



WRITTEN COMMENTS ON ONSLOW COUNTY

2023 MEDICARE-CERTIFIED HOME HEALTH AGENCY NEED DETERMINATION

SUBMITTED BY WELL CARE HOME HEALTH OF ONSLOW, INC. / PROJECT ID P-012455-23

Well Care Home Health of Onslow, Inc. (Well Care) proposes to develop a home health agency in Onslow County (Project ID P-012455-23). Two 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 Onslow County:

Applicant / Project ID	Well Care Written Comments Begin on Page #
Bayada Home Health Care, Inc (BAYADA) Project I.D. P-012450-23	9
PHC Home Health-Onslow (PHC) Project I.D. P-012453-23	13

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: 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 Expense 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

Three CON applications have been submitted seeking one home health agency in Onslow 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	P-012455-23	Yes
BAYADA	P-012450-23	No
PHC	P-012453-23	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.

Scope of Services

Generally, the application proposing to provide the broadest scope of services is the more effective alternative with regard to this comparative factor. With regard to scope of services, all of the applications submitted are in response to the 2023 SMFP which includes a need determination for one Medicare-certified home health agency in Onslow County. All of the applicants propose to acquire one Medicare-certified home health agency in Onslow County. Regarding this comparative factor, the competing applications are equally effective alternatives.

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. Additionally, all three applicants propose to develop a new home health agency in Jacksonville. Therefore, the applications are equally effective regarding geographic access.

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
BAYADA	\$225	\$225	\$225	\$225	\$225	\$100
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. Well Care projects the second lowest charge for home health aide. Therefore, **Well Care** 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
2	Well Care	\$3,208,382	27,018	\$119
3	BAYADA	\$4,083,223	30,233	\$135
1	PHC	\$3,456,986	31,154	\$111

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

Well Care projects the second lowest net revenue per unduplicated visit in the third full fiscal year following project completion. PHC does not adequately demonstrate that the projected average number of visits per start of care is based on reasonable and adequately supported assumptions; the total number of visits for PHC shown in the table above is questionable which means that the average net patient revenue per visit shown in the table above is also questionable. As described separately in this document, PHC does not conform to all statutory and regulatory review criteria and cannot be approved. Therefore, regarding this comparative factor, the application submitted by **Well Care** is the most 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
2	Well Care	1,274	\$3,208,382	\$2,518
3	BAYADA	1,158	\$4,083,223	\$3,526
1	PHC	1,441	\$3,456,986	\$2,399

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.” Well Care projects the second lowest net revenue per unduplicated patient in the third full fiscal year following project completion. As described separately in this document, PHC does not conform to all statutory and regulatory review criteria and cannot be approved. Therefore, regarding this comparative factor, the application submitted by **Well Care** is the most effective alternative.

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
2	Well Care	27,018	1,274	\$2,955,326	\$109	\$2,320
3	BAYADA	30,233	1,158	\$3,959,886	\$131	\$3,420
1	PHC	31,154	1,441	\$3,296,059	\$106	\$2,287

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

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.”

PHC does not adequately demonstrate that the projected average number of visits per start of care is based on reasonable and adequately supported assumptions. Therefore, the total number of visits for PHC shown in the table above is questionable which means that the average total operating cost per visit shown in the table above is also questionable.

Well Care projects the second lowest total operating cost per visit and the second lowest operating cost per patient in the third full fiscal year following project completion. As described separately in this document, PHC does not conform to all statutory and regulatory review criteria and cannot be approved. Therefore, regarding this comparative factor, the application submitted by **Well Care** is the most effective alternative.

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.”

The metrics used by the Agency are determined by whether the applications included in the review provide data that can be compared and whether such a comparison would be of value in evaluating the alternative factors. Due to the vast differences in defining charity care among healthcare providers, comparisons of charity care are typically inconclusive. Based on a review of the charity care/financial

assistance policies of the competing applications, there is no consistent definition of charity care that would enable a conclusive comparison of access by charity care patients. Therefore, for access by underserved groups, the following section compares access for Medicare and Medicaid patients.

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	Unduplicated Medicare Patients as a percentage of Total Unduplicated Patients
2	Well Care	79.5%
1	BAYADA	86.5%
3	PHC	77.7%

Source: Section L.3

BAYADA projects the highest percentage of Medicaid clients. However, BAYADA does not conform with all applicable statutory and regulatory criteria and, therefore, BAYADA cannot be approved. As shown in the previous table, Well Care projects the second highest percentage of unduplicated Medicare patients as a percentage of total unduplicated patients. As discussed separately in these comments, a comparison of duplicated Medicare patients as a percentage of total duplicated patients is inconclusive. Thus, **Well Care** is the most effective alternative with regard to access by Medicare recipients.

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	Unduplicated Medicaid Patients as a % of Total Unduplicated Patients
2	Well Care	10.0%
2	BAYADA	10.0%
1	PHC	15.0%

Source: Section L.3

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

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	BAYADA	PHC
Registered Nurse	\$108,726	\$105,630	\$109,304
LPN	\$71,843	\$65,717	\$72,162
Home Health Aide	\$46,987	\$45,366	\$50,938
Social Worker	\$85,233	\$78,265	\$74,285
Physical Therapist	\$130,915	\$111,890	\$106,121
Occupational Therapist	\$125,345	\$106,194	\$106,121
Speech Therapist	\$108,879	\$104,405	\$90,203
Rank	1	3	2

Source: Form H

As shown in the table above, Well Care projects the highest annual salaries in Project Year 3 for social worker, physical therapist, occupational therapist, and speech therapist. Well Care projects the highest salaries for four direct care staff positions, which is the highest of the competing applications. Well Care projects the second highest registered nurse, LPN, and home health aide salary. Therefore, with regard to the salaries of direct care staff, the application submitted by **Well Care** is the most effective alternative.

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, Onslow 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	BAYADA	PHC
Projected Onslow County Residents Served in Project Year 3	1,274	1,070	1,441
Onslow County Residents Served as a % of Total Patients Served	100.0%	92.4%	100.0%
Rank	2	3	1

As shown in the table above, Well Care and PHC both project 100% of patients served will be service area residents. PHC projects to serve the highest number of Onslow County residents (1,441). Well Care projects to serve the second highest number of Onslow County residents during the third project year. As discussed separately in these comments, PHC does not conform to all applicable statutory and regulatory criteria, and therefore the application cannot be approved. Therefore, **Well Care** is the most effective alternative with respect to access by service area residents.

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
3	Well Care	1,274	27,018	21.2
1	BAYADA	1,158	30,233	26.1
2	PHC	1,441	31,154	21.6

Source: Form C.5

As discussed separately in this document, the applications submitted by BAYADA and PHC do not conform to Criterion 3; thus, the patient visit 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 the average number of visits per unduplicated patient.

**COMMENTS SPECIFIC TO BAYADA HOME HEALTH CARE INC. (BAYADA)
 PROJECT I.D. P-012450-23**

Comments Regarding Criterion 3

See comments regarding BAYADA’s non-conformity to Criterion 13. Additionally, Well Care provides the following comments regarding the BAYADA application.

BAYADA’s projections of duplicated Medicare patients in Form C.5 are erroneous and not supported by the information contained in the application as submitted, thus, the application is non-conforming. Specifically, Form C.5 requires the applicant to provide projected duplicated Medicare clients and visits for each of the Medicare payor categories. See highlighted sections of the following table.

Form C.5 Home Health Utilization	1st Full FY		2nd Full FY		3rd Full FY	
	F:		F:		F:	
	T:		T:		T:	
	# of Clients	# of Visits	# of Clients	# of Visits	# of Clients	# of Visits
Duplicated Medicare Clients & Visits						
Full Episodes without Period Outliers						
Full Episodes with Period Outliers						
Patient Episodes With Partial Period Payments						
Patient Episodes With Low-Utilization Payment Adjustments (LUPAs)						
Total Medicare Clients and Visits						

BAYADA provides the assumptions and methodology used to project duplicated Medicare clients by reimbursement type in Section Q, pages 3-8 (PDF pages 117-122). See also the table below, which is excerpted from Step 9 of the BAYADA methodology.

The Medicare Episode Reimbursement type breakout is highlighted in the following table:

Medicare Episode	FY2025	FY2026	FY2027	FY2028	Reimbursement Type %
Full w/o Outliers	118	717	1,344	1,872	95.5%
Full w Outliers	1	8	14	20	1.0%
PEPs	4	23	42	59	3.0%
LUPAs	1	4	7	10	0.5%
Total	123	751	1,408	1,960	100.0%

Calculation: Full w/o Outliers = (Total Medicare Episodes x Reimbursement Type Percentage)
 Full w Outliers = (Total Medicare Episodes x Reimbursement Type Percentage)
 PEPs = (Total Medicare Episodes x Reimbursement Type Percentage)
 LUPAs = (Total Medicare Episodes x Reimbursement Type Percentage)

As shown in the previous table, BAYADA projects to serve 1,960 duplicated Medicare patients during the third project year. As described in the BAYADA methodology, the projected Medicare patients in Step 9 represent duplicated patients because they reflect 1) 35% readmitted Medicare patients (Step 7) and 2) a Medicare episode ratio of 1.45 per duplicated patient (Step 8 = 1.45 x Step 7). Therefore, BAYADA's projection of 1,960 duplicated Medicare patients should have been included in Table C.5 of the BAYADA application.

The BAYADA methodology is similar to Well Care's methodology. Well Care included duplicated Medicare patients based on a similar methodology to BAYADA's projected Medicare patients reflected in Step 9 of its application. However, BAYADA did not include the duplicated Medicare patients from Step 9 of its methodology in Form C.5 of its application. Instead, BAYADA attempted to calculate duplicated Medicare patients by dividing Medicare visits by Service Discipline in Step 11 by Average Visits per Patient in Step 12. The Medicare patients calculated in Step 12 reflect Medicare patients that receive home health services across multiple disciplines, which artificially inflates BAYADA's calculation of duplicated Medicare patients. In other words, BAYADA may count one Medicare patient four times if the patient is projected to receive home health services across multiple service disciplines.

In home health parlance, "duplicated clients" refers to patients that 1) receive more than one episode of care and/or 2) admitted to home health more than once during a given fiscal year.

The definition of "unduplicated clients" in the CON application form states: *For home health agency proposals, the term "unduplicated clients" means the total number of home health clients served or projected to be served during a given fiscal year. Each home health client should be counted only once regardless of the number of times the clients are admitted during the given fiscal year.*

The definition of "duplicated clients" in the CON application form states: *For home health agency proposals, the term "duplicated clients" means the total number of home health clients served or projected to be served during a given fiscal year by each staff discipline. If the client is seen by more than one discipline, the related client visits should be counted under each staff discipline.* The definition of "duplicated clients" does not state the *client* should be counted under each staff discipline, rather, the definition states the related client *visits* should be counted under each staff discipline. Thus, based on the definitions included in the CON application, BAYADA's projection of 4,360 duplicated Medicare patients in Form C.5 is overstated and should not be considered in a comparative analysis because it is not an apples-to-apples comparison to Well Care's projections of duplicated Medicare patients in Form C.5. Therefore, a comparison of duplicated Medicare patients as reported by applicants in Form C.5 is inconclusive.

Impact on Other Review Criteria

Based on the previously described facts which render the BAYADA application non-conforming to criterion 3, the application is also **non-conforming to criteria 1, 4, 5, 6, 13, and 18a and 10A NCAC 14C .2003.**

Comments Regarding Criterion 13

BAYADA failed to provide the assumptions used to project payor mix by payor source. Page 94 and Section Q page 7 of BAYADA’s application include a table summarizing projected patients by payor source during the first three project years. However, the application does not describe the rationale for the distribution of patients by payor source. There is no rationale to explain the projected Medicaid payor mix of 10% and Medicare payor mix of 86.5% during project year three.

Furthermore, BAYADA failed to demonstrate the reasonableness of its payor mix projections in comparison to payor mix projections provided by BAYADA in prior home health reviews. This Onslow County review is one of five competitive home health reviews in 2023. BAYADA submitted applications in the 2023 Brunswick County home health review and the 2023 New Hanover County home health review. The following table compares BAYADA’s payor mix projections contained in its applications submitted in the previous 2023 home health reviews and the instant Onslow County competitive home health review.

	Brunswick Co. HH Review	New Hanover Co. HH Review	Onslow Co. HH Review
Unduplicated Medicaid Patients as Percentage of Total Unduplicated Patients	5.2%	3.5%	10.0%
Unduplicated Medicare Patients as Percentage of Total Unduplicated Patients	80.5%	76.0%	86.5%

Source: O-12324-23, Section L.3; O-012404-23, Section L.3; P-012450-23, Section L.3

BAYADA’s Medicaid payor mix projection included in its Onslow County home health application is nearly two-times higher than its Brunswick County home health application projection and nearly three-times higher than its New Hanover County home health application projection. BAYADA provided no information in the Onslow County application as submitted to demonstrate that there is any association between its historical home health experience or experience of other home health providers in Onslow County to support its projected Medicaid payor mix of 10%. Further, neither of BAYADA’s previous home health applications included similar Medicaid payor mix projections.

BAYADA’s Medicare payor mix projection included in its Onslow County home health application is higher compared to both its Brunswick County and New Hanover County application payor mix projections despite Onslow County having the lowest percentage of population age 65+ among the three counties.¹ The following table compares the population age 65 and older among the three counties.

Population Age 65+, July 1, 2022

	Brunswick Co.	New Hanover Co.	Onslow Co.
Population Age 65+	34.0%	19.4%	10.4%

Source: US Census Bureau Quick Facts, <https://www.census.gov/quickfacts>

¹ Individuals become eligible for Medicare beginning at age 65. <https://www.hhs.gov/answers/medicare-and-medicaid/who-is-eligible-for-medicare/index.html>

Notably, as between the Brunswick County and New Hanover County applications, BAYADA projected a lower Medicare payor mix in the New Hanover County application, consistent with a lower percentage of population age 65 and older in New Hanover County compared to Brunswick County. Onslow County has a considerably lower percentage of population age 65 and older compared to Brunswick County and New Hanover County, yet BAYADA projects to obtain a higher Medicare payor mix compared to its Brunswick County and New Hanover County applications. BAYADA provided no information in the application as submitted to demonstrate that there is any association between its historical home health experience or experience of other home health providers in Onslow County to support its projected Medicare payor mix of 86.5%. Further, neither of BAYADA's previous home health applications included similar Medicare payor mix projections.

In the BAYADA New Hanover CON Application, when projecting payor mix, BAYADA recited "The payor mix will be similar to the 2022 BAYADA – Guilford payor mix." In BAYADA's New Hanover Application, it relied on the 2022 BAYADA – Guilford payor mix experience but in this Onslow Review, it departs from those projections without explanation.

For these reasons, the BAYADA application failed to adequately demonstrate that the elderly and the medically underserved groups will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services. Consequently, the BAYADA application does not conform to criterion 13c.

Impact on Other Review Criteria

Based on the previously described facts which render the BAYADA application non-conforming to criterion 13, the application is also **non-conforming to criteria 1, 3, 4, 5, 6, and 18a and 10A NCAC 14C .2003.**

**COMMENTS SPECIFIC TO PHC HOME HEALTH-ONslow (PHC)
PROJECT ID P-012453-23**

Comments Regarding Criterion 3

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.

PHC failed to demonstrate the reasonableness of its patient visit projections in comparison to projections provided by PHC in prior home health reviews. This Onslow County review is one of five competitive home health reviews in 2023. PHC submitted a CON application in the 2023 Forsyth County home health review. The following table compares the projected average visits per unduplicated patient contained in its applications submitted in the previous 2023 Forsyth County home health review and this Onslow County competitive home health review.

	Forsyth Co. HH Review	Onslow Co. HH Review
Average Number of Visits per Unduplicated Patient	22.1	26.1

Source: G-012356-23, Section Q; Agency Findings 2023 Forsyth County Home Health Review; P-012450-23, Section Q

PHC’s projected average visits per unduplicated patient included in its Onslow County home health application is more than 18% higher compared to its Forsyth County application payor mix projections despite utilizing similar assumptions in each methodology. PHC failed to provide any justification for the higher projected average number of visits per unduplicated patients in its Onslow County home health application compared to its Forsyth County home health application that was submitted just six months ago.

In the 2017 Mecklenburg County HHA Review, the Agency rejected an applicant’s showings by concluding that it did not adequately demonstrate that its projected utilization was based on reasonable and adequately supported assumptions. Specifically, the Agency’s concern was with “number of visits per start of care” and the lack of support for what appeared to be inflated assumptions. The Agency concluded in the 2017 Mecklenburg HHA Review – as it should in this Review – that the applicant’s projected number of visits was not based on reasonable and adequately supported assumptions.

In Step 1 of PHC’s methodology, the applicant ignored Onslow County’s historical home health use rate. Instead, to project the number of Onslow County residents who need home health agency care, the applicant chose Region P’s 2022 use rates, with the exception of age cohort 75+ for which PHC increased the use rate to 200 per 1,000 residents.

Table 1 – Region P’s Use Compared to Duplin and Forecast PHC Rate: Patients per 1,000 Residents, 2022 by Age Group

Notes	Age Group	Region P 2022 Use Rate	NC 2022 Use Rates	Onslow County 2022 Use Rates	Duplin County 2022 Use Rates	Forecast Use Rate
a	<18	0.23	0.59	0.35	0.47	0.23
b	18-64	12.02	8.40	9.87	17.29	12.02
c	65-74	75.58	60.81	68.21	130.88	75.58
d	75+	159.84	157.00	150.12	234.55	200.00

Source: Proposed 2024 SMFP Table 12B, Column J

Source: PHC application, page 120

As summarized in the following table, PHC cherry picked use rates that are higher than Onslow County’s historical experience.

Age Group	Onslow County 2022 Use Rates	PHC Forecast Use Rate	% Difference Between Forecast Use Rate and Onslow County 2022 Use Rate
<18	0.35	0.23	-34.3%
18-64	9.87	12.02	21.8%
65-74	68.21	75.58	10.8%
75+	150.12	200.00	33.2%

Source: PHC application, page 120

As shown in the previous table, PHC utilized use rates that are significantly higher compared to Onslow County’s actual home health experience, thereby artificially inflating its projections of Onslow County home health patient demand during the first three project years (Table 3).

PHC’s projections of Onslow County home health patients (Section Q, Table 3) result in unreasonable utilization projections. Specifically, PHC subtracts the number of Onslow County patients served by existing agencies (Section Q, Table 5) from the projected number of Onslow home health patient need (Section Q, Table 3) to calculate what it refers to as projected “total unmet need.” See the following table calculated from projections in the PHC application.

PHC Source	Description	FFY2024	FFY2025	FFY2026	FFY2027
Table 3	Onslow Home Health Patient Need	4,354	4,437	4,523	4,618
Table 5	Onslow County Patients Served by Home Health Agencies	3,017	3,017	3,017	3,017
Table 6	Total Unmet Need	1,337	1,420	1,506	1,601

Source: PHC application pages 121-124

PHC failed to provide sufficient information to support its projection that the patient need deficit in Onslow County will quadruple from 396 home health patients in FFY2024 (2023 SMFP, Table 12D) to 1,601 home health patients in FFY2027 (PHC application, page 124, Table 6). The increase in patient need deficit is directly attributable to PHC's assumption that Onslow County home health patients will increase by the inflated use rates contained in Table 1 of the PHC application.

PHC's methodology for projecting home health patients is premised on unreasonable and unrealistic market share assumptions. PHC projects it will serve 90% of its identified "unmet need" during the third project year, which would equate to 31.2% of PHC's projected Onslow County home health patient market (1,441/4,618).² PHC maintains comparatively lower market share for its two existing home health agencies. Based on publicly available data, PHC served only 25 home health patients in Wake County during FFY2022, which equates to .13% market share (25/18,897).³ PHC served 471 Mecklenburg County home health patients during FFY2022, which equates to 2.67% market share (471/17,635).⁴ There is no rationale in the application to support PHC's aggressive projection of market share assumptions. **PHC provided zero letters of support in its application from Onslow County providers.** In comparison, Well Care provided 57 letters of support from providers that refer Onslow County residents 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.

Impact on Other Review Criteria

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. Based on the previously described facts which render the PHC application non-conforming to criterion 3, the application is also **non-conforming to criteria 1 (Policy GEN-3), 4, 5, 6, 13, and 18a and 10A NCAC 14C .2003.**

² PHC Application, Section Q Table 8: 2027 1,441 / Table 3: 2027 4,618

³ 2024 SMFP Chapter 12: Home Health Data by County of Patient Origin – 2022 Data

⁴ *ibid*

Comments Regarding Criterion 13

PHC failed to demonstrate the reasonableness of its payor mix projections in comparison to payor mix projections provided by PHC in prior home health reviews. This Onslow County review is one of five competitive home health reviews in 2023. PHC submitted a CON application in the 2023 Forsyth County home health review. The following table compares PHC’s payor mix projections contained in its application submitted in the previous 2023 Forsyth County home health review and the instant Onslow County competitive home health review.

	Forsyth Co. HH Review	Onslow Co. HH Review
Unduplicated Medicare Patients as Percentage of Total Unduplicated Patients	72.7%	77.7%

Source: G-012356-23, Section L.3; P-012450-23, Section L.3

PHC’s Medicare payor mix projection included in its Onslow County home health application is higher compared to its Forsyth County application payor mix projections despite Onslow County having a lower percentage of population age 65+ compared to Forsyth County.⁵ The following table compares the population age 65 and older.

Population Age 65+, July 1, 2022

	Forsyth Co.	Onslow Co.
Population Age 65+	17.2%	10.4%

Source: US Census Bureau Quick Facts, <https://www.census.gov/quickfacts>

Notably, Onslow County has a considerably lower percentage of population age 65 and older compared to Brunswick County and Forsyth County, yet PHC projects to obtain a higher Medicare payor mix compared to its Forsyth County application. BAYADA provided no information in the application as submitted to demonstrate that there is any association between its historical home health experience or experience of other home health providers in Onslow County to support its projected Medicare payor mix of 77.7%. Further, PHC’s previous home health application included a lower Medicare payor mix projection.

For these reasons, the PHC application failed to adequately demonstrate that the elderly and the medically underserved groups will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services. Consequently, the PHC application does not conform to criterion 13c.

Impact on Other Review Criteria

Based on the previously described facts which render the PHC application non-conforming to criterion 13, the application is also **non-conforming to criteria 1, 3, 4, 5, 6, and 18a and 10A NCAC 14C .2003.**

⁵ Individuals become eligible for Medicare beginning at age 65. <https://www.hhs.gov/answers/medicare-and-medicaid/who-is-eligible-for-medicare/index.html>