



Comments in Opposition to Applications Competing for Home Health – New Hanover

Submitted by Interim HealthCare of the Eastern Carolina’s (IHEC)

Pursuant to NCGS § 131E-185, IHEC Home Health Care submits the following comments in opposition to:

WellCare Home Health of New Hanover		O-12405-23
HealthView Home Health		O-12394-23
Bayada Home HealthCare		O-12404-23
Aveanna Home Health		O-12401-23

Section A Identification Question A4

Identified Space Question A4:

Agency	Proposed Site	Lease in Place
Interim of the Eastern Carolina’s IHEC	140 Cinema Drive Ste. E Wilmington, NC	Yes, with option to renew
WellCare Home Health	7627 Market St. Wilmington, NC	NO
HealthView Home Health	TBD Wilmington, NC	NO
Bayada Home Health	108 North Kerr Ave. B-1 Wilmington, NC	NO
Aveanna Home Health	1508 Military Cutoff Rd. Ste. 305 Wilmington, NC	Unsure appears to be a proposal RFP not yet executed

IHEC is the only applicant with an existing office in New Hanover County with an option to renew which will allow for immediate occupancy and ramping up to start home health services once CON is awarded.

Section K Criterion (12) Question 4a states:

G.S. 131E-181(a) states:

*“A certificate of need shall be valid only for the defined scope, **physical location**, and person named in the application.” (Emphasis added)*

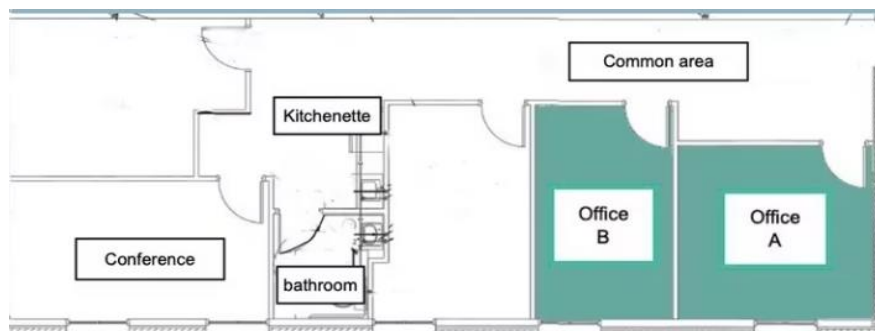
Thus, assuming a certificate of need is issued for this project, it will be valid only for the physical location of the proposed site as described below.

Interim HealthCare-IHEC has an office location already operational in New Hanover County with the extra space required to provide home health services. Located at 140 Cinema Drive Ste. E with over 1988 square feet, plenty of parking and signage already in place.

WellCare Home Health proposes a site according to MapQuest that is 4.8 miles away from their current site of 131 Racine Drive. Additionally, according to Loopnet the space is a single office with shared common space. Considering the size of the space it does not seem to be adequate to propose running an independent home health office. In our opinion it would be more appropriate as a drop-off site. On pages 54-57 of WellCare's application they lay out the benefits of having a second office in reference to staff productivity and satisfaction, recruitment, response time. This argument is flawed for several reasons.

1. Field staff rarely come to the office as they work in a patient's home. Interdisciplinary meetings can be held in offsite locations, by zoom or alternative means. Certain supplies are maintained by the office for field staff to use but that does not require regular visits to the office to replenish.
2. The proposed site could be used for recruitment but a 4.8-mile difference in office location is probably not going to make a difference for a potential employee on whether to accept an offer of employment that will after orientation be mostly in the field.
3. Response time? In Home Health the disciplines do not sit at the office and respond. A clinician is given a case load usually based on an area (i.e. Zip code, territory, etc.). Clinicians routinely start their day from their home to their first patient and then from their last patient to home.

131 Racine Dr to 7627 Market St	
8 min 4.8 miles	IRS reimbursement: \$3.11



that the following space is available for lease;

2 Private offices in Class A office suite, Unit A (162 square feet) and Unit B (160 square feet), each include common use of conference room, kitchenette, waiting area, and restroom (approximately 533 square feet).

HealthView Home Health states that the site location is to be determined. This does not allow us to inspect and or comment on the appropriateness of the location nor demonstrate any real understanding of the landscape, geography, or commercial rental market in New Hanover County. HealthView fails to

show that they put any thought into the development of home health services – as an office location is imperative due to it will be that location and address that CON (Certificate of Need) would be awarded.

4. **Proposed Site**

a. **Site Address ***

Street Address (be as specific as possible)	Office Location to Be Determined
City	Wilmington
State	North Carolina
ZIP Code	28405
County	New Hanover

* This should be the same as the address provided in Section A, Question 4.

Bayada Home Health fails to identify appropriately where they intend on having an office. As shown in Section A Identification question A4 they list their site as 108 North Kerr Ave. Ste B- Wilmington, NC. In Section K question they list the proposed site as 3205 Randall Parkway Suite 310 Wilmington, NC and then in their exhibits there is a document for 3205 Randall Parkway Suite 210? The Criterion clearly states that this address should match the one you listed in A4

a. **Site Address ***

Street Address (be as specific as possible)	3205 Randall Parkway, Suite 310
City	Wilmington
State	North Carolina
ZIP Code	28403
County	New Hanover

* This should be the same as the address provided in Section A, Question 4.

Furthermore, Bayada states that they are unsure of the design and/or appropriateness of the space and will not know if it needs renovation until they sign the lease. They set aside 100k for renovations. This is flawed as this leaves it impossible to comment on the appropriateness of the space and evaluating the reasonableness of their startup timeline.

Aveanna Home Health does seem to have met this criterion though they do not have an executed lease just what appears to be an RFP with ongoing negotiations.

Noncompliance of rules governing CON application

Interim HealthCare of Eastern Carolina’s opposes all applicants that have not submitted an application following the requirements outlined by 2023 SMFP Chapter 12 and following directions within the application that defines service area.

Table 12E: Medicare-Certified Home Health Agency or Office Need Determination*

County Service Area***	Home Health Agency/Office Need Determination	Certificate of Need Application Deadline**	Certificate of Need Beginning Review Date
Brunswick	1	February 15, 2023	March 1, 2023
Forsyth	1	April 17, 2023	May 1, 2023
New Hanover	1	June 15, 2023	July 1, 2023
Onslow	1	October 16, 2023	November 1, 2023
Pitt	1	October 16, 2023	November 1, 2023
It is determined that there is no need anywhere else in the state and no other reviews are scheduled.			

IHEC is the only applicant that meets the criterion of submitting an application to provide Medicare home health services to the residents of New Hanover County. All competing applicants incorrectly include counties outside the defined health service area of New Hanover County and therefore must be rejected.

New Hanover is the project we are competing for. All other applicants are making assumptions and using methodologies to outline proformas based on including additional counties. The Agency is not tasked with evaluating the need in the surrounding counties nor the applicant's ability to service patients outside the specified project area (New Hanover County). Specifically, “It is determined that there is no need anywhere else in the state and no other reviews are scheduled.” (From the SMFP 2023 Table 12 E).

The Agency can no longer fairly evaluate each applicant side by side in a competitive process that was intended for one county only – New Hanover. The Agency if trying to evaluate all applicants fairly must also assure methodologies and assumptions are broken out so we can evaluate reasonableness of budgets, office staff, salaries and clinician utilization, etc. for each county proposed in the project. IHEC believes that applications with counties listed other than New Hanover should be rejected due to the following;

Definition within the Application of service area:

Service area: The term “service area,” which is defined in G.S.131E-176(24a), means “The area of the State, as defined in the State Medical Facilities Plan [SMFP] or in rules adopted by the Department, which receives services from a health service facility.” If neither the SMFP nor the CON Rules define the service area, the service area is the same as the projected patient origin reported in Section C, Question 3.

Definition of service area is included in the 2023 SMFP

Definitions

A **home health agency** or **office** is an agency or office that meets the definition in G.S. § 131E-176(12), as quoted above.

An agency or office's service area is the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.

Section B- Criterion (1) -proposed project shall be consistent with need determinations in the SMFP- need is shown in New Hanover County. Need in Brunswick and Onslow require a separate CON application.

SECTION B - CRITERION (1)

G.S. 131E-183(a)(1)

"The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved."

1. a. **Applications submitted in response to a need determination in the SMFP** – Identify the need determination in the table below (For example: 2016 SMFP, Orange County, 84 acute care beds).

2023 NC State Medical Facilities Plan, New Hanover County, Medicare Certified Home Health Agency
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Policy Gen-3 Basic Principles – requires the applicant to offer the service based on need of the SMFP- New Hanover County is the Need determination for this project.

Policy GEN-3: Basic Principles states:

"A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area."

Section C-Criterion (3)-applicant shall identify the population to be serviced by the proposed project and shall demonstrate the need that this population has for the services proposed. (Go back to service area definition).

SECTION C - CRITERION (3)

G.S. 131E-183(a)(3)

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

Though Certified agencies are permitted to accept patients in surrounding counties it should happen organically after that agency is awarded CON and established. By including surrounding counties, it substantially alters applications in such a significant way that they can no longer be evaluated as competing (how it stands now no applicants can be evaluated on the same criteria which is who best meets the needs of New Hanover County). If the Agency allows applicants to include surrounding territories, then what is the purpose of the SMFP's work in determining need and CON's job of awarding Certificates of Need?

The competing process for applicants for New Hanover County cannot be fairly completed due to:

1. The difference in projected patient origin which is different for all applicants. This project is for the people of New Hanover County and no other counties should be considered as relevant to this application process.
2. Allocation of resources and how each applicant intends to utilize money, time and talent in the counties outside of New Hanover. Will they have dedicated sales teams, recruitment events, health fairs in these counties? Was this broken down in their budgets to allow competitors and the Agency to assess reasonableness.
3. Office placement. Are the proposed sites identified by each applicant a result of the best placement to service the New Hanover community or was consideration given to the anticipation of encroachment to neighboring counties.
4. Charity Care-are the numbers projected for charity care and reduced cost services exclusively for the benefit of New Hanover residents or will some cases be considered outside the licensed territory.
5. Is receiving a CON in New Hanover County a strategy for being able to service an entire Health Service Area without going through the competitive process of CON? We suggest that by HealthView, Bayada and Aveanna all showing a percentage of patients from either Brunswick, Onslow County or both they clearly anticipate being able to assure access to those counties if they do not apply or are not awarded the CONs up for award this year.

WellCare suggests that they will accept 22% of their patients from Pender County by year 3. They are here asking for another office due to the deficit in New Hanover County. (According to the SMFP 2023 out of 8199 patients seen from their New Hanover office 6148 were from outside New Hanover County. Additionally, they appear to be positioning their office in a more favorable location to service more patients from Pender County.

HealthView, Bayada and Aveanna all include either Brunswick County and/or Onslow or both in their proposals. This is flawed because Brunswick County is under current review and Onslow County is coming up for an application deadline in Oct. The awarding, development, and execution of the newly awarded CONs (Certificate of Need) in both Brunswick and Onslow counties will change the ability for all home health agencies to claim a percentage of patients that may be available today - as the entire premise of awarding a new CON is to negate the need for outside agencies to encroach.

All applicants besides IHEC blend in with their projections and assumptions more counties than the one identified in the 2023 SMFP as having need (New Hanover). Though organically home health agencies may acquire patients from surrounding areas it seems presumptive to assume an ability to encroach before meeting the needs of the county you are applying for. It could be assumed that applicants are looking for ways to service desired territory without having to go through the CON process-hence the inclusion of Brunswick and Onslow County in the applicant's projections. Pender County was included by all agencies besides IHEC. Pender County is not up for review nor included in "need determination" in the SMFP 2023. IHEC questions whether applications with additional counties listed can be adequately evaluated in a complete process when the applications are not outlining the same service territory therefore the Agency is not able to compare "apples to apples?"

WellCare Home Health

Reported in the 2023 SMFP WellCare reported doing more patients out of the county than in New Hanover.

In County Out of County

New Hanover	HC1231	Well Care Home Health, Inc.	2,051	6,148	8,199
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3. **Projected Patient Origin**

- a. Describe the **assumptions and methodology used** to project the number of patients by county or other geographic area of origin. Provide any supporting documentation in an Exhibit.

Please see Section Q for the assumptions and methodology used to project unduplicated home health clients by county for the proposed new Medicare-certified home health agency.

- b. **Service Component(s)** – Complete the following table for each service component included in this proposal for the facility or campus identified in Section A, Question 4.

Home Health Unduplicated Clients	Well Care Home Health of New Hanover County*					
	1 st Full FY		2 nd Full FY		3 rd Full FY	
	07/01/2024 to 06/30/2025		07/01/2025 to 06/30/2026		07/01/2026 to 06/30/2027	
County or other geographic area such as ZIP code	Number of Patients **	% of Total	Number of Patients **	% of Total	Number of Patients **	% of Total
New Hanover County	441	82.5%	999	78.9%	1,558	78.0%
Pender County	94	17.5%	267	21.1%	440	22.0%
Total	535	100.0%	1,266	100.0%	1,998	100.0%

* This should match the name provided in Section A, Question 4.
 ** Home health agencies should report the number of unduplicated clients.

HealthView Home Health

HealthView assumes that there will be need in Brunswick County although the new CON has yet to be awarded.

3. **Projected Patient Origin**

- a. Describe the **assumptions and methodology** used to project the number of patients by county or other geographic area of origin. Provide any supporting documentation in an Exhibit.

Based on the need determination in the 2023 NC State Medical Facilities Plan, it is expected that all patients served the first full year will be residents of New Hanover County. This is likely to reduce slightly in years 2 and 3, but will remain predominantly New Hanover County patients. The proximity to the contiguous counties would likely generate small percentages of patients as operations continue. There is no mathematical formula associated with these figures, only estimates of patient case loads based on location, proximity, and historical operations of the other Home Health Agencies owned and operated by the applicant.

- b. **Service Component(s)** – Complete the following table for each service component included in this proposal for the facility or campus identified in Section A, Question 4.

<Medicare Certified Home Health Agency>	Healthview Home Health – New Hanover					
	1 st Full FY		2 nd Full FY		3 rd Full FY	
	01/01/2025 to 12/31/2025		01/01/2026 to 12/31/2026		01/01/2027 to 12/31/2027	
County or other geographic area such as ZIP code	Number of Patients **	% of Total	Number of Patients **	% of Total	Number of Patients **	% of Total
New Hanover County	210	100%	610	95%	856	92%
Brunswick County	0	0%	23	4%	54	6%
Pender County	0	0%	9	1%	20	2%
Total	210	100%	642	100%	930	100%

* This should match the name provided in Section A, Question 4.

Bayada Home Health

Bayada shows that the percentage of patients they will accept in New Hanover will go down every year and by year 3 they barely meet the requirement of 325 patients (looking at New Hanover County). Again, the presumption that they will receive 15.8% and 11.8% of patients by year (3) in counties where new CONs and home health agencies are to be established is flawed. IHEC cannot determine the feasibility of Bayada’s assumptions and methodologies without having New Hanover County isolated out for review. If they are unable to gain the percentage of patients in counties outside New Hanover will that change their bottom line and or ability to provide services in the county being applied for?

3. **Projected Patient Origin**

- a. Describe the **assumptions and methodology** used to project the number of patients by county or other geographic area of origin. Provide any supporting documentation in an Exhibit.
- b. **Service Component(s)** – Complete the following table for each service component included in this proposal for the facility or campus identified in Section A, Question 4.

<Home Health>	<BAYADA Home Health Care, Inc.> *							
	Partial Year		1 st Full FY		2 nd Full FY		3 rd Full FY	
	07/01/2024 to 09/30/2024		10/01/2024 to 09/30/2025		10/01/2025 to 09/30/2026		10/01/2027 to 09/30/2027	
County or other geographic area such as ZIP code	Number of Patients **	% of Total	Number of Patients **	% of Total	Number of Patients **	% of Total	Number of Patients **	% of Total
New Hanover County	0	0.0%	116	74.4%	232	70.1%	348	68.6%
Brunswick County	0	0.0%	20	12.8%	50	15.1%	80	15.8%
Onslow County	0	0.0%	15	9.6%	37	11.2%	60	11.8%
Pender County	0	0.0%	5	3.2%	12	3.6%	19	3.7%
Total	0	0.0%	156	100.0%	331	100.0%	507	100.0%

* This should match the name provided in Section A, Question 4.

** Home health agencies should report the number of unduplicated clients.

Aveanna Home Health

Aveanna also includes three (3) additional counties within their service area, two of which are up for awarding of a new Medicare Certified home health agency to meet the need deficit. Aveanna is not even one of the applicants competing for CON in Brunswick County but proposes 6.8% of their patients will come from that territory.

3. **Projected Patient Origin**

- a. Describe the assumptions and methodology used to project the number of patients by county or other geographic area of origin. Provide any supporting documentation in an Exhibit.

Projected patient origin for home health services for Aveanna - New Hanover is based on the location of the proposed agency, New Hanover County, and the proposed agency's proximity to neighboring counties with *SMFP* need deficits. As such, Aveanna believes that in the first project year, 93.4 percent of patients will originate from New Hanover County and the remaining 6.6 percent from Brunswick, Pender, and Onslow counties, as described in Form C Assumptions and Methodology, with the out-of-county patients increasing over the first three years. Using the proportion of need deficit from the aforementioned counties, Aveanna expects 3.4 percent from Brunswick County, 2.0 percent from Pender County, and 1.1 percent from Onslow County in the first year. The out-of-county patients are expected to eventually reach 13.1 percent of total patients in the third project year, ramping up at 50 percent in PY 1, 75 percent in PY 2, and 100 percent in PY 3 as the initial focus will be on growing in-county volumes.

- b. **Service Component(s)** – Complete the following table for each service component included in this proposal for the facility or campus identified in Section A, Question 4.

Home Health Services	Aveanna Home Health – New Hanover *					
	1 st Full FY		2 nd Full FY		3 rd Full FY	
	01/02/2025 to 01/01/2025		01/02/2026 to 01/01/2026		01/02/2027 to 01/01/2027	
County	Number of Patients **	% of Total	Number of Patients **	% of Total	Number of Patients **	% of Total
New Hanover	236	93.4%	358	90.2%	483	86.9%
Brunswick	9	3.4%	20	5.1%	38	6.8%
Pender	5	2.0%	12	3.0%	22	4.0%
Onslow	3	1.1%	7	1.7%	13	2.3%
Total	252	100%	397	100%	556	100%

* This should match the name provided in Section A, Question 4.

** Home health agencies should report the number of unduplicated clients.