



WRITTEN COMMENTS ON FORSYTH COUNTY

2023 MEDICARE-CERTIFIED HOME HEALTH AGENCY NEED DETERMINATION

SUBMITTED BY WELL CARE HOME HEALTH OF FORSYTH, INC. / PROJECT ID G-012362-23

Well Care Home Health of Forsyth, Inc. (Well Care) proposes to develop a home health agency in Forsyth County (Project ID No. G-012362-23). Three additional applications were submitted in response to the need determination in the 2023 State Medical Facilities Plan (“SMFP”) for one new Medicare-certified home health agency in Forsyth County:

Applicant / Project ID	Well Care Written Comments Begin on Page #
PHC Home Health-Forsyth (PHC) Project ID No G-012356-23	13
Novant Health Home Care-Forsyth (Novant) Project ID No. G-012364-23	19
Aveanna Home Health - Forsyth (Aveanna) Project ID No. G-012369-23	24

These comments are submitted by Well Care in accordance with N.C. Gen. Stat. § 131E-185(a1)(1) to address the representations in the applications, including a comparative analysis and a discussion of the most significant issues regarding the applicants’ conformity with the statutory and regulatory review criteria (“the Criteria”) in N.C. Gen. Stat. §131E-183(a) and (b). Other non-conformities in the competing applications may exist. Nothing in these Comments is intended to amend the Well Care Application and nothing contained here should be considered an amendment to the Well Care Application as submitted.

COMMENTS REGARDING COMPARATIVE REVIEW

The following factors are suggested for all reviews regardless of the type of services or equipment proposed:

- Conformity with Statutory and Regulatory Review Criteria
- Scope of Services
- Historical Utilization
- Geographic Accessibility (Location within the Service Area)
- Access by Service Area Residents
- Access by Underserved Groups: Charity Care
- Access by Underserved Groups: Medicaid
- Access by Underserved Groups: Medicare
- Competition (Access to a New or Alternate Provider)
- Projected Average Net Revenue per Patient, Procedure, Case, or Visit
- Projected Average Total Operating Cost per Patient, Procedure, Case, or Visit

The following additional factor is suggested for home health proposals:

- Average Number of Visits per Patient

Project Analysts have the discretion to apply additional factors based on the type of proposal.

Conformity to CON Review Criteria

Four CON applications have been submitted seeking one home health agency in Forsyth County. Based on the 2023 SMFP’s need determination for one additional home health agency, only one application can be approved. Only applicants demonstrating conformity with all applicable Criteria can be approved, and only the application submitted by Well Care demonstrates conformity to all Criteria:

Conformity of Competing Applications

Applicant	Project I.D.	Conforming/ Non-Conforming
Well Care	G-012362-23	Yes
Novant	G-012364-23	No
Aveanna	G-012369-23	No
PHC	G-012356-23	No

The Well Care application for a new home health agency is based on reasonable and supported volume projections and adequate projections of cost and revenues. As discussed separately in this document, the competing applications contain errors and flaws which result in one or more non-conformities with

statutory and regulatory review Criteria. Therefore, **Well Care** is the most effective alternative regarding conformity with the review criteria.

Competition (Access to a New or Alternate Provider)

Each applicant has experience providing Medicare-certified home health services in North Carolina. However, none of the applicants operate licensed home health agencies in Forsyth County. Therefore, the applications are all equally effective alternatives concerning this comparative.

Applicant	Medicare-Certified Home Health Agency Located in Forsyth County
Well Care	No
Novant	No
Aveanna	No
PHC	No

Geographic Accessibility (Location within the Service Area)

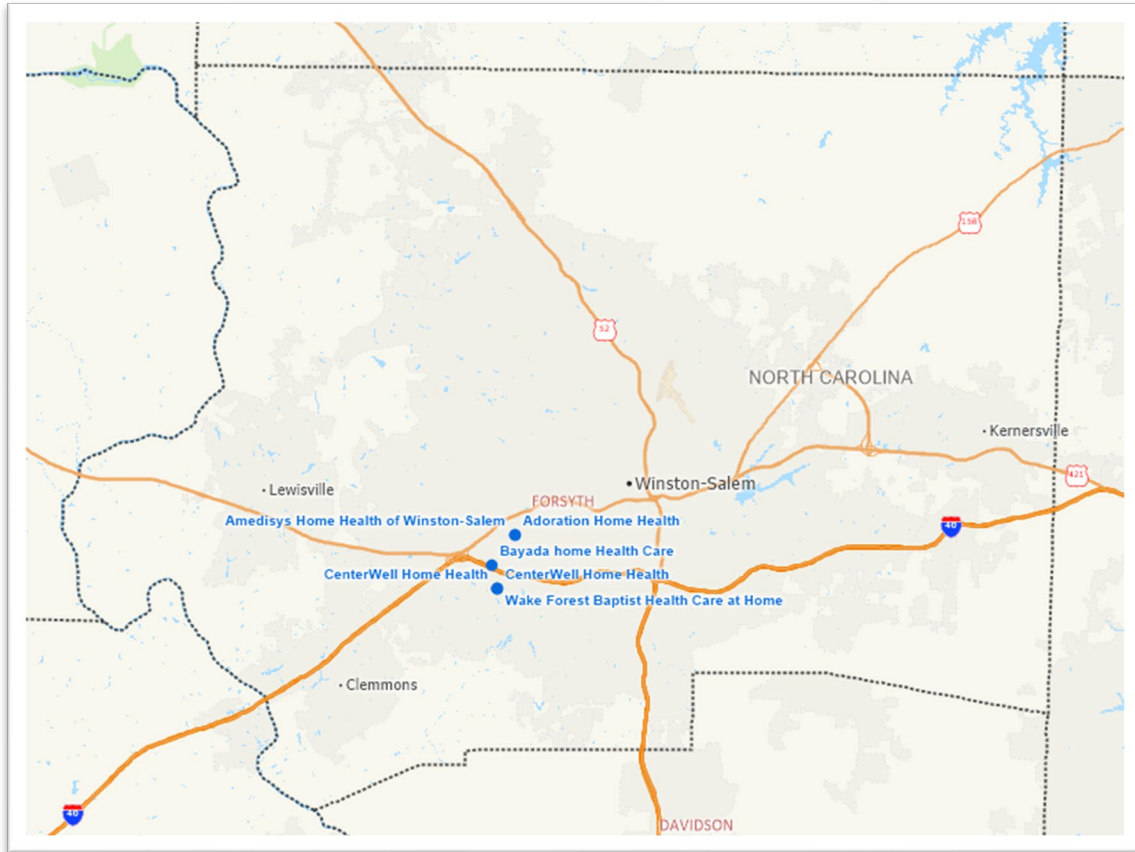
Since a home health agency serves patients in their place of residence, the Agency has historically determined the geographic location of the home health office is not a deciding factor.

For information purposes, there are currently six Medicare-certified home health agencies located throughout Forsyth County. The following table and map summarize the locations of the three Medicare-certified home health agencies located in Forsyth County.

Locations of Existing Forsyth County Home Health Agencies

Name	Address	City	Zip	Geography Within County
Adoration Home Health	1100 South Stratford Road	Winston-Salem	27103	Central
PHC Home Health Care	1605 Westbrook Plaza Drive	Winston-Salem	27103	Central
CenterWell Home Health	2000 Frontis Plaza Blvd	Winston-Salem	27103	Central
Wake Forest Baptist Health Care at Home	2000 Frontis Plaza Blvd	Winston-Salem	27103	Central
CenterWell Home Health	2000 Frontis Plaza Blvd	Winston-Salem	27103	Central
Amedisys Home Health of Winston-Salem	1100 South Stratford Road	Winston-Salem	27103	Central

Locations of Existing Forsyth County Home Health Agencies



The existing Forsyth County home health agencies are located in Winston-Salem. Aveanna and PHC each propose to locate a new home health agency in Winston-Salem. Novant proposes to develop a new home health agency in Clemmons, which is in the southwest portion of Forsyth County. Well Care proposes to develop a new home health agency in Kernersville, which is in the eastern portion of Forsyth County.

Considering the existing home health agencies are currently saturated in Winston-Salem, Well Care’s proposed location in Kernersville will allow enhanced access for additional cities/towns/communities in Forsyth County.

Access By Service Area Residents

Chapter 12 of the 2023 SMFP states, “A Medicare-certified home health 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.” Therefore, for the purpose of this review, Forsyth County is the service area. Facilities may also serve residents of counties not included in the service area.

The following table illustrates access by service area residents during the third full fiscal year following project completion.

Access By Service Area Residents

	Well Care	Aveanna	Novant	PHC
Projected Forsyth County Residents Served in Project Year 3	1,293	457	947	1,045
Forsyth County Residents Served as a % of Total Patients Served	50.9%	80.5%	78.8%	100.0%
Rank	1	4	3	2

As shown in the table above, Well Care projects to serve the highest number of Forsyth County residents (1,293). PHC projects to serve the highest percentage of Forsyth County residents during the third project year but a lower number of service area residents in the third full fiscal year, as compared to Well Care. As discussed separately in these comments, PHC does not conform to all applicable statutory and regulatory criteria, and therefore PHC is not approvable. Therefore, **Well Care** is the most effective alternative, and the remaining applications are less effective with respect to access by service area residents.

Access By Underserved Groups

Underserved groups are defined in G.S. 131E-183(a)(13) as follows:

“Medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority.”

For access by underserved groups, applications are compared with respect to three underserved groups: charity care patients (i.e., medically indigent or low-income persons), Medicare patients, and Medicaid patients. Access by each group is treated as a separate factor.

The Agency may use one or more of the following metrics to compare the applications:

- Total charity care, Medicare or Medicaid admissions
- Charity care, Medicare or Medicaid admissions as a percentage of total admissions
- Total charity care, Medicare or Medicaid dollars
- Charity care, Medicare or Medicaid dollars as a percentage of total gross or net revenues

The metrics the used by the Agency are determined by whether the applications included in the review provide data that can be compared as presented above and whether such a comparison would be of value in evaluating the alternative factors.

Projected Charity Care Access

The following table compares projected charity care in the third full fiscal year following project completion for all applicants as a percentage of gross revenue and per admission.

Rank	Applicant	Charity Care	# of Unduplicated Admissions	Charity Care Per Unduplicated Admission	Gross Revenue	Charity Care As A % of Gross Revenue
1	Well Care	\$179,297	2,539	\$71	\$10,245,525	1.75%
4	Aveanna	\$3,499	568	\$6	\$2,059,225	0.17%
3	Novant	\$34,330	1,202	\$29	\$5,721,683	0.60%
2	PHC	\$86,566	1,578	\$55	\$4,987,060	1.74%

Well Care projects the highest charity care deduction, the highest charity care per unduplicated admission, and the highest Charity Care as a percent of Gross Revenue. Therefore, regarding overall access to Charity Care, **Well Care** is the most effective alternative, and the remaining applications are less effective with respect to this comparative factor.

Projected Medicare Access

The following tables compare projected access by Medicare patients in the third full fiscal year following project completion for all applicants in the review.

Rank	Applicant	Medicare Revenue (Form F.2b)	Gross Revenue (Form F.2b)	Medicare Revenue As A % of Gross Revenue
1	Well Care	\$9,311,986	\$10,245,525	90.9%
2	Aveanna	\$1,794,551	\$2,059,225	87.1%
3	Novant	\$4,892,389	\$5,721,683	85.5%
4	PHC	\$3,072,995	\$4,987,060	61.6%

As shown in the previous table, Well Care proposes the highest Medicare revenue as a percent of gross revenue.

Rank	Applicant	Total Number of Duplicated Patients	Total Number of Duplicated Medicare Patients	Duplicated Medicare Patients as a % of Total Duplicated Patients
2	Well Care	8,036	3,975	49.5%
1	Aveanna	863	668	77.4%
3	Novant	3,819	1,420	37.2%
4	PHC	5,475	1,354	24.7%

As shown in the previous table, Well Care projects to serve the highest number of duplicated Medicare patients in the third full fiscal year of operation. Aveanna projects to serve the highest percentage, but

the lowest total number, of Medicare recipients during the third full fiscal year following project completion. Therefore, Well Care is most effective.

Rank	Applicant	Total Visits	Total Medicare Visits	Medicare Visits as a percentage of Total Visits
1	Well Care	54,642	47,614	87.1%
4	Aveanna	10,414	9,439	90.6%
3	Novant	27,471	9,837	35.8%
2	PHC	34,884	23,281	66.7%

As shown in the previous table, Well Care projects the highest number of total Medicare visits and the second highest percentage of Medicare visits as a percentage of total visits. Aveanna projects the highest Medicare visits as a percentage of total visits but the lowest number of total Medicare visits. Thus, Well Care is the most effective alternative with regard to service to Medicare recipients.

As demonstrated by the previous tables, regarding access by Medicare patients, **Well Care** is the most effective alternative.

Projected Medicaid Access

The following table compares projected access by Medicaid patients in the third full fiscal year following project completion for all the applicants in the review.

Rank	Applicant	Total Number of Unduplicated Clients	Total Number of Unduplicated Medicaid Clients	Unduplicated Medicaid Patients as a % of Total Unduplicated Patients
2	Well Care	2,539	229	9.0%
4	Aveanna	568	11	2.0%
3	Novant	1,202	41	3.4%
1	PHC	1,578	316	20.0%

Source: The total number of unduplicated patients is from Form C.5 of the applications, and the Medicaid percentage is from Section L.3 of the applications. The number of unduplicated Medicaid patients was calculated by applying the Medicaid percentage from the table in Section L.3 to the applicant's projections of total unduplicated patients in third full fiscal year of operation from Form C.5.

PHC projects the highest number of Medicaid clients. However, PHC does not conform with all applicable statutory and regulatory criteria and, therefore, PHC cannot be approved. Well Care projects the second-highest number and percentage of Medicaid clients. Therefore, **Well Care** is the most effective alternative with respect to access for Medicaid home health patients.

Projected Charges Per Visit by Staff Discipline

Form F.5 provides the appropriate information for the Agency to evaluate potential costs to patients and third-party payors. Generally speaking, commercial insurance and private pay patients reimburse home health providers on a per visit basis. Thus, lower charges per visit may indicate comparatively lower cost to patients and third-party payors. Medicare and Medicaid have set payments for home health reimbursement that do not vary depending on the provider of the service; therefore, Medicare and Medicaid will not incur higher costs for the services proposed.

The following table compares charges per visit by staff discipline in the third full fiscal year following project completion for all applicants in the review. Projected charges were obtained from Form F.5 of the respective applications.

Charges per Visit by Staff Discipline, Project Year 3

	Nursing	Physical Therapy	Speech Therapy	Occupational Therapy	Social Worker	Home Health Aide
Well Care	\$135	\$135	\$135	\$135	\$350	\$70
Aveanna	\$186	\$211	\$208	\$215	\$222	\$96
Novant	\$198	\$192	\$282	\$199	\$133	\$71
PHC	\$139	\$171	\$171	\$171	\$204	\$64

Source: Form F.5 from each application

Well Care projects the lowest charges per visit for nursing, physical therapy, speech therapy, and occupational therapy, and is the most effective alternative regarding costs to patients and third-party payors.

Projected Average Net Revenue Per Visit

The following table compares the projected average net revenue per visit for the third year of operation following project completion for all the applicants, based on the information provided in the applicants' pro forma financial statements (Section Q).

Rank	Applicant	Net Revenue	# of Visits	Net Revenue per Visit
1	Well Care	\$6,779,521	54,642	\$124
4	Aveanna	\$1,911,124	10,414	\$184
3	Novant	\$4,861,647	27,471	\$177
1	PHC	\$4,280,598	34,884	\$123

Source: Form C.5 and Form F.2 from each application

Well Care and PHC project the lowest net revenue per unduplicated patient in the third full fiscal year following project completion. However, PHC does not conform with all applicable statutory and regulatory criteria and, therefore, PHC cannot be approved. Well Care projects the second-highest

number and percentage of Medicaid clients. Therefore, regarding this comparative factor, the application submitted by **Well Care** is the more effective alternative.

Projected Average Net Revenue Per Unduplicated Patient

The following table compares the projected average net revenue per patient for the third year of operation following project completion for all applicants, based on the information provided in the applicants’ pro forma financial statements (Section Q).

Rank	Applicant	# of Unduplicated Patients	Net Revenue	Net Revenue per Unduplicated Patient
1	Well Care	2,539	\$6,779,521	\$2,670
3	Aveanna	568	\$1,911,124	\$3,365
4	Novant	1,202	\$4,861,647	\$4,045
2	PHC	1,578	\$4,280,598	\$2,713

Source: Form C.5 and Form F.2 from each application

Regarding this factor, historically the Agency has generally considered the application proposing the lowest average net revenue as the more effective alternative citing the rationale that “a lower average may indicate a lower cost to the patient or third-party payor.” In previous home health reviews, Well Care has advocated for the Agency to consider “average charges per visit per staff discipline” instead of “average net revenue per patient.” However, if the Agency determines it can conclusively compare the applicants regarding average net revenue per patient and if the Agency applies a similar rationale to this comparative factor as it has in prior home health reviews, **Well Care** would be deemed the most effective alternative because it projects the lowers average net revenue per unduplicated patient during the third project year.

Average Operating Expense Per Visit & Per Patient

The following table compares the projected average operating expense per visit for the third year of operation following project completion for all applicants, based on the information provided in the applicants’ pro forma financial statements (Section Q).

Average Total Operating Cost Per Visit And Per Unduplicated Patient

Rank	Applicant	Total Visits	Total Unduplicated Patients	Total Operating Costs	Average Total Operating Cost per Visit	Average Total Operating Cost per Patient
1	Well Care	54,642	2,539	\$5,488,448	\$100	\$2,162
3	Aveanna	10,414	568	\$1,775,038	\$170	\$3,125
3	Novant	27,471	1,202	\$4,608,143	\$168	\$3,834
2	PHC	34,884	1,578	\$3,674,049	\$105	\$2,328

Regarding this factor, historically the Agency has considered the application proposing the lowest average operating expense as the more effective alternative citing the rationale that “a lower average cost may indicate a lower cost to the patient or third-party payor or a more cost-effective service.”

Well Care proposes the lowest total operating cost per visit and per patient. Therefore, the application submitted by **Well Care** is the most effective alternative regarding this comparative factor.

Average Number of Visits per Unduplicated Patient

The following table shows the average number of visits per unduplicated patient projected by each applicant in Project Year 3.

Average Visits per Unduplicated Patient – 3rd Full FY

Rank	Applicant	Unduplicated Patients	Total Visits	Average Visits per Unduplicated Patient
2	Well Care	2,539	54,642	22
4	Aveanna	568	10,414	18
1	Novant	1,202	27,471	23
2	PHC	1,578	34,884	22

Source: Form C.5

As shown in the table above, there is only a small difference between Well Care, Novant and PHC. Patients cannot receive a fraction of a visit – thus, as a practical matter, both Well Care and PHC will provide on average 22 visits per unduplicated patient with Novant providing on average 23 visits per unduplicated patient. Novant is the most effective alternative with Well Care and PHC being the next most effective alternatives with regard to the average number of visits per unduplicated patient.

As discussed separately in this document, the applications submitted by Novant and PHC do not conform to Criterion 3; thus, the patient utilization projections for these applicants are not supported. The Well Care application for a new home health agency is based on reasonable and supported volume projections and adequate projections of cost and revenues. Therefore, **Well Care** is the most effective alternative regarding average number of visits per unduplicated patient.

Salaries for Direct Care Staff

In recruitment and retention of personnel, salaries are a significant factor. The applicants provide the following information in Section Q, Form H.2. The following table compares the proposed salaries for direct-care staff. Generally, the application proposing the highest annual salary for direct care staff is the more effective alternative with regard to this comparative factor.

Direct Care Staff	Well Care	Aveanna	Novant	PHC
Registered Nurse	\$108,726	\$82,162	\$88,671	\$106,121
LPN	\$71,843	N/A	N/A	\$67,917
Home Health Aide	\$46,987	\$50,648	\$39,111	\$46,693

Source: Form H

As shown in the table above, Well Care projects the highest annual salaries in Project Year 3 for registered nurses and licensed practical nurses. Therefore, with regard to the salaries of key direct care staff, the application submitted by **Well Care** is the most effective alternative.

Aveanna projects the lowest salary for registered nurses, which may inhibit the applicants ability to recruit and retain high quality nursing staff. Aveanna and Novant's staffing projections exclude licensed practical nurses (LPNs). Although LPNs are not mandatory in the staffing structure, they play a crucial role in the home health care team by enhancing efficiency and providing a high level of nursing care and expertise.

Summary

The following table lists the comparative factors and indicates the relative effectiveness of each applicant for each metric. The following table makes no assumptions on the factor “Conformity with Review Criteria.”

Comparative Factor	Well Care	Aveanna	Novant	PHC
Competition (Access to a New or Alternate Provider)	Equally Effective	Equally Effective	Equally Effective	Equally Effective
Access by Service Area Residents	Most Effective	Least Effective	Less Effective	More Effective
Access by Medicare Patients	Most Effective	Least Effective	More Effective	Less Effective
Access by Medicaid Patients	More Effective	Least Effective	Less Effective	Most Effective
Average Number of Visits per Unduplicated Patient	More Effective	Least Effective	Most Effective	More Effective
Average Net Revenue per Visit	More Effective	Least Effective	Less Effective	Most Effective
Average Net Revenue per Unduplicated Patient	Most Effective	Less Effective	Least Effective	More Effective
Average Operating Expense per Visit	Most Effective	Least Effective	Less Effective	More Effective
Ratio of Net Revenue per Visit to Operating Cost per Visit	Least Effective	More Effective	Most Effective	Less Effective
Direct Care Salaries	Most Effective	Least Effective	Less Effective	More Effective

Well Care is determined to be the most effective alternative for the following five factors:

- Access by Service Area Residents
- Access by Medicare Patients
- Average Net Revenue per Unduplicated Patient
- Average Operating Expense per Visit
- Direct Care Salaries

Well Care is determined to be the more effective alternative for these three additional factors:

- Access by Medicaid Patients
- Average Number of Visits per Unduplicated Patient
- Average Net Revenue per Visit

Well Care is a most effective alternative for five factors; Novant and PHC are each most effective as to two factors. Well Care is most or more effective alternative for eight factors which is the most of any applicant in this Review.

**COMMENTS SPECIFIC TO PHC HOME HEALTH FORSYTH (PHC)
 PROJECT ID # G-012356-23**

Comments regarding Novant’s Assumptions of CMS Certification

PHC assumes that it will secure Medicare certification in two months.

	Licensure Obtained	Services Offered	CMS Certification Obtained
PHC	04/01/2024	04/01/2024	05/31/2024

Source: PHC application, Section P, page 118

This is not a reasonable assumption and it impacts PHC’s conformity with multiple criteria. See Discussion under Criteria 3 and 5.

- Medicare has a time-consuming, six-step approval process for home health agencies.
- After obtaining a license, an agency must qualify for a Medicare Certification Survey.
- Licensed home health agencies must apply to enroll in the Medicare program using a Medicare Enrollment Application commonly known as the CMS-855A form.
- These forms are submitted in the system referred to as PECOS (the Provider Enrollment, Chain, and Ownership System).
- After a licensed HHA submits its application through PECOS, the Application will go to Palmetto GBA (the Palmetto Government Benefits Administration).
- Only after Palmetto GBA completes its work at this stage of the process will it begin the enrollment process.
- CMS requires an accredited organization or state agency to survey the HHA to determine its conformity with the Medicare Conditions of Participation which operate as the federal certification standards. The certification will not be considered eligible until a plan of correction is completed on any deficiencies found during the survey.
- CMS will send what is commonly referred to as a tie-in notice letter with the home health agency’s Medicare provider number.
- Reimbursement is allowable from the date that the certification recommendation is made by the surveying body (either state agency or accredited organization), but funds will not be transferred until the tie in notice has been completed.

Not only will CMS not reimburse a provider before it is Medicare-certified, during this period, reimbursements from other payor sources can be expected to be impacted.

PHC assumes certification within two months of licensure, suggesting PHC projected utilization in Year One on the premise that its patient load and visits would not be impacted by the typical pre-certification period. PHC then built from Year One to project patients and visits in Years Two and Three. Because Year One is based on the erroneous assumption of nearly immediate full utilization, Year One patients and visits are overstated and so too are those projections in Years Two and Three. The overstated projections result in unreliable net revenue projections as well.

In short, PHC's assumed timeline ignores the operational realities and the true depth of the administration process for Medicare certification, a process requires six steps with multiple regulatory and accreditation bodies. Moreover, PHC's oversight effectively provides the applicant with an unfair advantage of regarding ramp up and market share.

In its Application as filed, Well Care properly took into consideration the timeframe associated with the Medicare certification process.¹ PHC did not.

Comments Regarding Criterion 1

PHC does not adequately demonstrate that projected utilization is based on reasonable and adequately supported assumptions. The discussion found in Criterion 3 regarding projected utilization is incorporated here by reference. Therefore, PHC does not adequately demonstrate the proposal would maximize healthcare value. Consequently, the application is not consistent with Policy GEN-3 and not conforming with Criterion 1.

Comments Regarding Criterion 3 and 10A NCAC 14C .2003

PHC does not adequately demonstrate the need the patients projected to be served have for the proposed office because projected utilization is not based on reasonable and adequately supported assumptions.

The PHC Need Methodology first develops a "use rate" that is applied to a growing total population for Forsyth County to define the increasing number of patients in Forsyth County who can be expected to utilize home health services.

This initial Methodology step, as described above, is arguably defensible. However, the Methodology then proceeds in a manner that is not reasonable or adequately supported. Specifically, PHC identifies the number of patients served by existing Forsyth County home health agencies in the year 2022 and simply holds that number "constant" through 2027. This creates a logic issue as the Methodology, on the one hand, identifies a growing population of residents expected to use home health while, at the same time, projects that existing agencies will experience zero growth in the number of patients served.

The Methodology then proceeds to estimate the "market share" PHC can be expected to capture, assuming the demand rises per the use rate applied to a growing population but assuming the existing agencies have no increase in total patients served. The notion that there will be more patients using

¹ As described in Well Care's assumptions for Form F.2b, "Year One revenues reflect the time associated with initial certification for the new agency. Well Care conservatively projects no Medicare or Medicaid reimbursement during the first six months of Project Year 1 until the agency is certified."

home health (e.g., that the use rates times population shows a higher volume of home health patients) cannot be reconciled with the corresponding assumption that the volume of patients served by Forsyth County's existing agencies will be "constant" with no increases between 2022-2027. If the number of patients using home health goes up – as shown by use rate times population – then one cannot simultaneously assume the number of patients served by existing agencies will be constant, with no increase.

The market share steps in the PHC Methodology build off an illogical premise. These steps are intended to identify the percent of "unmet need" that PHC can meet. However, the "unmet need" is a by-product of a Methodology that first determines that there will be a larger universe of patients using home health services in 2022-2027 and next determines that existing agencies will not serve any more patients than served in 2022.

Furthermore, PHC's assumptions and methodology project an "unmet need" during 2024 (828) that is nearly 2x the Forsyth County home health patient deficit identified in the 2023 SMFP, i.e., 450. PHC failed to describe why it is reasonable to project such a vast departure from the need identified in the 2023 SMFP.

PHC's methodology for projecting home health patients is premised on unreasonable and unrealistic market share assumptions. PHC projects it will serve 95% of its identified "unmet need" during the third project year, which it states equates to 15.1% of the Forsyth County home health patient market.

The PHC market share assumptions are unreasonable because the PHC Methodology assumes all existing agencies will experience zero growth in 2022-2027. PHC is "splitting up the pie" by assuming that none of "the pie" will be served by existing agencies at levels beyond their reported 2022 levels. If an agency serves a 20% market share by serving 20 of 100 total patients in Year 1 but only serve 20 patients in Year 2 when the volume of total patients has grown to 120 patients, that agency has lost market share (16.7%). If the overall volume grows but each agency serves only "constant" volumes, PHC is implicitly assuming that the existing agencies will each serve a shrinking share of the market. In other words, to achieve its market-share-capture assumptions, PHC is relying on the premise that the market shares of all other agencies in Forsyth County will be reducing across 2022-2027. The PHC application as submitted does not explain why it is reasonable for PHC to base its market-share-capture projections on the assumption that every agency in the County will be at zero-growth and thus, report a lower market share year-over-year from 2022 to 2027.

There is no rationale in the application to support PHC's aggressive projection of market share assumptions. PHC provided only 1 letter of support in its application from a Forsyth County provider; the remaining 13 letters were from representatives of other counties including Burke, Gaston, Mecklenburg, Union, and Yadkin counties. One letter is signed by a "PTA" or physical therapist assistant, which cannot refer a patient for home health services.

The market share projections are the foundation of PHC's methodology and the means by which annual unduplicated home health patients are determined. Therefore, because the market share assumptions are unreasonable and not adequately supported, the patient utilization projections are likewise unreasonable. Consequently, the application does not conform to Criterion 3.

Comments Regarding Criterion 4

PHC is not conforming to all other statutory and regulatory review criteria, and thus, is not approvable. See Criteria 1, 3, 5, 6, and 18a. A project that cannot be approved cannot be an effective alternative. PHC does not adequately demonstrate that the proposal is the least costly or most effective alternative to meet the identified need. Therefore, the application is not conforming to Criterion 4.

Comments Regarding Criterion 5

The PHC assumptions used in preparation of the pro forma financial statements are not reasonable, including projected utilization, costs and charges. See the discussion regarding Criterion 3, incorporated here by reference. Therefore, PHC does not adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and charges. Consequently, the PHC application is not conforming to Criterion 5.

Separately, PHC's projections of revenues do not factor in the pre-certification period until Medicare certification. As previously described, CMS does not reimburse a provider before it is Medicare certified, and the process can take up to six months. PHC projects a positive net income during the partial year and project year one which is an outlier compared to each of the competing applications that project an operating loss in the first project year. Therefore, PHC's revenues and expenses during the first project year are unreliable.

Additionally, PHC is charging patients over \$100,000 per year by its 3rd year for medical supplies, in addition to typical revenue by payor class. See Form F.2, Other Revenue.

Comments Regarding Criterion 6

PHC does not adequately demonstrate that its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health agencies in Forsyth County because PHC does not adequately demonstrate in its application as submitted that projected utilization is based on reasonable and adequately supported assumptions. The discussion found in Criterion 3 regarding projected utilization is incorporated here by reference. Therefore, PHC does not adequately demonstrate that its proposed Medicare-certified home health agency is needed in addition to the existing agencies in Forsyth County. Consequently, the PHC application is not conforming to Criterion 6.

Comments Regarding Criterion 18a

PHC does not adequately demonstrate that projected utilization is based on reasonable and adequately supported assumptions. See discussion in Criterion 3 regarding projected utilization (incorporated here by reference). Consequently, PHC does not adequately demonstrate that any enhanced competition in the service area includes a positive impact on cost-effectiveness of the proposed services and that the proposal is a cost-effective alternative. Therefore, the PHC application is not conforming to Criterion 18a.

Comments Regarding Comparative Analysis

Medically Underserved Access

PHC projects comparatively lower medically underserved access than Well Care.

Applicant	Medicare Revenue (Form F.2b)	Duplicated Medicare Clients (Form C.5)	Gross Revenue (Form F.2b)	Medicare Revenue as a % of Gross Revenue
WellCare	\$9,311,986	2,191	\$10,245,525	90.9%
PHC	\$3,072,995	1,147	\$4,987,060	61.6%

Applicant	Total Number of Duplicated Patients	Total Number of Duplicated Medicare Patients	Duplicated Medicare Patients as a % of Total Duplicated Patients
WellCare	8,036	3,975	49.5%
PHC	5,475	1,354	24.7%

Applicant	Total Visits	Total Medicare Visits	Medicare Visits as a percentage of Total Visits
Well Care	54,642	47,614	87.1%
PHC	34,884	23,281	66.7%

As demonstrated by the previous tables, regarding access by Medicare patients, **Well Care** is the most effective alternative.

Access By Service Area Residents

Well Care projects to serve comparatively more Forsyth County home health patients than PHC.

Applicant	# of Forsyth Co. Home Health Patients Served, PY3
WellCare	1,293
PHC	1,045

Charges

PHC projects comparatively higher charges per visit compared to Well Care.

Charges per Visit by Staff Discipline, Project Year 3

Applicant	Nursing	Physical Therapy	Speech Therapy	Occupational Therapy	Social Worker	Home Health Aide
WellCare	\$135	\$135	\$135	\$135	\$350	\$70
PHC	\$139	\$171	\$171	\$171	\$204	\$64

Revenues & Costs

PHC projects comparatively higher revenues and costs compared to Well Care.

Applicant	# of Unduplicated Admissions	Net Revenue	Net Revenue per Unduplicated Admission
WellCare	2,539	\$6,779,521	\$2,670
PHC	1,578	\$4,280,598	\$2,713

Applicant	# of Unduplicated Admissions	Operating Expenses	Operating Expense per Unduplicated Admission	# of Visits	Operating Expense per Visit
WellCare	2,539	\$5,488,448	\$2,162	54,642	\$100
PHC	1,578	\$3,674,049	\$2,328	34,884	\$105

Salaries

As compared to Well Care’s application, PHC’s proposal is inferior with respect to salaries for direct care staff. PHC projects comparatively lower clinical staff salaries than Well Care.

Salary Position	Well Care	PHC
Registered Nurse	\$108,726	\$106,121
LPN	\$71,843	\$67,917
Home Health Aide	\$46,987	\$46,693

In summary, the Well Care application is comparatively superior to the PHC application in the Forsyth home health competitive review.

**COMMENTS SPECIFIC TO NOVANT HEALTH HOME CARE-FORSYTH (NOVANT)
PROJECT ID NO. G-012364-23**

Comments regarding Novant’s Assumptions of CMS Certification

Novant assumes that it will secure Medicare certification in three months.

	Licensure Obtained	Services Offered	CMS Certification Obtained
Novant	06/15/2024	07/01/2024	10/01/2024

Source: Novant application, Section P, page 125

This is not a reasonable assumption and it impacts Novant’s conformity with multiple criteria. See Discussion under Criteria 3 and 5.

- Medicare has a time-consuming, six-step approval process for home health agencies.
- After obtaining a license, an agency must qualify for a Medicare Certification Survey.
- Licensed home health agencies must apply to enroll in the Medicare program using a Medicare Enrollment Application commonly known as the CMS-855A form.
- These forms are submitted in the system referred to as PECOS (the Provider Enrollment, Chain, and Ownership System).
- After a licensed HHA submits its application through PECOS, the Application will go to Palmetto GBA (the Palmetto Government Benefits Administration).
- Only after Palmetto GBA completes its work at this stage of the process will it begin the enrollment process.
- CMS requires an accredited organization or state agency to survey the HHA to determine its conformity with the Medicare Conditions of Participation which operate as the federal certification standards. The certification will not be considered eligible until a plan of correction is completed on any deficiencies found during the survey.
- CMS will send what is commonly referred to as a tie-in notice letter with the home health agency’s Medicare provider number.
- Reimbursement is allowable from the date that the certification recommendation is made by the surveying body (either state agency or accredited organization), but funds will not be transferred until the tie in notice has been completed.

Not only will CMS not reimburse a provider before it is Medicare-certified, during this period, reimbursements from other payor sources can be expected to be impacted.

Novant assumes certification within three months of licensure, suggesting Novant projected utilization in Year One on the premise that its patient load and visits would not be impacted by the typical pre-certification period. Novant then built from Year One to project patients and visits in Years Two and Three. Because Year One is based on the erroneous assumption of nearly immediate full utilization, Year One patients and visits are overstated and so too are those projections in Years Two and Three. The overstated projections result in unreliable net revenue projections as well.

In its Application as filed, Well Care properly took into consideration the timeframe associated with the Medicare certification process.² Novant did not.

Comments Regarding Criterion 3

Novant's direct home health experience in North Carolina includes one agency in Pender County. This is an agency that was already operational and taken over by Novant as a going-concern. The 2023 SMFP projects a deficit of 450 home health patients in Forsyth County for 2024; however, Novant projects to serve 694 Forsyth County home health patients during its partial year 2024 (244 patients beyond the identified 2023 SMFP patient deficit). Novant projects to serve 947 Forsyth County patients during its third project year (2027).³ Therefore, Novant's patient projections inherently assume to take a large portion of market share from existing providers.

The seven existing providers located in Forsyth County served an average market share of approximately 9.2% during FY2021 ($64.3\% \div 7 = 9.2\%$) as reflected in the following table.

² As described in Well Care's assumptions for Form F.2b, "Year One revenues reflect the time associated with initial certification for the new agency. Well Care conservatively projects no Medicare or Medicaid reimbursement during the first six months of Project Year 1 until the agency is certified."

³ Well Care would note that its proposed new agency projects to serve 713 Forsyth County home health patients during the first project year; however, 338 patients are based on serving a portion of the 2023 SMFP patient deficit and 376 patients will be shifted to the new agency from Well Care's existing share of patient volume in Davie County. Therefore, a comparison of Novant's patient projections to Well Care's patient projections is not apples to apples.

Agency County Location	Agency Name	Forsyth Co. Home Health Patients Served	FY21 Market Share
Forsyth	CenterWell Home Health	1,717*	17.2%
Forsyth	Advanced Home Health	1,573	15.8%
Forsyth	PHC Home Health Care, Inc.	1,279	12.8%
Forsyth	Wake Forest Baptist Health Care at Home	757	7.6%
Forsyth	Amedisys Home Health of Winston-Salem	588	5.9%
Forsyth	Interim HealthCare of the Triad, Inc	342	3.4%
Forsyth	PruittHealth @ Home - Forsyth	149	1.5%
Total Forsyth Co. Home Health Agencies		6,405	64.3%
Davidson	Medi Home Health Agency	1,012	10.2%
Davie	Well Care Home Health of the Triad	883	8.9%
Davidson	Enhabit Home Health	681	6.8%
Guilford	SunCrest Home Health	283	2.8%
Yadkin	Yadkin Valley Home Health	278	2.8%
Other Counties	Other Providers	418	4.2%
Other Non-Forsyth Co. Agencies		3,555	35.7%
Total		9,960	100.0%

*Reflects home health patients served by CenterWell’s four existing home health agencies located in Forsyth County.

Novant projects that it will achieve 10.1 percent market share in its third year of operation. Novant’s market share projection exceeds the average market share of the existing Forsyth County home health providers. Novant failed to demonstrate that the existing home health agencies are not adequately serving Forsyth County home health patients or that there is a need to redirect existing market share to the proposed Novant home health agency.

Additionally, Novant’s methodology and assumptions for projecting future home health patient demand in Forsyth County are contrary with its stated need for the proposed home health services. Specifically, Novant assumes the home health patient use rate in Forsyth County will decrease in the future through its third project year. In other words, despite the addition of Novant’s proposed new home health agency, the number of home health patients will decline through 2027.

Novant failed to adequately demonstrate why it is reasonable to project that it will experience an increase in annual home health patient volume despite its projected declining demand for home health services in Forsyth County.

Comments Regarding Criterion 5

Novant’s projections of revenues and expenses assume no Medicare or Medicaid reimbursement for three months, until Medicare certification. As previously described, CMS does not reimburse a provider before it is Medicare certified, and the process can take up to six months. Therefore, Novant’s revenues and expenses during the first project year are unreliable.

Comments Regarding Comparative Analysis

Medically Underserved Access

Novant projects comparatively lower medically underserved access than Well Care.

Applicant	Charity Care	# of Unduplicated Admissions	Charity Care per Unduplicated Admission	Gross Revenue	Charity Care as a % of Gross Revenue
WellCare	\$179,297	2,539	\$71	\$10,245,525	1.75%
Novant	\$34,330	1,202	\$29	\$5,721,683	0.60%

Applicant	Medicare Revenue (Form F.2b)	Duplicated Medicare Clients (Form C.5)	Gross Revenue (Form F.2b)	Medicare Revenue as a % of Gross Revenue
WellCare	\$9,311,986	2,191	\$10,245,525	90.9%
Novant	\$4,892,389	1,029	\$5,721,683	85.5%

Applicant	Total Number of Duplicated Patients	Total Number of Duplicated Medicare Patients	Duplicated Medicare Patients as a % of Total Duplicated Patients
WellCare	8,036	3,975	49.5%
Novant	3,819	1,420	37.2%

Applicant	Total Visits	Total Medicare Visits	Medicare Visits as a percentage of Total Visits
Well Care	54,642	47,614	87.1%
Novant	27,471	9,837	35.8%

Applicant	# of Unduplicated Admissions	Number of Unduplicated Medicaid Clients	Medicare Revenue as a % of Gross Revenue
WellCare	2,539	229	9.0%
Novant	1,202	41	3.4%

Charges

Novant projects comparatively higher charges per visit compared to Well Care.

Charges per Visit by Staff Discipline, Project Year 3

Applicant	Nursing	Physical Therapy	Speech Therapy	Occupational Therapy	Social Worker	Home Health Aide
WellCare	\$135	\$135	\$135	\$135	\$350	\$70
Novant	\$198	\$192	\$282	\$199	\$133	\$71

Revenues & Costs

Novant projects comparatively higher revenues and costs compared to Well Care.

Applicant	Unduplicated Admissions	Net Revenue	Net Revenue per Admission	# of Visits	Net Revenue per Visit
WellCare	2,539	\$6,779,521	\$2,670	54,642	\$124
Novant	1,202	\$4,861,647	\$4,045	27,471	\$177

Applicant	Unduplicated Admissions	Operating Expenses	OpEx per Admission	# of Visits	OpEx per Visit
WellCare	2,539	\$5,488,448	\$2,162	54,642	\$100
Novant	1,202	\$4,608,143	\$3,834	27,471	\$168

Salaries

As compared to Well Care’s application, Novant’s proposal is inferior with respect to salaries for direct care staff. Novant projects comparatively lower salaries for RNs, home health aides, physical therapists, and occupational therapists than Well Care.

Salary Position	Well Care	Novant
Registered Nurse	\$108,726	\$88,671
Home Health Aide	\$46,987	\$39,111

In summary, the Well Care application is comparatively superior to the Novant application in the Forsyth home health competitive review.

**COMMENTS SPECIFIC TO AVEANNA HOME HEALTH - FORSYTH (AVEANNA)
PROJECT NO. G-012369-23**

Comments Regarding Criterion 3

Aveanna provided assumptions and methodology to project unduplicated home health patients in Section Q of its application; however, the application lacks any assumptions used to project:

- Form C.5 Unduplicated Clients by Admitting Discipline
- Form C.5 Duplicated Clients and Visits by Discipline
- Form C.5 Duplicated Medicare Clients and Visits

Section C.5 requires applicants to *“Describe the assumptions and the methodology used to complete the forms in 5.a...The applicant has the burden to demonstrate in the application as submitted that projected utilization is based on reasonable and adequately supported assumptions.”*

Absent this critical and required information, the Aveanna application does not conform to Criterion (3).

Aveanna utilizes its Cumberland County FY2021 market share as a proxy for projecting market share for the proposed project; however, Aveanna also operates a home health agency in Wake County. Aveanna’s Wake County home health agency demonstrated a market share of only .23% during FY2021 (45 ÷ 19,219). Aveanna did not provide any information to explain the reason for the vast difference in market share for the counties it currently serves. Therefore, Aveanna’s projected market share assumptions are questionable.

In making its projections, Aveanna also projects to serve comparatively lower volumes of home health patients than the competing applicants. As noted in the discussion of “Access by Service Area Residents,” Aveanna projects to serve only 457 Forsyth County residents by Project Year 3 which is far fewer than the 1,293 projected to be served by Well Care. Considering all other applicants in this Review project to serve approximately 1,000 residents by the third Project Year, Aveanna is, by far, the “least effective” Applicant in this Review on the critical factor of access by service area residents.

Impact on Other Review Criteria

Based on the previously described facts which render the Aveanna application non-conforming to Criterion (3), the application is also **non-conforming to criteria 1, 4, 5, 6, and 18a and 10A NCAC 14C .2003.**

Comments Regarding Comparative Analysis

Medically Underserved Access

Aveanna projects comparatively lower medically underserved access than Well Care.

Applicant	Charity Care	# of Unduplicated Admissions	Charity Care per Unduplicated Admission	Gross Revenue	Charity Care as a % of Gross Revenue
WellCare	\$179,297	2,539	\$71	\$10,245,525	1.75%
Aveanna	\$3,499	568	\$6	\$2,059,225	0.17%

Applicant	Medicare Revenue (Form F.2b)	Duplicated Medicare Clients (Form C.5)	Gross Revenue (Form F.2b)	Medicare Revenue as a % of Gross Revenue
WellCare	\$9,311,986	2,191	\$10,245,525	90.9%
Aveanna	\$1,794,551	440	\$2,059,225	87.1%

Applicant	Total Number of Duplicated Patients	Total Number of Duplicated Medicare Patients	Duplicated Medicare Patients as a % of Total Duplicated Patients
WellCare	8,036	3,975	49.5%
Aveanna	863	668	77.4%

Applicant	# of Unduplicated Admissions	Number of Unduplicated Medicaid Clients	Medicare Revenue as a % of Gross Revenue
WellCare	2,539	229	9.0%
Aveanna	568	11	2.0%

Access By Service Area Residents

Well Care projects to serve comparatively more Forsyth County home health patients than Aveanna.

Applicant	# of Forsyth Co. Home Health Patients Served, PY3
WellCare	1,293
Aveanna	457

Charges

Aveanna projects comparatively higher charges per visit compared to Well Care.

Charges per Visit by Staff Discipline, Project Year 3

Applicant	Nursing	Physical Therapy	Speech Therapy	Occupational Therapy	Social Worker	Home Health Aide
WellCare	\$135	\$135	\$135	\$135	\$350	\$70
Aveanna	\$186	\$211	\$208	\$215	\$222	\$96

Revenues & Costs

Novant projects comparatively higher revenues and costs compared to Well Care.

Applicant	# of Unduplicated Admissions	Net Revenue	Net Revenue per Unduplicated Admission	# of Visits	Net Revenue per Visit
WellCare	2,539	\$6,779,521	\$2,670	54,642	\$124
Aveanna	568	\$1,911,124	\$3,365	10,414	\$184

Applicant	# of Unduplicated Admissions	Operating Expenses	Operating Expense per Unduplicated Admission	# of Visits	Operating Expense per Visit
WellCare	2,539	\$5,488,448	\$2,162	54,642	\$100
Aveanna	568	\$1,775,038	\$3,125	10,414	\$170

Salaries

As compared to Well Care’s application, Aveanna’s proposal is inferior with respect to salaries for direct care staff. Novant projects comparatively lower clinical staff salaries than Well Care.

Salary Position	Well Care	Aveanna
Registered Nurse	\$108,726	\$82,162
Home Health Aide	\$46,987	\$50,648
Social Worker	\$85,233	\$61,903
Physical Therapist	\$130,915	\$122,680
Occupational Therapist	\$125,345	\$106,923
Speech Therapist	\$108,879	\$84,413

Aveanna projects the lowest salary for registered nurses, which may inhibit the applicants ability to recruit and retain high quality nursing staff. Aveanna’s staffing projections also exclude licensed practical nurses (LPNs). Although LPNs are not mandatory in the staffing structure, they play a crucial role in the home health care team by enhancing efficiency and providing a high level of nursing care and expertise.

Least Effective Alternative

Setting aside the issue of non-conformity, while Aveanna appears to be the most effective alternative for one comparative factor (i.e., home health aide salary, PY3) it is the least effective alternative for seven comparative factors. An applicant that is the **least effective** alternative for more factors compared to the total for which it is most effective (setting aside the issue of non-conformity) cannot be the most effective alternative in a competitive batch review.

In summary, the Well Care application is comparatively superior to the Aveanna application in the Forsyth County competitive home health review.