ 52 weeks per year = 11.17 admissions per week), this is higher than the 10 admissions per week reported for its Wake County agency. Without any description of the rationale for projecting unduplicated admissions per month, United’s patient projections are not supported. Therefore, the projections are unreliable and applicant is not conforming to Criterion 3.

- United failed to provide adequate rationale to justify the reasonableness of its projected number of visits per Medicare patient (full episode w/out outliers, hereinafter in this section referred to as Medicare patients). In Step 8 of its methodology (page 173), United projects Medicare patients will experience 19 average visits per start of care; however, this is much higher compared to the most recent experience in Forsyth County. As described previously in these comments, during FY2012, the average Medicare visits per episode was 16.82 for Forsyth County Home Health patients. United ignored the Forsyth County Medicare data and utilized its undocumented corporate data to project Medicare visits per patient. Without such documentation, one cannot evaluate the reasonableness of United’s assumptions.

Comments Specific to Criterion 4

- United projects to provide fewer visits per patient than Maxim, and therefore is a less effective alternative from a patient care perspective. Please see the table below.

Projected Visits per Patient (Year 2)

Agency	Visits Per Patient (Year 2)
Maxim	23.9
United	22.9

Source: CON Applications

Comments Specific to Criterion 5

- United proposes higher operating costs per visit than does Maxim. The table below shows the difference in costs between the United and Maxim proposals.

**Average Operating Cost per Visit
Project Year 2**

	United	Maxim
Average Cost	\$123	\$122

Source: CON Applications

Comments Specific to Criterion 6

- United projects to serve patients in Guilford County even though a projected surplus exists. The following table summarizes the projected surplus of home health patients during 2014 based on the 2013 SMFP home health standard methodology.

County	Surplus or Deficit ("-" = deficit)
Guilford	1.94

Source: 2013 SMFP Table 12C 2014

Additionally, United projects to serve patients from Surry County; however, the applicant failed to describe why these patients cannot be served by its existing home health agency in Surry County. Therefore, United failed to adequately demonstrate that its proposal will not result in an unnecessary duplication of existing or approved home health services and is nonconforming to Criterion 6.

Comments Specific to Criterion 8

- United does not propose to offer dietician services. In both Table VII.2 and the proformas, United shows no dietician is staffed or budgeted. It is likely that at some point during the initial two project years a home health patient will need dietician services. Therefore, United is not conforming to Criterion 8 because it does not demonstrate that it will make available the necessary ancillary and support services.

Comments Related to Comparative Review

- United proposes by far the highest ratio of gross charge per visit to total operating cost per visit of any applicant. Please see the following table. Therefore United is the least effective alternative of all the applicants in regard to charge/cost ratio.

Ratio of Average Gross Charge per Visit to Average Total Operating Cost per Visit (Year 2)

Agency	Ratio of Gross Charge to Total Operating Cost Per Visit
United	1.58
Maxim	1.20
Well Care	1.18
Liberty	1.16

Source: CON Applications

- United proposes the highest gross charge per unduplicated patient of any applicant. Please see the following table. Therefore United is the least effective alternative of all the applicants in regard to patient charges.

Gross Charge per Unduplicated Patient (Year 2)

Agency	Gross Per Patient
United	\$4,442
Maxim	\$3,505
Well Care	\$2,943
Liberty	\$2,768

Source: CON Applications

- United projects serving 10% non-Forsyth County patients patient origin in Project Year 2. With a focus on adjacent counties, United is a less effective alternative with respect to meeting the home health needs of Forsyth County residents.
- United (along with Well Care) projects to establish its Forsyth agency last among all the competing applicants, and therefore is a less effective alternative from an access perspective.
- United projects lower charity care/bad debt than Maxim, as shown in Section VI, and therefore is a less effective alternative from an access perspective.
- United projects higher nursing and therapy charges per visit than Maxim, as shown in Section X, and therefore is a less effective alternative from a cost perspective.
- United proposes by far the highest project capital costs among all competing applicants, as shown in the table below.

Project Capital Costs

Agency	Capital Cost
United	\$373,959
Maxim	\$75,000
Well Care	\$45,000
Liberty	\$27,100

Source: CON Applications

Liberty Home Care G-10160-13

Comments Specific to Criterion 1

- Liberty fails to demonstrate that its project is consistent with all applicable policies and need determinations in the 2013 SMFP. The need determination in the 2013 SMFP indicated a need for one additional Medicare-certified home health agency in Forsyth County to serve 325 patients by 2014. Because Liberty is already a provider of home health services to Forsyth County patients and will likely shift existing Forsyth County clients from its Davidson and Surry County agencies to its proposed Forsyth County agency, its proposal does not fulfill the need determination in the 2013 SMFP.

Comments Specific to Criterion 3

- Liberty failed to provide the specific assumptions and methodology used to project home health visits during its first two project years. The applicant’s response to Section IV.3 simply states, “Please see assumptions accompanying the financial pro formas following Section XII of this application.” However, there is no discussion accompanying the financial pro formas to describe the specific assumptions or reasonableness of any such assumptions by which Liberty projects duplicated patients by service discipline and visits in Section IV. Without such documentation, one cannot evaluate the reasonableness of Liberty’s assumptions. Therefore, the projections are unreliable and applicant is not conforming to Criterion 3.

Comments Specific to Criterion 4

- Liberty projects to provide the lowest visits per patient of any applicant, and therefore is the least effective alternative from a patient care perspective. Please see the table below.

Projected Visits per Patient (Year 2)

Agency	Visits Per Patient (Year 2)
Maxim	23.9
United	22.9
Well Care	22.3
Liberty	17.0

Source: CON Applications

- In its discussion of alternatives for the proposed project, Liberty did not satisfactorily evaluate the feasibility of continuing to serve Forsyth County residents via its existing

Davidson and Surry County agencies. As stated on page 38 of its application, Liberty “regularly” treats Forsyth County residents. Per the Proposed 2014 SMFP, the Liberty Davidson and Surry County agencies served 193 residents of Forsyth County in FY2012. Therefore Liberty is nonconforming to Criterion 4 because its proposal is not the most effective alternative for meeting the need determination.

- Liberty provided only the most minimal indication of physician support. Specifically, Liberty’s application included just one letter of support from a referring physician. This lack of support indicates Liberty may not be able to attract adequate Forsyth County referral volume, the source of patients for home health services.

Letters of support are indicative of a provider’s ability to attract patients and generate adequate market share to remain viable. This is especially critical in a highly competitive environment like the Forsyth County home health services market. Liberty’s lack of support from area physicians suggests Liberty is not the most effective alternative for meeting the established need.

Comments Specific to Criterion 5

- Liberty projects the project capital cost to be \$27,100 and the total working capital expense to be \$298,652, for a total funding requirement of \$325,752. However, the funding letter included in Exhibit 13 is for only \$300,000. Therefore, the Liberty application is non-conforming to Criterion 5.
- Liberty projects only a two-month period after licensure before it receives certification. This is an unreasonably short timeframe, and is very unlikely to occur. Liberty cannot collect reimbursement from the government for Medicare patients until it receives certification. Therefore, the revenue projections for Liberty in Year 1 are not reasonable, and Liberty has under projected its total working capital, and is not conforming to Criterion 5.
- Liberty does not project a decline in Medicare reimbursement for Year 2, which is unreasonable given the anticipated requirements of the Affordable Care Act. Therefore, the projection of charges for Liberty is unreasonable, and therefore the Liberty application is non-conforming to Criterion 5.
- Liberty projects that non-salary administrative expenses will be exactly the same in Year 2 as Year 1. This assumption of no expense inflation for rent, utilities, repairs/maintenance, office supplies, telephone, postage, advertising, education/training, travel expenses, and miscellaneous overhead is unrealistic, especially considering Liberty’s proposed increase in volume and staffing in Year 2. Therefore, the Liberty application is non-conforming to Criterion 5 because it is not based upon a reasonable projection of costs.

- Liberty does not propose a cost-effective alternative. Liberty proposes higher average revenues and operating costs per visit than does Maxim. Liberty’s proposal does not provide patients or payors with competitive charges, but rather projects the highest revenues per visit of all the applicants. The table below shows the difference in costs and revenues between the Liberty and Maxim proposals.

Average Revenue and Cost per Visit, Project Year 2

	Liberty	Maxim
Average Revenue	\$149	\$140
Average Cost	\$140	\$122

Source: CON Applications

Comments Specific to Criterion 7

- Liberty shows unreasonably low administrative/support staffing levels. For example, Liberty projects no OASIS Coordinator and no dietician expenses.
- Liberty is lacking the clinical staffing levels necessary to address all the clinical visits it projected in Section IV. Specifically:
 - Year 1 ST. Table IV.2 shows visits of 199, which requires 0.15 FTE (199 visits/5.0 visits/day/260 days). Yet Table VII.2 only shows 0.03 FTE ST.
 - Year 2 ST. Table IV.2 shows visits of 253, which requires 0.19 FTE (253 visits/5.0 visits/day/260 days). Yet Table VII.2 only shows 0.03 FTE ST.

Comments Specific to Criterion 13c

- Liberty projects to serve the lowest percentage of Medicaid patients of all applicants. Please see the table below. In fact, Liberty only proposes 5.9% of its payor mix to be Medicaid patients; approximately one third of Maxim’s 17.8%. Liberty’s application is the least effective alternative at expanding access to the medically underserved as identified by the access basic principle in the 2013 SMFP.

Medicaid Access

Agency	% of Patients
Well Care	26.7%
United	19.1%
Maxim	17.8%
Liberty	5.9%

Source: CON Applications

- Liberty did not provide any assumptions or explanation for how it projected its Medicare payor mix. Therefore, Liberty’s application is not conforming to Criterion 13, because it did not reasonably project the extent to which it proposes to serve medically underserved groups.

Comments Specific to Criterion 18a

- Because Liberty is already a provider of home health services to Forsyth County patients and will likely shift existing Forsyth County clients from its Davidson and Surry County agencies to its proposed Forsyth County agency, its proposal will not provide the benefit of enhanced competition and a positive impact on cost effectiveness, quality and access. Therefore, Liberty’s application is not conforming to Criterion 18a.

Comments Related to Comparative Review

- As shown in the following table, Maxim projects to have a higher Nursing Services costs per visit than does Liberty. Given that home health care is provided by trained clinical staff, a higher direct care nursing cost is indicative of a likelihood of higher quality services, and thus is a more effective alternative.

**Projected Forsyth County Unduplicated Home Health Patients & Visits
Project Year 2**

	Maxim	NHRMC
Total Nursing Services Cost Per Patient Visit (Year 2)	\$48.35	\$39.54

Source: 2013 Forsyth County Home Health CON applications

- Liberty projects lower salaries than Maxim for nurses. Therefore, Liberty is a less effective alternative in regard to RN salaries.

RN Salaries, Project Year 2

Agency	RN
Maxim	\$77,080
Liberty	\$66,010

Source: CON Applications

- Liberty projects lower salaries than Maxim for CNAs. Therefore, Liberty is a less effective alternative in regard to CNA salaries.

CNA Salaries, Project Year 2

Agency	CNA
Maxim	\$33,245
Liberty	\$26,329

Source: CON Applications

- Maxim projects a higher benefit % (16%) than does Liberty (13%). Liberty’s low benefit percentage will impede its ability to successfully recruit the best healthcare talent, and therefore Liberty is a less effective alternative than Maxim with regard to evidence of the availability of resources, including health manpower.
- Liberty projects a lower provision of charity care/bad debt than does Maxim, as shown in Section VI. In fact, Liberty proposes the lowest provision of charity care of all the applicants, and therefore is a less effective alternative from an access perspective.
- Liberty projects higher nursing, nurse aide and therapy charges per visit than Maxim, as shown in Section X, and therefore is a less effective alternative from a cost perspective.
- Liberty proposes by far the highest average administrative cost per visit of any applicant. Please see the following table. Higher administrative costs are indicative of less organizational efficiency and these additional costs are eventually incurred by patients and payors. Therefore Liberty is the least effective alternative in regard to low administrative costs.

Average Administrative Cost per Visit (Year 2)

Agency	Average Administrative Cost Per Visit
Liberty	\$65
Maxim	\$35
United	\$31
Well Care	\$31

Source: CON Applications

- The table on the following page portrays the average direct care operating cost per visit as a percentage of the total operating cost per visit. Liberty proposes by far the lowest percentage of any applicant. A lower percentage is indicative of relatively less of the total operating costs focused on providing direct care to the patient. Therefore Liberty is the least effective alternative in regard to costs focused on direct care.

Direct Care Cost per Visit as a Percentage of Total Operating Cost per Visit (Year 2)

Agency	%
Liberty	54%
Maxim	72%
Well Care	72%
United	75%

Source: CON Applications