VIA EMAIL ONLY

November 2, 2020

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Dear Mr. Yakaboski:

In accordance with N.C. GEN. STAT. § 13IE-185(a1)(1), Adoration Home Health and Hospice, Inc. ("Adoration") hereby submits the following comments related to competing applications to establish a Medicare/Medicaid Certified Hospice Agency in Rowan County. Pursuant to relevant Certificate of Need statutory criteria, Adoration's comments include a "discussion and argument regarding whether, in light of the material contained in the application and other relevant factual material, the application complies with the relevant review criteria, plans and standards." *See* N.C. GEN. STAT. § 131E-185(a1)(1)(c).

We offer comments on the following applications:

- F-011945-20 Amedisys Hospice Care
- F-011943-20 BAYADA Home Health Care Inc.
- F-011956-20 Carolina Caring
- F-011955-20 Continuum Care of North Carolina
- F-011948-20 Hospice & Palliative Care of Rowan County
- F-011952-20 PruittHealth Hospice-Salisbury
- F-011957-20 PHC Hospice

Our comments are organized to first address general, global concerns that apply to several of the competing applications and then to provide separate comments on each competing application on a criterion-by-criterion basis. Based on Adoration's comprehensive review of the applications, the application submitted by Adoration is the only one that fully addresses and conforms to relevant review criteria, plans, and standards, and its proposed project will best serve Rowan County patients. Additionally, Adoration demonstrated in its application that it has the experience, community relationships, resources, and knowledge of community needs to successfully establish a Hospice Agency in Rowan County and meet the unmet needs of county residents.

We appreciate your consideration of our application and these comments. Thank you for your time.

Comments on Competing Applications for a Certificate of Need for a new Medicare Certified Hospice Home Care Agency in Rowan County, Health Service Area III

Submitted by

Adoration Home Health & Hospice, Inc.

November 2, 2020

OVERVIEW

Eight applicants submitted Certificate of Need (CON) applications in response to the need for one additional hospice home care facility in Rowan County, as identified in the 2020 State Medical Facilities Plan (SMFP). The following comments address how the plans, reports, and evidence provided by each applicant relates to its satisfaction of the applicable review criteria. Collectively, the applications competing with the Adoration Application are referred to herein as the "Competitor Applications."

Adoration has identified several key issues in competing applications, a review of which demonstrates why Adoration is both the only approvable applicant and the most effective applicant for the proposed Rowan County hospice facility. Specifically, this analysis focuses on:

(1) The service areas proposed by the Competitor Applications;
(2) The specific need present in Rowan County, with a focus on hospice utilization and barriers to access;
(3) The overestimation of project-specific utilization set forth in the Competitor Applications; and,
(4) Whether each applicant has sufficiently identified how their plans for proposed ancillary services, community outreach, and establishing a continuum of comprehensive care with local providers will be realized.

Each entity that has applied for this CON for a hospice facility is an experienced healthcare provider. However, not all of the applicants have the long-standing or diverse experience in hospice care that Adoration does. Further, many applicants did not undertake the depth of analysis to identify the need that is unique to Rowan County; even more were unable to offer specific plans as to how they would address this need or provide historical data on their own hospices to establish a proven track record of providing quality care that serves all patients. Many applicants also committed to only very small percentages of charity care – below 2%. Providing care to this population is of great importance in Rowan County, which has poverty and uninsured rates higher than the state average, as explained in responses to questions related to Criterion 3 in Adoration's CON application.[1] Some applicants also erred in estimating hospice utilization in Rowan County, leading to widespread overestimation of projected market share. Others stretched themselves thin by proposing to serve three or more counties outside of Rowan County, which will necessarily hinder their ability to fully reach the populations of the counties most in need. A lack of specifics with respect to plans and procedures, as well as a dearth of historical hospice data relating to patient demographics and quality also plagued many applications, as shown in the applicant-specific comments found below.

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CRITERION-SPECIFIC GLOBAL COMMENTS

This section addresses non-conformities with Criterion 3, Criterion 5, and Criterion 13 in all applications other than Adoration's.

1. Utilization

Only Adoration:

- **Appropriately describes the future utilization of hospice services in Rowan County based upon data supplied in the 2020 and 2021 SMFPs;**
- **Offers insight into reasonably projected hospice utilization within Rowan County;**
- **Demonstrates the feasibility of its proposed project using conservative estimates; and,**
- **Projects conservative market share figures, while also recognizing the greater need of deaths to be served in Rowan and Stanly counties**

The methods for calculating utilization differed between Adoration Home Health & Hospice and every other applicant for the Rowan County hospice Certificate of Need (CON). The accuracy and attainability of projected utilization numbers are of critical importance as they demonstrate the applicant's understanding of both the service area and of the processes involved in establishing a new hospice office that will reach a chronically underserved population. Compared to Adoration's projected utilization, the Competitor Applications: (1) erred in calculating Projections of Hospice Deaths in Need; (2) failed to reasonably estimate the time and resources associated with ramping up operations; and (3) projected unreasonable levels of market share capture. These differences make Adoration unique in terms of its understanding of the market and the amount of outreach that is needed to best serve Rowan County patients and meet them where they are.

Projections of Hospice Deaths in Need

Rowan County

As set forth in Table 1 below, the 2020 and 2021 SMFPs project an increase of 99 **Projected Hospice Deaths Served** by existing facilities in Rowan County, from 597 **Projected Hospice Deaths Served** in 2021 to 695 **Projected Hospice Deaths Served** in 2022 (Table 1, Line 1). It is vitally important to note that at the same time, the **Median Projected Hospice Deaths** decreases from 756 to 636 (Table 1, Line 4). The reason for this inverse trend is that the change in **Median Projected Hospice Deaths** is calculated using the **Statewide Median Percent of Deaths Served** (Table 1, Line 3), rather than from data drawn specifically from within the Service Area and surrounding counties.

This disconnect shows a simultaneous increase in the **Projected Number of Hospice Deaths Served** and decrease in the **Median Projected Hospice Deaths** results in a net change in the additional patients in need from a ***deficit of*** 159 in 2021 to a ***surplus of*** 149 in 2022, which includes the placeholder of 90 deaths for the hospice that is the subject of this review (Table 1, Line 7). Correcting for this disconnect by utilizing the **Local Median Percent of Deaths Served**, i.e., data from those counties contiguous to Rowan County and in the same Health Service Area as Rowan

County (HSA III), to calculate the **Median Projected Hospice Deaths** results in an increase in the projected additional patients in need as compared to those numbers found using a **Statewide Median Percent of Deaths Served**. In fact, using the **Local Median Percent of Deaths** shows a projected deficit of patients in need in 2022 (from a ***deficit of*** 235 in 2021 to a ***deficit of*** 129 in 2022).[2]

As demonstrated above, the determination of need in any given county that is set forth in the SMFP can be greatly impacted by applying the **Statewide Median Percent of Deaths Served**. However, utilizing statewide data in the median percent of deaths served does not comport with our experience as a provider in the Service Area or with the research we have done on Rowan County and the surrounding areas, all of which indicate a critical need for hospice education, outreach, and care in Rowan County. Therefore, Adoration decided to utilize the **Local Median Percent of Deaths Served** in the counties surrounding Rowan to better represent this need. Utilizing this local data resulted in greater **Median Projected Hospice Deaths**, indicating that Rowan County has a greater amount of potential hospice patients to be served (i.e., a "bigger pie," using a pie chart analogy) than that projected by the other applicants who used only statewide data. This greater number of projected hospices deaths to be served by the Proposed Hospice Facility more accurately reflects our intimate knowledge of the patient population as a provider in the Service Area.

Table 1: Rowan County 2021 and 2022 SMFP Projections of Need

	A	B	C	D	E	F
		SMFP Table Reference	2021	2022	Increase/ Decrease	% Increase/ Decrease
1	Projected Number of Hospice Deaths Served	2020 SMFP Table 13B, 2021 SMFP Table 13A, Column H	597	695	98	16.42%
2	Projected Deaths	2020 SMFP Table 13B, 2021 SMFP Table 13A, Column D	1,699	1,685	-14	-0.82%
3	Statewide Median Percent of Deaths Served	2020 SMFP Table 13B, 2021 SMFP Table 13A, Column I	44.5%	37.8%	-6.70%	-15.06%
4	Median Projected Hospice Deaths (Calculated as 44.5% of Projected 2021 Deaths for 2021 and 37.8% of Projected 2022 Deaths for 2022)	2020 SMFP Table 13B, 2021 SMFP Table 13A, Column I	756	636	-120	-15.87%
5	Projected Number of Additional Patients in Need Surplus (Deficit) Prior to Placeholders for new Hospice Office		-159	59	218	-137.11%
6	Place-holders for New Hospice Office	2020 SMFP Table 13B, 2021 SMFP Table 13A, Column J	0	90	N/A	N/A
7	Projected Number of Additional Patients in Need Surplus (Deficit)	2020 SMFP Table 13B, 2021 SMFP Table 13A, Column K	-159	149	308	-193.71%

2 See Section Q, Tables C.7; C.8; and C.9

Stanly County

Applying the **Local Median Percent of Deaths Served** to Stanly County also indicates an even greater need than that identified in the 2020 and 2021 SMFPs, which both used the **Statewide Median Percent of Deaths Served**. As set forth in the SMFP, the **Projected Hospice Deaths Served** by existing facilities in Stanly County decreases between 2021 and 2022, from 301 to 245 respectively (Table 2, Line 1). The **Median Projected Hospice Deaths** also decreases from 334 to 288 between 2021 and 2022 (Table 2, Line 4), due to a decline in the number of patient deaths between 2018 and 2019. This combination of changes results in an increased need for hospice services in Stanly County between 2021 and 2022, i.e., the SMFP projects a net increase in the additional patients in need, from a ***deficit of*** 33 in 2021 to a ***deficit of*** 43 in 2022. Utilizing the **Local Median Percent of Deaths Served** to calculate the **Median Projected Hospice Deaths** results in a further increase in the projected additional patients in need, from a ***deficit of*** 67 in 2021 to a ***deficit of*** *128* in 2022.[3]

Table 2: Stanly County 2021 and 2022 SMFP Projections of Need

	A	B	C	D	E	F
		SMFP Table Reference	2021	2022	Increase/ Decrease	% Increase/ Decrease
1	Projected Number of Hospice Deaths Served	2020 SMFP Table 13B, 2021 SMFP Table 13A, Column H	301	245	-56	-18.60%
2	Projected Deaths	2020 SMFP Table 13B, 2021 SMFP Table 13A, Column D	752	763	11	1.46%
3	Statewide Median Percent of Deaths Served	2020 SMFP Table 13B, 2021 SMFP Table 13A, Column I	44.5%	37.8%	-6.70%	-15.06%
4	Median Projected Hospice Deaths (Calculated as 44.5% of Projected 2021 Deaths for 2021 and 37.8% of Projected 2022 Deaths for 2022)	2020 SMFP Table 13B, 2021 SMFP Table 13A, Column I	334	288	-46	-13.77%
5	Projected Number of Additional Patients in Need Surplus (Deficit) Prior to Placeholders for new Hospice Office		-33	-43	-10	30.30%
6	Place-holders for New Hospice Office	2020 SMFP Table 13B, 2021 SMFP Table 13A, Column J	0	0	N/A	N/A
7	Projected Number of Additional Patients in Need Surplus (Deficit)	2020 SMFP Table 13B, 2021 SMFP Table 13A, Column K	-33	-43	-10	30.30%

Implications of Overestimations of Hospice Deaths in Need Projections

Only Adoration correctly factors in the increase in the **Projected Number of Hospice Deaths Served** by existing hospice facilities in Rowan County, set forth in Table 1, Line 1. Hospice and Palliative Care of Iredell, Inc. ("Iredell") also includes consideration for an increase in the **Projected Number of Hospice Deaths Served** in their application; however, the Iredell CON makes other erroneous assumptions which, if carried to their logical conclusion, would result in an overstatement of the projected number of additional patients in need. This overstatement is further discussed and detailed below in "Adoration Comments on Application Filed by Hospice & Palliative Care of Rowan County (Iredell)". Notably, all of the other CON applicants also overstate

3 See Section Q, Tables C.7, C.8, and C.9

the projected number of additional patients in need because they do not consider that increase in the **Projected Number of Hospice Deaths Served** by existing hospice facilities in Rowan County that is set forth in Table 1, Line 1.

2. Market Share Capture

The comparison between the Adoration application and all others in this review exposes a single, definitive difference:

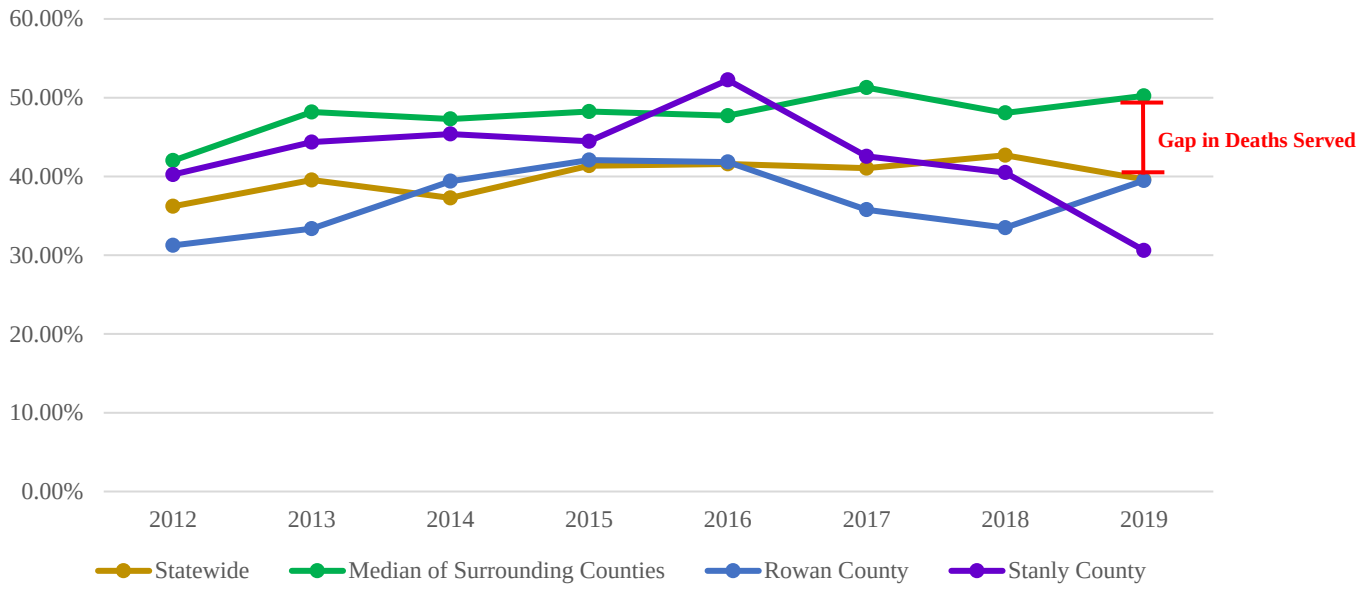
All other applicants ignore the dynamic nature of the assumptions underlying the determination of need set forth in the SMFP. If the deaths to be served in the Service Area are viewed as a pie chart, Adoration predicts a conservative market share figure (i.e., a "smaller slice of the pie") of what all applicants should have discovered is a "larger pie" of deaths to be served (as demonstrated in the Adoration CON application[4] and in the Utilization section above). Based upon Adoration's familiarity with the Rowan County market, we see an even greater need for services in Rowan and Stanly counties while recognizing that established providers will continue to serve an increasing number of patients in these counties (i.e., existing hospice providers will maintain their "slice of the pie"). While the other applicants appear to acknowledge that there is a "larger pie" of deaths to be served, the methodology employed by each to determine need fails to account for the realities of the proposed service area, which the prospective 2021 SMFP bears out by indicating that existing hospice providers will serve more deaths. This demonstrates that the other applicants lack the intimate knowledge of the Rowan and Stanly County hospice markets when compared to Adoration and fail to understand the changing nature of these hospice markets. In other words, Adoration has provided the only accurate analysis and projections for the Service Area.

As set forth below, the other applicants failed to properly assess the Service Area need, which necessitated overstating their market share projections in order to achieve projected financial results. The Adoration CON utilized a more conservative market share projection to reflect the substantial effort needed to bridge the gap in deaths served by hospice that exists between Rowan and the surrounding counties (see Figure 1 below).

Between 2012 and 2019, the median percent of deaths served by hospices in the counties proximate to Rowan County[5] has consistently been higher than the percent of deaths served statewide.

4 See Section Q, Tables C.7 and C.8
5 Considered to be those counties contiguous to Rowan County and in the same Health Service Area as Rowan (HSA III).

Figure 1: Percent of Deaths Served by Hospices, 2012-2019



As exhibited in the figure above, the counties surrounding Rowan County have consistently had a higher percent of deaths served by hospice compared to Rowan County, which highlights the gap between the (lower) projected number of hospice deaths served utilizing statewide data versus the (higher) projected number of hospice deaths served utilizing local data, further corroborating the full need for hospice services in Rowan County from a provider who has a comprehensive knowledge of the Service Area.

This difference in hospice utilization in Rowan and Stanly counties as compared to the surrounding counties can be attributed to two main factors: (1) differences in social determinants of health; and (2) hospice agency density. Compared to its surrounding counties, the population of Rowan County has a lower education level, lower median income, and higher percentage of uninsured adults.[6] As set forth more fully in the Adoration CON, differences in these demographic factors of educational attainment, income, and insurance status can greatly impact whether an individual is able to, or decides to utilize, hospice services. Additionally, the hospice agency density can impact a population's physical access to hospice services. Rowan County has a notably lower number of hospice offices per 100,000 population compared to its surrounding counties. Similarly, accounting for difference in age cohorts, Rowan County also has a slightly lower number of hospices per 10,000 population aged 65+, compared to the surrounding counties. Overall, the key characteristics driving the lower utilization in Rowan County are the socioeconomic and physical barriers to accessing hospice services.

The barriers to hospice services that exist in Rowan County are very similar to those that exist in Stanly County. Similar to Rowan County, the population of Stanly County has a lower education level, lower median income, and higher percentage of uninsured adults compared to surrounding

6 "Pop-Facts Demographic Snapshot: Rowan County, NC" Environics Analytics, 2020 available via https://en.enviornicsanalytics.ca/Splotlight/Reporting/Build (Accessed 6/29/20).

counties.[7] Also, similar to Rowan County, Stanly County has a significantly lower number of both hospice offices per 100,000 population and hospice offices per 10,000 population aged 65+ compared to surrounding counties. Stanly and Rowan counties face socioeconomic and physical barriers to access of hospice services that are not as prevalent in the surrounding counties.

The addition of a hospice office in Rowan County would increase the population's physical access to hospice services. Adoration has developed a comprehensive learning program for increasing staff awareness and sensitivity relating to barriers to care (such as local transportation issues) as well as cultural differences (such as verbal and non-verbal communication/expression, social organization, and time orientation). As a result, it should be expected that the utilization of hospice services in Rowan and Stanly County would increase from current levels with the addition of an additional hospice office. Further, a hospice office that proactively invests time and resources into outreach, services, and education in the community would be able to increase the community's comfort, knowledge, and familiarity with hospice. Ultimately, these efforts would bolster access and are necessary for enabling access for medically underserved groups

Table 3: Characteristics of Rowan and Stanly County Compared to Surrounding Counties

	A	B	C	D
	Characteristic	**Rowan**	**Stanly**	**Average for Surrounding Counties**
1	% of Population Age 25+: Less than 9th Grade	4.77%	3.90%	4.35%
2	% of Population Age 25+: Associate Degree	9.29%	11.20%	9.89%
3	% of Population Age 25+: Bachelor's Degree	13.50%	11.97%	19.18%
4	% of Population Age 25+: Graduate Degree	5.39%	4.55%	9.24%
5	2020 Est. Median Household Income	$ 51,477.98	$ 52,463.92	$ 64,151.72
6	% of Families: Below Poverty	11.29%	10.83%	9.17%
7	% of Employed Population Age 16+: Blue Collar	32.80%	28.89%	24.59%
8	% of Adult Population: Uninsured	17.34%	15.99%	14.63%
9	% Adults with Obesity	37.50%	28.40%	32.93%
10	% Food Insecure	14.30%	13.50%	12.53%
11	# of Hospice Offices/Agencies per 100,000 Population	0.71	0.64	1.09
12	# of Hospice Offices/Agencies per 10,000 Population, 65+	1.26	1.23	1.53
13	Average of Percent of Deaths Served from 2016-2019	39.48%	30.61%	53.01%

7 "Pop-Facts Demographic Snapshot: Stanly County, NC" Environics Analytics, 2020 available via https://en.enviornicsanalytics.ca/Splotlight/Reporting/Build (Accessed 6/29/20).

Table 4: Characteristics of Surrounding Counties

	A	B	C	D	E	F	G	H
	Characteristic	**Davidson**	**Gaston**	**Davie**	**Iredell**	**Union**	**Cabarrus**	**Mecklenburg**
1	% of Population Age 25+: Less than 9th Grade	5.02%	4.64%	3.80%	4.53%	3.67%	4.34%	4.48%
2	% of Population Age 25+: Associate Degree	11.29%	10.18%	10.62%	10.83%	9.66%	8.92%	7.75%
3	% of Population Age 25+: Bachelor's Degree	12.76%	14.24%	14.40%	19.43%	23.06%	20.34%	30.02%
4	% of Population Age 25+: Graduate Degree	5.02%	6.33%	8.57%	7.74%	10.56%	11.10%	15.37%
5	2020 Est. Median Household Income	$ 50,701.14	$ 53,724.78	$ 58,868.45	$ 59,773.88	$ 86,352.45	$ 68,902.03	$ 70,739.31
6	% of Families: Below Poverty	10.95%	12.01%	9.53%	8.97%	6.41%	7.89%	8.40%
7	% of Employed Population Age 16+: Blue Collar	32.66%	27.07%	26.80%	26.61%	21.15%	21.25%	16.57%
8	% of Adult Population: Uninsured	15.96%	14.90%	14.96%	14.33%	13.29%	13.30%	15.68%
9	% Adults with Obesity	32.20%	29.20%	41.20%	31.90%	32.10%	35.90%	28.00%
10	% Food Insecure	13.00%	14.70%	11.40%	12.20%	9.50%	12.00%	14.90%
11	# of Hospice Offices/Agencies per 100,000 Population	0.85	1.11	0.22	0.45	1.19	1.06	2.77
12	# of Hospice Offices/Agencies per 10,000 Population, 65+	1.52	1.82	0.45	0.73	1.54	1.45	3.23
13	Average of Percent of Deaths Served from 2016-2019	49.11%	50.23%	47.44%	50.59%	59.79%	62.68%	51.25%

As set forth above, because of the lower hospice utilization rate in Rowan County, the Adoration CON utilizes a relatively conservative market capture rate, in recognition of the substantial effort that is anticipated to be required to bridge this utilization gap between Rowan County and the surrounding counties. The average market capture rate utilized by the Adoration CON is 9.6% less than the market capture rate utilized by the other CON applicants as set forth below in Table 5, Line 15. Therefore, the other applications are non-conforming with Criterion 3, in that they fail to adequately document the need in the proposed Service Area, and attempt to make up for this underestimation with inflated market share figures, which necessarily calls into question the feasibility of the Competitor Applicants' financial projections under Criterion 5.

Adoration's robust analysis of the Service Area, our more comprehensive understanding of both the depth of need and number of people to be reached through education and outreach, and our specific plans and initiatives for education and outreach, would reasonably allow for Adoration to suggest an additional 50 deaths served over the first three years of operations, as set forth below in Table 5, Line 12. The additional deaths served would result in a substantial increase in the number of admissions set forth in the Adoration CON.

Table 5: Average Market Capture Rate and Utilization

	A	B	C	D	E	F
		County	2021	2022	2023	Total for First 3 Project Years
1	Average Market Capture Rate of non-Adoration CON applicants	Rowan	61.3%	86.3%	96.3%	
2		Stanly	30.0%	43.3%	46.7%	
3	Projected Additional Deaths in Need from Adoration CON	Rowan	235	129	129	
4		Stanly	67	128	128	
5	Market Capture Rates from Adoration CON	Rowan	40%	75%	100%	
6		Stanly	25%	40%	60%	
7	Projected Deaths Served Submitted in Adoration CON	Rowan	94	97	129	
8		Stanly	17	51	77	
9		Total	111	148	206	465
10	Deaths Served Using Average Market Capture Rate of non-Adoration CON applicants	Rowan	144	111	124	
11		Stanly	20	55	60	
12		Total	164	167	184	515
13	Projected Deaths Served Submitted in Adoration CON as a % of Deaths Served if Using Average of Non-Adoration CON Applicants	Rowan	-35%	-13%	4%	
14		Stanly	-17%	-8%	29%	
15		Total	-32%	-11%	12%	**-9.6%**

3. Flaws in Aggressive Utilization Projections

The Competitor applications are nonconforming with Criterion 3 because they do not reasonably project utilization for their respective projects. Correct estimations of utilization demonstrate an applicant's understanding of both the needs of the Service Area (i.e., Rowan County and/or surrounding counties), and the complex processes involved in introducing a new hospice facility to that Service Area. As highlighted above, Adoration is the only applicant to accurately take into account the increased Projected Number of Hospice Deaths Served by existing hospice facilities in Rowan County included in the 2021 SMFP and has produced the most conservatively realistic estimates for utilization. This provides evidence that Adoration is willing to devote the resources, effort, and time needed to establish a hospice facility in the community that will create a lasting impact in greater community awareness and hospice use rates.

While many of the other Rowan County CON applicants projected higher utilization, they did not provide detailed plans for promoting access to substantiate these figures. This is comment applies particularly to Amedisys, Carolina Caring, Iredell, PHC, and Pruitt, none of whom sufficiently explain what they will do to actively offer access to these underserved groups; they also do not explain how they will proactively break down the barriers that may hinder these underserved groups' abilities to utilize hospice services. Many applicants merely stopped at *identifying* the need, and did not provide evidence or specific plans for how they would address this need in Rowan County, except to state that they would not discriminate against underserved groups. Their lack of specific plans in promoting access seems to further indicate that they may be overestimating utilization numbers and/or that they may not fully understand the nature of the hospice need in Rowan County. A new hospice facility in Rowan County should promote health and hospice access and use in the area by going beyond taking market share from one of the existing hospice providers in the county. It should significantly increase overall hospice utilization by targeting those patients who are not currently accessing these services. Several applicants substantiated their ability to reach the underserved populations in Rowan County by including references to individual care plans and nondiscrimination policies, which are requirements of Medicare's Conditions of

Participation,[8] meaning that these applicants are not proposing anything above and beyond what is legally required of them. Further, the current facilities in Rowan County, which have many of these same policies and procedures as those suggested by other applicants for the new proposed facility, still fail to meet the need in Rowan County and fully serve these underserved populations. This is clear evidence that further action is needed in Rowan County in order to proactively spread awareness and education to these populations and establish inclusive programming that will facilitate higher hospice utilization.

Not only were applicants vague in their approach to promoting access in Rowan County, but they also did not provide evidence to substantiate many of their statements. Specifically, Amedisys and Pruitt alluded to past successes and benchmarks for serving these identified groups, but did not include this data in their CON applications.[9] PHC discussed its charity care, but did not include in their application a projected percentage of their patient population that will be targeted at individuals who are unable to pay, giving no evidence of the care they will provide to those without the means to pay.[10] Continuum generally recognized many "tools" at their disposal for providing access to hospice care but did not elaborate as what exactly those tools would be.[11] Iredell does not provide proof of a nondiscrimination policy (or similar policy) in their application, although they allude to the existence of such a policy in relation to access by the groups identified by the CON application in Criterion 3, Question 6.[12]

Further, Iredell and Pruitt, two of the applicants currently serving Rowan County within the scope of CONs they currently hold, have not markedly increased their Rowan County admissions over the past five years.[13] In 2015, Iredell served eight patients from Rowan County between its two hospice locations, which rate has only varied between nine and six patients between then and 2019. Pruitt served 27 patients in 2015, but only 25 in each of 2018 and 2019, after serving 40 patients in 2017. Both of these facilities currently have access and, it seems, the capacity to serve Rowan County patients through their existing hospice facilities. Neither, however, has bolstered access or admissions in Rowan County over the past five years, which calls into question the effectiveness of any outreach efforts conducted by these applicants and their ability to increase hospice utilization, especially to the high numbers they have proposed, for this proposed hospice facility.

In contrast, the Adoration CON application fully addresses Question 6 in the Criterion 3 section regarding access.[14] Adoration demonstrates how its programs, expertise, and current experience will allow greater access to all of the identified in-need groups in Rowan County. Adoration will actively seek to increase overall utilization in Rowan County, not to merely split the current market share held by the existing two hospice facilities in the county. These efforts will take time and resources and will require establishing community connections for referral sources, increasing community awareness, and spreading education. Two staff members, the medical director and community liaison, have already been identified by Adoration to help foster these efforts in the community and with area providers. As set forth more fully in its application, Adoration will implement programs and targeted outreach that will help increase hospice utilization for these

8 See 42 C.F.R. §§ 418.52, 418.56.
9 Amedisys CON Page 59; Pruitt CON Page 49
10 Page 50
11 Pages 57-58
12 Page 18
13 2017-2021 SMFPs; NC Hospice Licensure Database
14 Pages 41-44

groups and improve the overall health and well-being in the county. In this way, our utilization projections highlight the great effort that will be put into increasing community hospice utilization and establishing programs tailored to the needs of Rowan County residents.

4. Conclusion

As set forth above, viewing the deaths to be served in the Service Area as a pie chart, Adoration predicts a conservative market share figure (a "smaller piece of the pie") of what all applicants should have discovered is a "larger pie" of deaths to be served. While the other applicants appear to acknowledge that there is a "larger pie" of deaths to be served, the methodology employed by each to determine need fails to account for the realities of the proposed service area, which the prospective 2021 SMFP bears out by indicating that existing hospice providers will serve more deaths. This demonstrates that the other applicants lack the intimate knowledge of the Rowan and Stanly County hospice markets when compared to Adoration and fail to understand the changing nature of these hospice markets. (The specific case of Iredell's calculations, which departed from all other competitor applications, is detailed below.) In other words, Adoration has provided the only accurate analysis and projections for the Service Area because it appropriately describes the future utilization of hospice services in Rowan County based upon data supplied in the 2020 and 2021 SMFPs.

CRITERION-SPECIFIC COMMENTS BY APPLICANT

The following section outlines comments on each of the Competitor Applications based on the 14 statutory review criteria included in the CON application. Applications are analyzed and evaluated based on how well they satisfied each of these criteria.

Adoration Comments on Application Filed by Amedisys Hospice, LLC

Comments Specific to Criterion 3

1. **Large Secondary Service Area –** Amedisys proposes to serve Cabarrus, Davie, Davidson, and Iredell Counties in its secondary service area.[15] The applicant is likely overextending the reach of their proposed hospice facility by proposing to serve 4 counties outside of Rowan and such a large service area will necessarily starve Rowan County residents of at least some of the very resources this need determination was intended to provide. The 4 additional counties are projected to have a total ***surplus of*** 303 patients in need,[16] and 3 of the 4 counties have seen declining death rates over the past few years.[17] Therefore, Amedisys fails to satisfy Criterion 3 because the proposed population is unlikely to use the proposed services, as they are already being served by a current hospice facility. The results in an overstatement of the proposed number of individuals to be served.

   By contrast, Amedisys did not identify Stanly County as part of its secondary service area, which county is contiguous to Rowan and is projected to have a ***deficit of*** 43 patients per the 2021 SMFP.[18] By not addressing this need, Amedisys's proposal does not target the residents of North Carolina who most need their services, which demonstrates that Amedisys does not have a sufficiently intimate understanding of the local market.

Comments Specific to Criterion 4

2. **No Alternatives Considered** – Amedisys fails to satisfy Criterion 4 because it fails to demonstrate that the proposed project is superior to any alternatives. Amedisys asserts that "the proposed project offers the only effective alternative."[19] Alternative methods that would nonetheless meet the need in Rowan County do exist, including locating a principal hospice office (instead of satellite branch) in Rowan County and serving fewer counties in their total service area, as the four additional counties proposed to be served already have a surplus of need – see discussion above.

15 Page 33
16 This surplus ranges from 6 patients to 192 using Local Projected Number of Additional Patients in Need; using Statewide Projected Number of Additional Patients in Need, this total changes to 955 deaths and ranges between 62 and 386; Table 13A of the 2021 SMFP (Pages 255-258)
17 Page 44
18 Page 257 of the SMFP. That deficit increases to 128 patients if local data is used as described above in the Global Comments.
19 Page 63

Comments Specific to Criterion 5

3. **Unwillingness to Commit Full Breadth of Resources to Rowan County –** Throughout its CON application, Amedisys asserts that its proposal is not to establish a full hospice agency in Rowan County, but instead to establish a satellite branch in the county of the parent office located in Pembroke, Roberson County, which is over 120 miles away.[20] First, it is worth noting that the term Satellite Branch is antiquated terminology that CMS ceased using over a decade ago.[21] Notwithstanding Amedisys' unfamiliarity with and misuse of CMS and hospice nomenclature, their concept of only opening a satellite location in Rowan County is flawed. The 120-mile distance between Pembroke NC and Salisbury, NC is comprised of two-lane highways that results in a drivetime of approximately 2.5 hours. Amedisys's asserted efficiencies to be gained from this parent office are unobtainable due to the driving distance between the two locations, and highlights the applicant's lack of understanding of the local geography and driving routes.

   Amedisys's unwillingness to commit to establishing a full office in Rowan County (and then to share that satellite office with a 5-county Service Area) further highlights their lack of understanding of the market, and the efforts and resources needed to promote access in the local market. While Amedisys argues that this arrangement will result in cost savings by "leveraging its existing administrative and support services already in place,"[22] at the same time, it plans to have an office administrator (1 FTE) and full-time office/support staff (starting at 1 FTE in the first FFY, and increasing it to 1.7 FTE in the third FFY). This indicates that Amedisys will expend a similar amount in administrative and support services for this so-called satellite office as they would in establishing a principal office in the county.

4. **High Rates of Routine Home Care and Related Fraud** – Across Amedisys hospice facilities in 2019, Routine Home Care accounted for 97% of hospice revenue.[23] For this new hospice facility, Amedisys proposes an even greater proportion of 99.4% of days of care that will be for Routine Home Care. This number creates concern regarding Amedisys's satisfaction of Criterion 5 because it is much higher than the North Carolina average of 95.5%, the local Rowan County average of 92.5%, and the CON applicant average of 90.0%.[24] Further, Amedisys has previously been involved in a fraud lawsuit for increasing the number of home health visits provided by the company that were medically unnecessary in order to garner greater Medicare payments.[25] Given

20 Pages 30, 35, 99

21 "As previously noted in this preamble, we have deleted the term ''satellite'' and replaced it with 'multiple locations.'" 73 Fed. Reg. 32162, available at: https://www.govinfo.gov/content/pkg/FR-2008-06-05/pdf/08-1305.pdf.

22 Page 30

23 "Amedisys – The Most Vulnerable Name in Healthcare. What Gets Them First Medicare Advantage or the Department of Justice?" Citron Research, 2019, https://citronresearch.com/wp-content/uploads/2019/05/Amedisys-The-Most-Vulnerable-Name-in-Healthcare.pdf.

24 Determined from billed claims data for 2017. "Post-Acute Care and Hospice Provider Data 2017" Centers for Medicare & Medicaid Services, https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Medicare-Provider-Charge-Data/PAC2017.

25 "Louisiana-Based Home Healthcare Company Amedisys to Pay $150 Million to Settle False Claims Act Allegations" Berger Montague, https://bergermontague.com/louisiana-based-home-healthcare-company-amedisys-to-pay-150-million-to-settle-false-claims-act-allegations/#:~:text=Claims%20Act%20Allegations-,Louisiana%2DBased%20Home%20Healthcare%20Company%20Amedisys%20to%20Pay%20%24150%20Million,Settle%20False%20Cl

Amedisys's huge proportion of days of care allocated to Routine Home Care, much larger than any other benchmark or average in the area, the applicant has not satisfied Criterion 5.

Comments Specific to Criterion 7

5. **High Caseloads –** Amedisys fails to satisfy Criterion 7 because its average caseloads do not meet the standard of care. Specifically, the applicant proposes a caseload of 45 patents to 1 social worker.[26] This is almost double the National Hospice and Palliative Care Organization's (NHPCO's) guidelines for staffing ratios for hospice home care teams, which indicate a median caseload of 25 patients per social worker.[27] As a result, Rowan County hospice patients, if served by Amedisys, would have limited access to social worker services and support.

Comments Specific to Criterion 13

6. **Low Amount of Charity Care Proposed to be Served –** Amedisys projects that, in its third full fiscal year, 1.2% of its patients will be self-pay or charity care patients.[28] Amedisys's projected charity care admissions are not sufficient to serve the impoverished and low income population in Rowan County. Rowan has a poverty rate over 11%, which is higher than the North Carolina state average and the second highest poverty rate in the state.[29] In fact, this 1.2% of patients is not just for Rowan County, but is for the entirety of its Service Area (5 counties in total). This low projected percentage of patients indicates that Amedisys does not have a strong understanding of the market it proposes to serve.

aims%20Act%20Allegations&text=and%20its%20affiliates%20have%20agreed,allegations%20of%20fraud%20and%20misconduct; see also, "Medicare Fraud by Amedisys Allegedly Hidden in the Sale of a Home Health and Hospice Business" Greene LLP, April 3, 2015, https://www.whistleblowerattorneys-blog.com/medicare-fraud-by-amedisys-allegedly-hidden-in-the-sale-of-a-home-health-and-hospice-business/.

26 Page 72

27 Note that this is based on the NHPCO's National Data set, a comprehensive annual survey of NHPCO's members (and supplemented by state-mandated surveys and the DCMS Provider of Services file, and Medicare cost data).

28 Page 95

29 See Page 27 of the Adoration CON.

Adoration Comments on Application Filed by BAYADA Home Health Care Inc.

Comments Specific to Criterion 1

1. **Missing Exhibit** – BAYADA refers several times in its application to an exhibit on hospice education with the Rowan County Department of Health, namely Exhibit L.4. They refer to this exhibit on pages 18, 29, 49, and 92 of their CON application; however, no such exhibit is actually included in their application. This oversight brings into question the existence of BAYADA's agreement with Rowan's Department of Health.

Comments Specific to Criterion 3

2. **Relatively Low Amount of Charity Care –** In its answer to Question 6 in Section C, BAYADA's projections of new (unduplicated) admissions for various patient groups, it states that it estimated serving 2% charity care patients. However, in Section L, in its projections of payor sources during the third fiscal year of operations, BAYADA projects only 1.24% of new admissions being both charity care and self-pay patients, a significantly smaller percentage than its 2% estimate of only charity care patients.[30] BAYADA's projected charity care admissions are not sufficient to serve the impoverished and low income population in Rowan County. Rowan has a poverty rate over 11%, which is higher than the North Carolina state average and the second highest poverty rate in the state.[31] This data highlights the requirement that the new hospice facility in Rowan County not only recognize this need but is also capable and prepared to serve these low-income patients.

3. **No Letters of Support from the Community –** No letters of support from the community that BAYADA intends to serve were submitted by BAYADA. In fact, all but one of the letters in support of BAYADA's services come from those who will financially benefit from BAYADA's receipt of a CON for a hospice in Rowan County.[32]

4. **Bereavement Services not Offered to the Community** – BAYADA states in their application that they will only offer bereavement support for the patient and their families.[33] Again, this creates fewer ties and less connection to the community because those services are not offered to other Rowan County residents. In order to better support the community and create greater awareness for hospice services, the new hospice facility would be best served to offer these bereavement services on a wider scale and not just to patients and their families.

30 Page 84
31 See Page 27 of the Adoration CON.
32 Exhibit C.1
33 Page 23

5. **Will not Serve Patients until 2022 –** BAYADA's Proposed Timetable (Section P) indicates that they will not begin offering services to Rowan County patients until January 1, 2022.[34] Notably, this is three months later than any other Rowan County hospice applicant, with all other applicants proposing to begin services in October 2021 or even earlier. Consequently, should BAYADA receive the Rowan County hospice CON, Rowan County patients would continue to go unserved for at least the next 15 months.

Comments Specific to Criterion 8

6. **Failure to Identify Patient Access to Ancillary Services** – BAYADA fails to identify how required ancillary and support services will be made available to the Rowan County community.[35] BAYADA does not: (1) demonstrate how patients will access these services; (2) enumerate which services it will offer besides mail order medications; or (3) note what third party(ies) will provide the contracted services, except for the above-mentioned pharmaceutical services. This lack of detail results in uncertainty as to how Rowan County patients will be able to access services. BAYADA provides only sample agreements and initial conversations with area care providers. BAYADA has only taken initial steps to begin contact with community organizations, hospitals, and other providers, and (except for its pharmaceutical provider) does not appear to have any agreements already in place. This lack of specific plans and commitments as to the provision of ancillary services may result in such services not being available to patients at the beginning of the proposed hospice's operation.

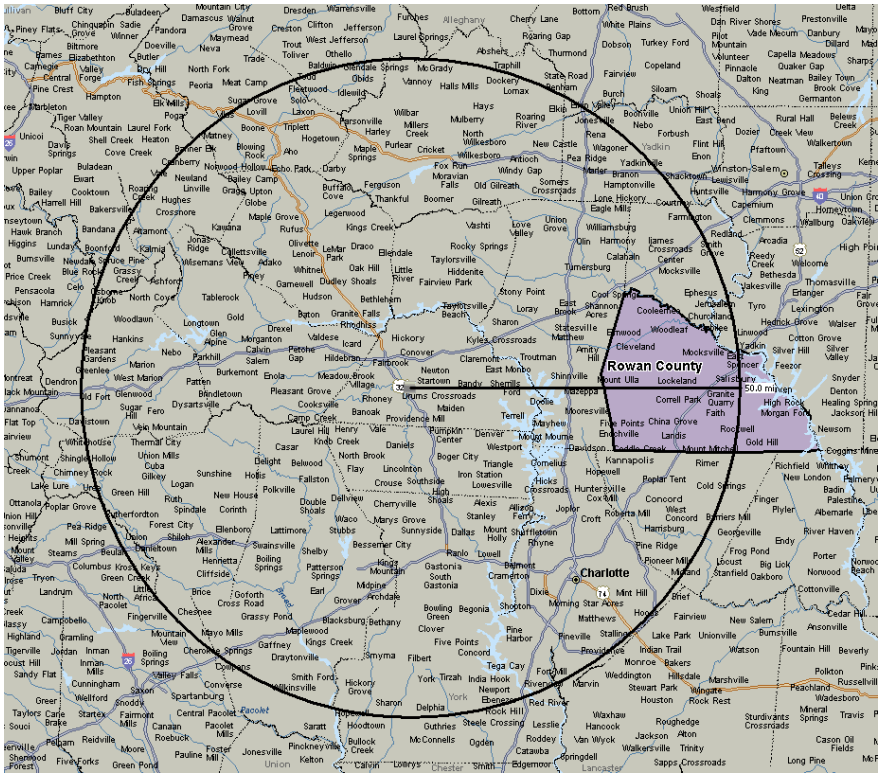
34 Page 97
35 Page 74

Adoration Comments on Application Filed by Carolina Caring

Comments Specific to Criterion 3

1. **Carolina Caring Already Serves Proposed Service Area** – Carolina Caring proposes in its CON application to serve Rowan County and Stanly County. Carolina Caring already serves hospice patients in Rowan County and Stanly County through its current CON in Catawba County. Carolina Caring's CON in Catawba County allows them to provide hospice services in Rowan County. As set forth in the map below, Carolina Caring's location in Catawba County allows it to provide services to Rowan County, as approximately 80% of the county is within a 50-mile radius of its location. In fact, Carolina Caring's number of admissions in Rowan County almost tripled between 2018 and 2019, indicating that this CON may not change its current practice patterns and, at a minimum, it would not be a new competitor in the Service Area.

Figure 2: 50-Mile Radius of Carolina Caring's Catawba Office



Consequently, Carolina Caring already has the ability to provide hospice services to the vast majority of Rowan County residents – exactly what they are seeking through their CON application. To that point, Carolina Caring has offered no evidence that they cannot adequately serve Rowan County from their current office in Catawba County.

2. **No Specific Information on Promoting Access –** Carolina Caring does not outline any specific measures that will be taken to promote access to its proposed hospice services to the identified groups in its CON application.[36] Carolina Caring merely references its non-discrimination policy on the basis of various demographic factors as well as the patient's ability to pay. However, the current low hospice utilization from certain groups, particularly from underserved racial and ethnic minorities, provides evidence that greater measures than what Carolina Caring proposes in this section are required.

3. **Unsubstantiated Comparisons to Catawba County** – Carolina Caring asserts that high hospice penetration and use rates in Catawba County are evidence of both their work in the county and that they could utilize this experience to increase both rates in Rowan County.[37] However, they do not make the proper connections between Catawba County in health outcomes and demographic characteristics to prove that these counties are comparable in any way. Carolina Caring uses their high market share of Catawba County hospice deaths as evidence that they have contributed to the county's high penetration and use rates; however, Carolina Caring's market share in Catawba County hospice deaths has actually *decreased* over the past five years, from 93.3% in 2015 to 87% in 2019.[38] This decrease does not appear to be attributable to a change in patient population. In fact, there was an *increase* in county residents aged 65 or older, from 25,607 (or 16.4%) of total population in 2015 to 28,611 (or 17.9%) of the total population in 2019.[39] Instead, the decrease in market share can be attributed to an increase in the number of hospices serving Catawba County. While no new hospices opened offices in Catawba County, the number of hospices serving Catawba County increased from 11 in 2015 to 18 in 2019.[40] Consequently, there is little evidence to substantiate Carolina Caring's assertion that high hospice penetration rates in Catawba County are attributable to their own efforts. This calls into question whether it is legitimate for Carolina Caring to compare these rates in Catawba County to Rowan County, and how well Carolina Caring would implement outreach and awareness efforts to increase hospice utilization in a new facility in Rowan County.

4. **No Empirical Historical Data to Support Claims –** Carolina Caring asserts it has *"deep-rooted experience providing charity care with its existing operations […]"* but does not provide any empirical historical data from their current hospices to support their assertion that they would be able to promote access to these in-need groups.[41] Therefore, Carolina Caring fails to satisfy Criterion 3.

36 Page 52
37 Pages 42-45
38 This is a decrease from 968 deaths served by Carolina Caring in 2015 to 901 deaths in 2019, while the overall deaths served in the county remained consistent over those years (1,037 in 2015 and 1,036 in 2019); 2017-2021 SMFPs, Table 13A
39 "Population Projections by Race, Sex & Age Groups - Vintage 2019" OSBM State Demographer, https://demography.osbm.nc.gov/explore/dataset/ncprojectionsbyagegrp2019/export/?refine.county=Catawba&sort=year,
40 2017-2021 SMFPs, Table 13A
41 Pages 14, 92, 101

Comments Specific to Criterion 7

5. **No Physician Referral Numbers Provided –** Further evidence that Carolina Caring is not the best applicant for this CON lies in its asserted prospective referrals. Carolina Caring does not provide a projected number of physicians who are expected to refer patients to their proposed hospice office and provides few letters of support from area providers.[42] In its answer to Question 5(a) within Section H,[43] Carolina Caring stated that it has familiarity with area physicians while also stating that it cannot provide an "exact number of physicians" that will refer to its hospice services.[44] Instead, Carolina Caring merely "anticipates that many physicians, along with any other community healthcare providers" will be referral sources for its proposed hospice facility.[45] These statements, even though Carolina Caring currently serves patients in Rowan County (as shown in our comments above to Criterion 3), call into question Carolina Caring's familiarity with the proposed service area and, consequently, whether this applicant would be best suited to fill the need identified in Rowan County. Without established referral sources, relationships with local providers, and census expectations, Carolina Caring may not be in the best position to spread education, create community awareness, and serve the patients of Rowan County who are in need of hospice services. Because Carolina Caring does not provide any expected numbers of referrals from physicians in their identified service area and provides few letters of support from area providers,[46] it fails to satisfy Criterion 7.

Comments Specific to Criterion 8

6. **Use of Current Referral Relationships in Predicting Future Referral Sources** – In establishing how their proposed hospice facility would coordinate with the existing healthcare system in Rowan County,47 Carolina Caring relies heavily on their current relationships stemming from their Catawba County hospice location. However, many of these providers identified in Carolina Caring's letters of support are not from Rowan and there is no evidence that these providers refer patients into Rowan. Consequently, Carolina Caring may be overstating its expected hospice admissions numbers. Because Carolina Caring's application does not demonstrate that it will receive any new referrals in addition to the referrals they currently receive, they have not proven that they will have ability to expand its reach in the Rowan County community beyond its current capacity. Because Carolina Caring neglected to reach out to providers more closely tied to the proposed service area for the new Rowan County hospice facility, it fails to satisfy Criterion 8.

42 Page 74
43 Criterion 7
44 Page 74
45 Page 74
46 Page 74
47 Page 77

Adoration Comments on Application Filed by Continuum Care of North Carolina

Comments Specific to Criterion 3

1. **No Letters of Support from Unrelated Entities –** The provider letters of support included in Continuum's CON Application are from its related entities. Because Continuum cannot identify any new potential referral sources or provider support, Continuum fails to satisfy Criterion 3.

Comments Specific to Criterion 5

2. **No Bereavement Staff –** Continuum's CON application states that they will have "Bereavement Counselors" and a "Bereavement Coordinator" who will organize bereavement services for at least one year following a patient's death[48] and provides their Bereavement Services policy as documentation in support of that plan.[49] However, neither position is included as a line item in their Form H.2.[50] This results in an inaccurate calculation of FTE employees and total salaries, an error which not only affects their projected number of FTEs, but also their projected expenses due to salaries for each of the first three fiscal years of the project.[51] Consequently, Continuum's project is not financially feasible as proposed and thus fails to satisfy Criterion 5.

3. **Unrealistic Start-Up Period** – Continuum projects a start-up period of 45 days for their proposed hospice facility in Rowan County. Considering that Continuum currently is operating *no* facility in North Carolina, this projected 45 day start-up period seems too optimistic to be reasonably achieved by the applicant and contradicts their own dates set forth in Section P – Timeframe.[52]

Comments Specific to Criterion 8

4. **Local Healthcare/Social Service Provider Relationships Not Substantiated –** The applicant identified 10 local healthcare/social service providers with which it intends to develop a relationship in order to meet patients' medical, social, and spiritual needs.[53] However, the applicant does provide any information or documentation indicating that they have reached out to these providers.[54] Without any action on the applicant's part to facilitate the development of these relationships, it is unclear as to whether the applicant will be able to develop these relationships and be able to provide the necessary ancillary and support services to its patients.

48 Page 26
49 Exhibit C.1
50 Page 120
51 Page 120
52 Page 104
53 Pages 82-83
54 Page 82

Comments Specific to Criterion 13

5. **Vague Projections of Charity Care–** When reporting the projected patient population by payor source for FFY 3, Continuum combined charity care and self-pay patients. While this methodology is consistent with Section C.2 of the 2020 Hospice Data Supplement Form, the applicant does not, at any point in time in the application, provide an estimation of what percentage of days of care or number of new (unduplicated) admissions for which charity care patients would account.[55] Without this information, there is insufficient evidence as to whether the applicant intends to, or will even be able to, provide care to underserved populations in Rowan County.

Comments Specific to Criterion 20

6. **No Documentation of Quality Provision of Care –** Continuum acknowledges that, while they do not have any current hospice facilities located in North Carolina, they do have multiple locations in the United States. However, the applicant does not provide any objective evidence, such as CMS hospice compare metrics, to demonstrate that quality care has been provided by the applicant in the past.[56]

7. **Low Quality Scores** – Continuum's current hospices were below average on 6 of 8 CAHPS scores.[57] Consequently, Continuum cannot provide a historical record of quality care sufficient to satisfy Criterion 20.

55 Page 91
56 Page 101
57 Hospice Compare

Adoration Comments on Application Filed by Hospice & Palliative Care of Rowan County (Iredell)

Comments Specific to Criterion 3

1. **Lack of Concrete Demonstration of Need –** Iredell fails to satisfy Criterion 3 because its short and vague answers do not sufficiently demonstrate the need that the Rowan County population has for the proposed services and how Iredell would promote access.

2. **Erroneous Utilization Calculations –** As set forth above in the global comments regarding Projections of Hospice Deaths in Need, the Iredell CON assumes that the **Projected Hospice Deaths Served** by existing hospices will continue to increase at a fixed rate of 2.3% per year, based on the trailing two-year growth rate for **Deaths Served by Existing Hospices** in the 2020 SMFP. Iredell's assumption ignores the realities set forth in the 2021 SMFP (an increase of 16.42% in **Projected Hospice Deaths Served**[58]). In other words, Iredell understates the **Projected Hospice Deaths Served** by existing hospices (as compared to the 2021 SMFP).[59] As a result, Iredell overstates the projected number of additional patients in need. To continue the analogy utilized in the global comments section above, Iredell understates the slice of the pie allocated to the existing hospices and therefore overstates the remaining piece of the pie that can be claimed by the new hospice facility.

3. **Lack of Understanding of the Proposed Service Area –** Iredell uses Iredell County as an example to support a demonstration of need in Rowan County and Iredell's ability to increase percent of deaths served.[60] However, the applicant does not demonstrate why Iredell County and Rowan County are comparable. Given the differences in age composition, income/poverty level, education level, and health outcomes between Rowan County and Iredell County (as set forth in the table below),[61] there is little evidence to suggest that Rowan County and Iredell County are appropriately comparable. Had the applicant adequately researched the demographic and health characteristics of Rowan County, the differences in the counties' population would have been evident. Asserting that Iredell County and Rowan County are sufficiently similar so as to be comparable suggests that the applicant lacks a comprehensive understanding of the Rowan County market and the needs of the county's population.

58 See Table 1, Line 1, in the Global Comments Section.
59 Form C Utilization Calculations
60 Pages 16-17
61 "Pop-Facts Demographic Snapshot: Rowan County, NC" Environics Analytics, 2020 available via https://en.environicsanalytics.ca/Spotlight/Reporting/Build (Accessed 6/29/20); "Pop-Facts Demographic Snapshot: Iredell County, NC" Environics Analytics, 2020 available via https://en.environicsanalytics.ca/Spotlight/Reporting/Build (Accessed 6/29/20).

	A	B	C	D
	County Characteristic	Rowan	Iredell	Difference Between Rowan and Iredell
1	% of Population Age 18 and Over	78.03%	77.69%	-0.44%
2	% of Population Age 65 and Over	18.27%	16.59%	-9.20%
3	% of Population Age 85 and Over	2.07%	1.57%	-24.15%
4	% of Population Age 25+: Less than 9th Grade	4.77%	4.53%	-5.03%
5	% of Population Age 25+: Associate's Degree	9%	11%	16.58%
6	% of Population Age 25+: Bachelor's Degree	13.50%	19.43%	43.93%
7	% of Population Age 25+: Graduate Degree (Master's, Professional, Docterate)	5.39%	7.74%	43.60%
8	2020 Est. Median Household Income	$51,477.98	$59,773.88	16.12%
9	% of Families: Below Poverty	11.29%	8.97%	-20.55%
10	% of Employed Population Age 16+: Blue Collar	32.80%	26.61%	-18.87%
11	% of Adult Population: Uninsured	0.17	0.14	-17.40%
12	% Adults with Obesity	0.38	0.32	-14.93%
13	% Food Insecure	14.30%	12.20%	-14.69%

4. **Iredell Already Serves Rowan County –** Iredell proposes in its CON application to serve only Rowan County. As set forth below, Iredell already serves hospice patients in Rowan County through its current CON in Iredell County. Iredell's CON in Iredell County allows them to provide hospice services within in Rowan County. As set forth in the map below, Iredell's two locations within Iredell County allows it to provide services in Rowan County, as 100% of Rowan Count is within a 50-mile radius of those locations. In fact, Iredell has the 4th largest market share in Rowan County.

Figure 3: Rowan County Patients Served by Iredell, 2015-2019

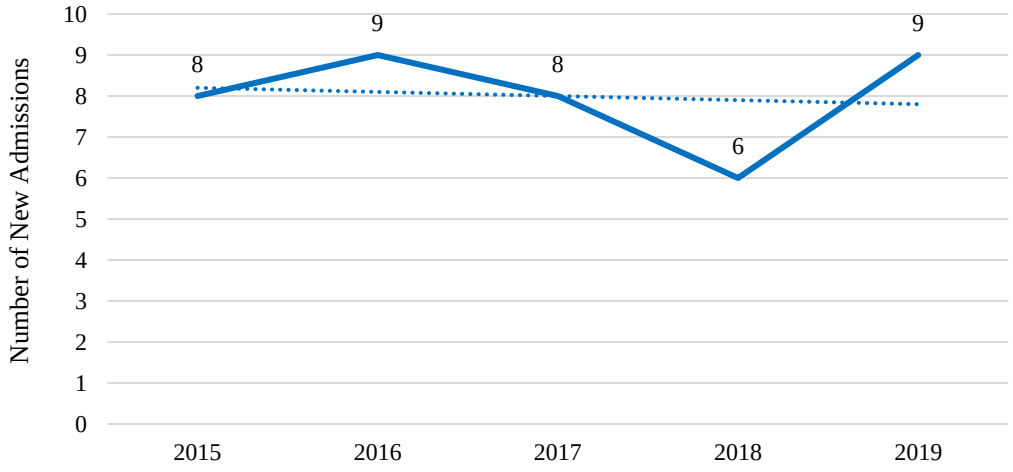
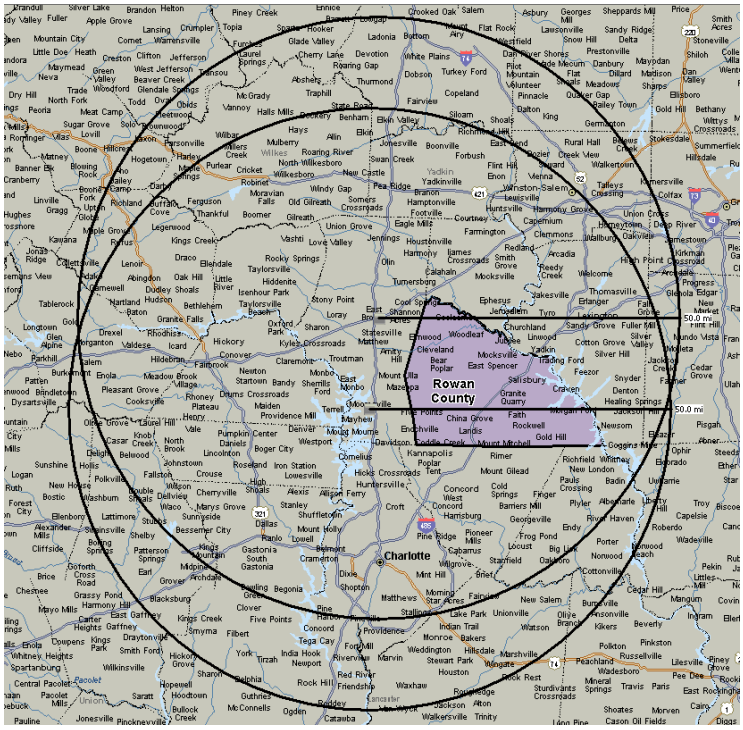


Figure 4: 50-Mile Radius of Iredell's Offices in Iredell County



Consequently, Iredell already has the ability to provide hospice services to all Rowan County residents – the exact ability they are seeking through their CON application. Additionally, Iredell already has an existing palliative care program operating in Rowan County.[62] The applicant asserts that its palliative care program has been a large referral source in the past, stating "*in fiscal year 2019, our palliative care program in Iredell County provided 38% of all hospice admissions*."[63] Given that Rowan County is already within 50 miles of Iredell's current Iredell County hospice locations and that it already has a source to drive referrals within Rowan County (its Pathways Palliative Care program), the applicant already has the necessary resources to provide hospice services within Rowan County. At a minimum, Iredell does not represent a new competitor in Rowan County and would not enhance competition. However, its proposed facility would duplicate existing services and Iredell has not demonstrated need for its proposed project. Additionally, Iredell has offered no evidence that they cannot serve Rowan County from their current office in Iredell County.

5. **Letters of Support do not Commit Additional Referrals to Iredell –** Further evidence that Iredell is not the best applicant for this CON lies in its asserted prospective referrals. For example, the letters of support from "Healthcare Referrals Sources Caring for Rowan County Patients" are largely from existing referral sources stemming from their Iredell County hospice locations (i.e., the providers are not located in Rowan County).[64] Further, its list of 146 Rowan County Providers are also existing

62 Page 19
63 Page 19
64 Exhibit I.2.1

referral sources.[65] Iredell does not demonstrate (and these letters do not state) that these referral sources will provide additional referrals to a Rowan County hospice location beyond their current volume. Consequently, Iredell may be overstating its expected hospice admissions numbers. Because Iredell's application does not demonstrate that it will receive any new referrals in addition to the referrals they currently receive, they have not proven that they will have ability to expand its reach in the Rowan County community beyond its current capacity.

6. **Unrealistic Market Share Capture –** Iredell's calculations for unduplicated admissions are unrealistic and unreliable. Iredell calculated unduplicated admission by taking projected the number of deaths served by hospice (638) and multiplied it by a market capture rate of 44.5%, resulting in 238 new (unduplicated) admissions in the third project year.[66] In other words, Iredell states that it will capture almost half of the market in Rowan County (leaving the two current hospices vying for the other half of the market). This does not comport with their current practices in Rowan County, as discussed above.

Comments Specific to Criterion 4

7. **No Alternatives Considered –** Iredell fails to satisfy Criterion 4 because it fails to demonstrate that the proposed project is superior to any alternatives. Iredell asserts that "There are no alternative methods…other than adding another license for a provider."[67] Alternative methods that would nonetheless meet the need in Rowan County do exist, including locating a satellite branch of one of its Iredell County hospice offices (instead of a principal branch) in Rowan County.

Comments Specific to Criterion 5

8. **No Proof of Sufficient Working Capital –** The total working capital listed by Iredell in Question F.3c does not match the total sources of financing for working capital listed in Question F.3e-i.[68] This does not support Iredell's assertion that it has sufficient capital to fund this project.

9. **No Proof of Availability of Funds –** Iredell reports that its Board of Directors voted and approved that the organization's reserves may be used toward project costs, but does not provide any document that: (1) the funds have been approved to be used for this purpose; or (2) the funds even exist.[69]

10. **Shortest Timeline of All Applications –** Iredell claims that they would begin serving patients on the day that the CON is awarded. This is unreasonable and would not be possible in reality. Although Iredell already provides hospice services in Rowan

65 Exhibit H.5.1
66 Pages 48-49
67 Page 23
68 Page 28
69 Page 26

County from its existing office in Iredell County,[70] the applicant does not demonstrate that the Iredell County office has sufficient staffing to take on additional patients in locations that would be at least 30 minutes away. Moreover, if this was actually the case, Iredell should be serving these patients right now.

70 Page 58

Adoration Comments on Application Filed by PHC Hospice

Comments Specific to Criterion 5

1. **Projected Payor Mix is Unrealistic –** PHC's payor mix is heavily weighted toward commercially insured patients from all applicants and project charity care cases to comprise only 0.3% of all admissions in FFY 3. This indicates that PHC will not actively seek out underserved groups to provide care and highlights PHC's inexperience with hospice populations. Their projected payor mix is not realistic for providing hospice care to the large number of Rowan County patients in need. Consequently, they have not adequately demonstrated that they will provide much needed access to underserved populations.

Comments Specific to Criterion 7

2. **Salary Calculations are Incorrect –** PHC's salary calculation for its Office/ Administration roles (which includes Administrator, Office/Support, Finance/ Accounting, and Palliative Care Administrative Staff) does not follow the required methodology set forth in Criterion 7.[71] The applicant reports a total and average annual salary for each of these roles, but no full-time staff. Further, they determined the "salary" for these roles using a percent of revenue.

3. **Caseload Projections are Alarmingly Low –** The extremely low caseloads projected by PHC indicate that PHC does not have the requisite experience sufficient to satisfy Criterion 7, as their providers are not anticipated to be able to handle a typical caseload.[72] These caseloads also render PHC's financials unreliable (should these caseloads be found, after the fact, to be too low in practice) and, consequently, calls into question whether they have satisfied Criterion 5 or whether their proposed hospice will be financially feasible.

Comments Specific to Criterion 13

4. **Projected Days of Care is Extremely Low –** PHC projects a significantly lower number of days of care and number of new unduplicated admissions for self-pay/charity care patients compared to all other Rowan County CON applicants. This projection calls attention to PHC's inexperience in hospice care that may make their predictions unreliable and will mean that patients in need of financial support are not able to access care.

5. **Unclear Explanation of Promotion of Access to Care –** Further, PHC does not adequately explain how underserved populations that have difficulty accessing care will have access to the Applicant's services.[73] This dearth of information further highlights PHC's lack of experience in providing hospice services and promoting

71 See Form H
72 Page 69
73 Page 51

access to care. Understanding the local market and having specific plans to address issues in accessing hospice services will be especially important in Rowan County, which has relatively high rates of poverty and greater need than many of the surrounding counties, but at the same time, currently has low hospice utilization.

Comments Specific to Criterion 20

6. **Evidence of Quality of Care –** According to Medicare's Home Health Compare database, PHC received a quality of patient care star rating of 3 out of 5, which is below the state and national average. PHC scored below state and national averages in 7 out of 20 quality measures. Additionally, the applicant scored below state averages in 4 out of 5 patient survey measures.[74] PHC therefore cannot satisfy Criterion 20 because its historical record of care in home health is largely below the national average. Further, PHC's lack of experience in hospice does not lend any evidence that its hospice quality will be any better than its current home health quality scores.

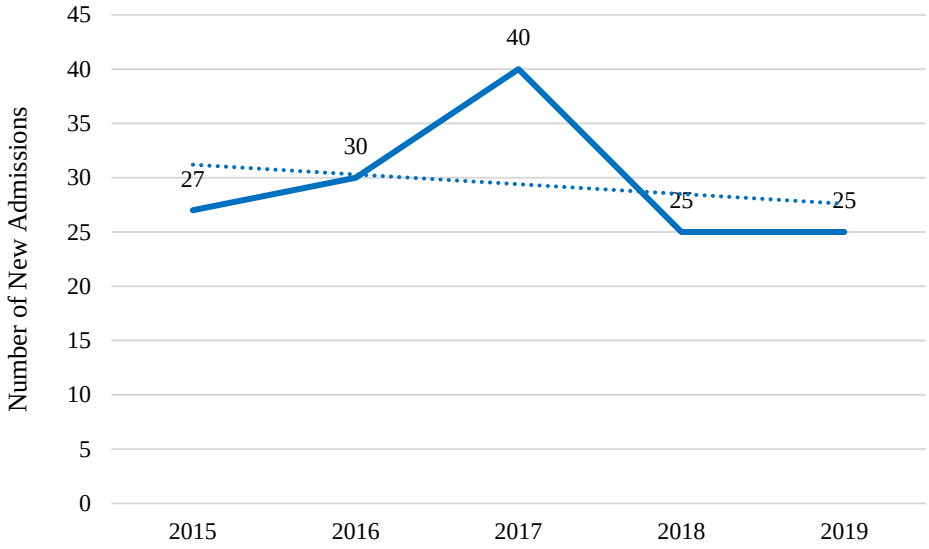
74 Quality measures for which the applicant scored below both state and national averages include: (1) How often patients got better at walking or moving around; (2) How often patients got better at getting in and out of bed; (3) How often patients' breathing improved; (4) How often patients got better at taking their drugs correctly by mouth; (5) How often the home health team made sure that their patients have received a flu shot for the current flu season; (6) How often the home health team made sure that their patients have received a pneumococcal vaccine (pneumonia shot); and (7) How often home health patients had to be admitted to the hospital. Patient survey measures for which the applicant scored below state averages include: (1) How often the home health team gave care in a professional way; (2) How well did the home health team communicate with patients; (3) Did the home health team discuss medicines, pain, and home safety with patients; and (4) Would patients recommend the home health agency to friends and family. "Agency Profile: PHC Home Health" Medicare.gov, Home Health Compare, https://www.medicare.gov/homehealthcompare/profile.html#profTab=0&ID=347244&state=NC&lat=0&lng=0&name=PHC (Accessed 10/27/20).

Adoration Comments on Application Filed by PruittHealth Hospice-Salisbury

Comments Specific to Criterion 3

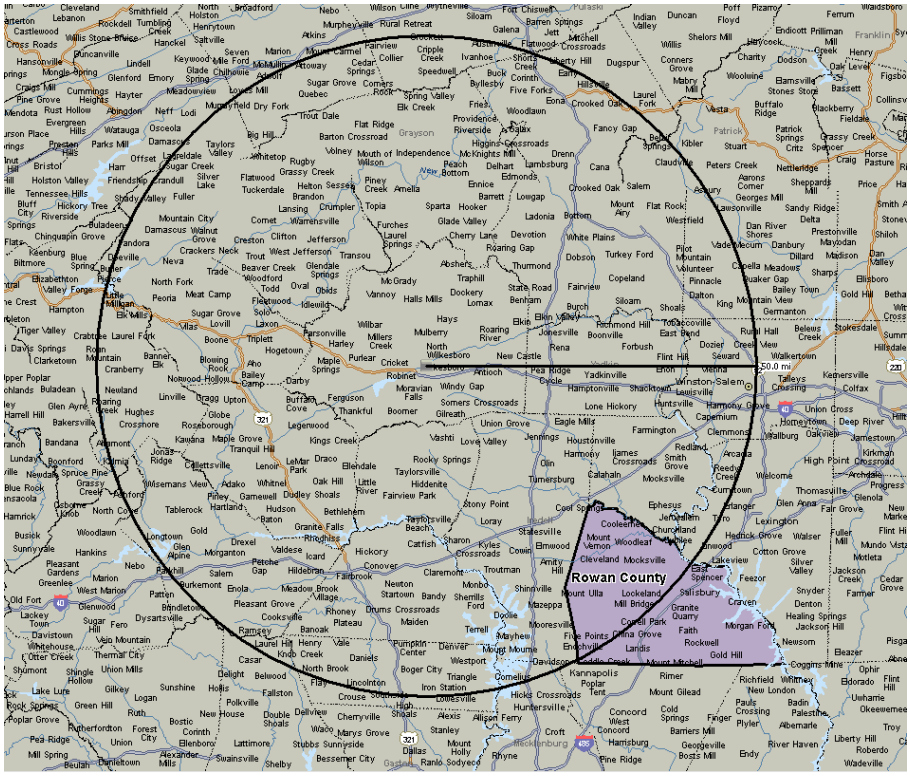
1. **Pruitt Already Serves Proposed Service Area –** Pruitt proposes in its CON application to serve Rowan County, in addition to 5 other counties. As set forth below, Pruitt already serves hospice patients in Rowan County through its current CON in Wilkes County. Pruitt's CON in Wilkesboro, North Carolina, allows them to provide hospice services in Rowan County. As set forth in the map below, Pruitt has one hospice currently that provides services in Rowan County, as approximately half of the county is located within a 50-mile radius of its location. While Pruitt's admissions from Rowan County have varied over the past 5 years,[75] they have declined overall; this could indicate that they are unable to effectively compete with the other hospices serving the area.

Figure 5: Number of Rowan County Patients Served by Pruitt, 2015-2019



75 2015 - 27 admissions; 2016 - 30 admissions; 2017 - 40 admissions; 2018 - 25 admissions; 2019 - 25 admissions. NC Hospice Licensure Data.

Figure 6: 50-Mile Radius of Pruitt's Wilkes Office



Consequently, even without the Rowan County hospice facility, Pruitt has the ability to provide hospice services to many Rowan County residents – exactly what they are seeking through their CON application. To that point, Pruitt has offered no evidence that they cannot serve Rowan County from their current office in Wilkes County.

Additionally, Pruitt already serves every county proposed in their new service area through their Pruitt Hospice – Wilkes location.[76] Their projected patient origin for every other service area county besides Rowan County does not significantly differ from their current admissions numbers from the Wilkes hospice location.[77] In fact, the biggest proposed increase in patients served is in Cabarrus, Forysth, and Union counties, all of which have large surpluses of additional patients in need whether those numbers are analyzed from a statewide perspective or from a local perspective (see Global Comments above):[78]

76 Page 37
77 2021 SMFP, Chapter 13, accessed via: https://info.ncdhhs.gov/dhsr/ncsmfp/2020/Ch13_PatientOriginReport%206-25-2020-for-posting.pdf
78 Pages 259-262

County	Number of Additional Patients in Need Surplus (Utilizing Statewide Projected Median Percent Deaths Served)	Number of Additional Patients in Need Surplus (Utilizing Local Projected Median Percent Deaths Served)
Cabarrus	385	192
Forsyth	637	242
Union	356	178

Further, despite their existing connections in these counties, Pruitt did not submit any letters in support of its CON application from providers in this area. Consequently, Pruitt may be overstating its expected hospice admissions numbers, especially considering the surpluses that already exist in the 4 out of 5 counties in their Service Area (all except Rowan County).

2. **Secondary Service Area does not Include Stanly County –** Pruitt did not identify Stanly County as part of its large secondary service area, even though Stanly County is contiguous to Rowan and is projected to have a ***deficit of*** 43 patients according to the 2021 SMFP.[79] By not addressing this need, Pruitt's proposal does not target the residents of North Carolina who most need their services.

3. **Market Service Area Protectionism Strategy not in Best Interest of Rowan County** – Pruitt's submission of a proposal to obtain a CON for its current service area, its lack of analysis of the local service area, and its lack of focus on Rowan County are all evidence of an additional motive for its CON application, namely the advancement of its service area into the Charlotte area. Clearly, obtaining a CON for Rowan County to be used as a back door entry into Mecklenburg County is not in the best interest of Rowan County residents. Consequently, Pruitt's lack of attention to serving Rowan County specifically makes them a poor choice for a CON in the area.

4. **Lack of Plans to Promote Access –** Pruitt does not outline any concrete measures that will be taken to promote access to its services for the underserved population groups identified in its CON application. The applicant states it *"will develop unique partnership programs within [low income] communities in effort to increase access to hospice care"* but provides no specific ideas on what type of programs will be developed or which community organizations it will form these partnerships with.[80] Moreover, although Pruitt states that they "*[…] provided more than $250,000 in unfunded care*" in 2019, they did not stipulate a percentage of revenue no amount that will be committed to Rowan County.[81]

79 Page 257 of the SMFP. That deficit increases to 128 patients if local data is used as described above in the Global Comments.
80 Page 10
81 Page 10

Comments Specific to Criterion 7

5. **Unrealistically Low Caseloads –** Pruitt predicts unrealistically low caseloads for its staff, which indicates that Pruitt does not have the requisite experience sufficient to satisfy Criterion 7 (as their providers are not anticipated to be able to handle a typical caseload) and would require more support than other applicants.[82] These caseloads also render Pruitt's financials unreliable and, consequently, calls into question whether they have satisfied Criterion 5 and whether their proposed hospice will be financially feasible.

6. **No Bereavement Staff –** Pruitt states in the body of their application that: *"Bereavement counseling is provided by the bereavement coordinator and other members of the hospice team."*[83] In their best practices policy in their application exhibits, Pruitt also states: *"The Plan of Care should be developed with the entire care team: the patient/family, the RNCM, the social worker, the chaplain, the volunteer coordinator, the bereavement coordinator, the attending physician and the hospice medical director."*[84] However, Pruitt fails to assign this role to a specific member of their hospice team and also fails to include a Bereavement Coordinator in their Form H.2,[85] an error which not only affects their projected number of FTEs, but also their projected expenses, due to salaries for these positions for each of the first three fiscal years of the project not being accounted for.[86]

Comments Specific to Criterion 8

7. **No Relationships Developed with Local Providers –** Pruitt submitted an answer to Question I.2 that trails off into an incomplete sentence and did not adequately describe the efforts made to develop relationships with the other local healthcare and social service providers.[87]

Comments Specific to Criterion 13

8. **Needs of Underserved Patient Groups Not Met –** Pruitt fails to satisfy Criterion 13 because it does not provide adequate documentation or sufficiently definitive answers as to how it would meet the specific needs of Rowan County's medically underserved groups. For example, Pruitt alludes to an admissions policy, but this does not appear to be included in the exhibits. Similarly, Pruitt provides a very vague description of how they will improve access in Rowan County.[88]

9. **Low Projected Medicare Patient Population –** Pruitt's Medicare percentage of its proposed patient population is significantly lower than the other Rowan County CON

82 Page 65
83 Page 18
84 Exhibit C.1
85 Form H.2
86 Form H.2
87 Page 72
88 Page 86

applicants.[89] This further illustrates Pruitt's lack of knowledge related to the market area that they propose to serve.

Comments Specific to Criterion 20

10. **No Evidence of Quality Clinical Care –** The quality care metrics discussed in Pruitt's application focus on customer service, not patient care. This appears to be because Pruitt's quality care scores are below average:

    (a) Pruitt's hospices scored below the national average on 7 of 8 CAHPS scores; and,
    (b) Further, Pruitt's one North Carolina hospice was below the national average in 5 of 9 Hospice Compare measures and 4 of 8 CAHPS scores.[90]

    Pruitt therefore cannot satisfy Criterion 20 because its historical record of care is largely below the national average.

11. **Insufficient Number of Volunteers –** Pruitt mentions that, that across all locations, they have around 300 volunteers in their volunteer program.[91] With 25 hospice agencies within the PruittHealth Hospice system, 300 volunteers results in an average of 12 volunteers per agency.[92] This is an insufficient number of volunteers to provide quality care for patients.

89 Page 80
90 "Hospice Compare: PruittHealth Hospice – Rocky Mountain," Medicare.gov, https://www.medicare.gov/hospicecompare/#profile&type=ZIP&pid=341591&loc=28659&lat=36.2013832&lng=-81.0865035&previousPages=results (Accessed 10/27/20).
91 Page 25
92 Page 17

COMPARATIVE ANALYSIS

In summary, only Adoration:

- Appropriately describes the future utilization of hospice services in Rowan County based upon data supplied in the 2020 and 2021 SMFPs.
- Offers insight into reasonably projected hospice utilization within Rowan County.
- Demonstrates the feasibility of its proposed project using conservative estimates.
- Projects conservative market share figures, while also recognizing the greater need of deaths to be served in Rowan and Stanly counties.
- Provides specific and robust plans for hospice programs and patient care that reflect Adoration's understanding of the composition of the local population, and that population's specific needs with regard to hospice services.
- Provides detailed outreach plans for communicating with and serving the underserved populations in Rowan County, which reflect Adoration's intimate knowledge of the Service Area, including the community's current level of awareness of hospice offerings as well as any socioeconomic or demographic attributes that may impede that understanding and acceptance of hospice care.
- Offers the most transparency with respect to its historical and current hospice operations, which reveals that Adoration's parent company, BrightSpring Health Services, has a long-standing history of providing high-quality hospice and home health services to a diverse patient population, which would be seamlessly extended to the Rowan County and Stanly County service areas.

Consequently, Adoration has demonstrated why it is both the only approvable applicant and the most effective applicant for the proposed Rowan County hospice facility.