

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: November 29, 2018

Findings Date: December 4, 2018

Project Analyst: Tanya S. Rupp

Co-Signer: Lisa Pittman

COMPETITIVE REVIEW

Project ID #: M-11530-18

Facility: Well Care Hospice

FID #: 180312

County: Cumberland

Applicant(s): Well Care Hospice of the Eastern Carolinas, Inc.

Project: Develop a new hospice home care agency pursuant to the 2018 SMFP need determination

Project ID #: M-11533-18

Facility: Home Health and Hospice Care, Inc.

FID #: 180319

County: Cumberland

Applicant(s): Home Health and Hospice Care, Inc.

Project: Develop a new hospice home care agency pursuant to the 2018 SMFP need determination

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

N.C. Gen. Stat. §131E-183(a) The Agency shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (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.

C – Both Applicants

Need Determination

Chapter 13 of the 2018 State Medical Facilities Plan (SMFP) includes a methodology for determining the need for additional hospice services by service area. Application of the standard need methodology in the 2018 SMFP identifies a need for one additional hospice home care agency office in the Cumberland County service area. Two applications were submitted to the Healthcare Planning and Certificate of Need Section (Agency), each proposing to develop one new hospice home care agency office in the Cumberland County service area. The two applicants have applied for a combined total of 2 new Cumberland County hospice home care agency offices. Pursuant to the need determination in Table 13G, page 362 of the 2018 SMFP, only one new hospice home care agency office may be approved in this review for the Cumberland County hospice home care agency office service area.

Policies

Policy GEN-3 on page 33 in the 2018 SMFP is applicable to this review. Policy GEN-3 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.”

Well Care Hospice of the Eastern Carolinas, Inc., d/b/a Well Care Hospice (Well Care) proposes to develop one hospice home care office in Cumberland County, pursuant to the need determination identified in the 2018 State Medical Facilities Plan (SMFP).

Need Determination. The applicant does not propose to develop more hospice home care offices than are determined to be needed in Cumberland County.

Policy GEN-3. In Section B, pages 15 - 17, the applicant explains why it believes its application is conforming to Policy GEN-3. On pages 16 – 17, the applicant states that Well Care is a “market leader in recognizing and implementing new technologies and patient therapies as soon as they become available in order to ensure quality patient outcomes and improve the overall health of the community.”

Conclusion. The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more hospice home care offices than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
 - The applicant adequately demonstrates how its proposal will promote safety and quality (see pages 15 – 16).
 - The applicant adequately demonstrates how its proposal will promote equitable access to hospice home care services (see page 16).
 - The applicant adequately demonstrates how its proposal will maximize healthcare value (see pages 16 – 17).

Home Health and Hospice Care, Inc., d/b/a 3HC proposes to develop one hospice home care office in Cumberland County, pursuant to the need determination identified in the 2018 State Medical Facilities Plan (SMFP).

Need Determination. The applicant does not propose to develop more hospice home care offices than are determined to be needed in Cumberland County.

Policy GEN-3. In Section B, pages 14 - 21, the applicant explains why it believes its application is conforming to Policy GEN-3. On page 14, the applicant states 3HC is a “Community based, not-for-profit agency rooted in the heart of North Carolina [that] sets the standard for treating home health, hospice, and home care patients with quality, innovative, comprehensive, and respectful care during their greatest time of need.”

Conclusion. The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more hospice home care offices than are determined to be needed in the service area.

- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
 - The applicant adequately demonstrates how its proposal will promote safety and quality (see pages 14 – 16).
 - The applicant adequately demonstrates how its proposal will promote equitable access to hospice home care services (see pages 16 - 19).
 - The applicant adequately demonstrates how its proposal will maximize healthcare value (see page 20).

Decision

The applications submitted by Well Care and 3HC are conforming to the need determination in the 2018 SMFP. Only one hospice home care agency can be approved. Collectively, the applicants propose a total of two. Therefore, both of the applications cannot be approved even though both are conforming to this criterion. See the Conclusion following the Comparative Analysis for the decision.

- (2) Repealed effective July 1, 1987.
- (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, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C – Both Applicants

Well Care The applicant proposes to develop one hospice home care agency pursuant to the need determination identified in the 2018 SMFP. The applicant proposes to locate the agency in an existing home care office suite that it currently operates in Fayetteville, in Cumberland County.

Patient Origin

On page 318, the 2018 SMFP defines the service area for hospice offices as the hospice planning area in which the hospice office is located. Thus, the service area for this facility consists of Cumberland County. Facilities may also serve residents of counties not included in their service area.

The applicant does not currently operate a hospice agency; therefore, there is no current patient origin to report. The following table from Section C, page 27, illustrates projected patient origin in the third project year.

COUNTY	# UNDUPLICATED ADMISSIONS	% OF TOTAL
Cumberland	160	72.1%
Bladen	7	3.2%
Harnett	20	9.0%
Hoke	9	4.1%
Sampson	26	11.7%
Total	222	100.0%

In Section C, page 28, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 28 - 47, the applicant discusses the factors that it believes support the need the population projected to be served has for the services, including:

- Need in the 2018 SMFP – Table 13G on page 362 of the 2018 SMFP indicates a need for one hospice home care agency in Cumberland County. The applicant examines the need methodology in the 2018 SMFP as it applies to its project (pages 28 – 33).
- Penetration rates - The applicant also examines “*hospice penetration rates*” and explains how it proposes to meet some of the unmet need for hospice services in counties that are contiguous to Cumberland County (pages 33 – 34).
- Demographic considerations and aging – The applicant states the population of people age 65 and older is projected to grow faster than the population of Cumberland County as a whole between 2018 and 2022 (3.36% compound annual growth rate versus 0.01%, respectively). The applicant states that the National Hospice and Palliative Care Organization reports that 94.7% of hospice patients are age 65 and older; thus, the projected population growth in Cumberland County demonstrates the need for additional hospice services (pages 34 – 36).
- Disease and death rates – The applicant discusses the incidence of cancer, heart disease, Alzheimer’s disease and lung disease in Cumberland County and North Carolina as additional evidence of the need for additional hospice services in Cumberland County (pages 36 – 41).
- Mortality rates and hospice utilization in African American population – The applicant states that there is a disparity in hospice utilization by African Americans, not only in the country and in North Carolina, but also in Cumberland County. The applicant states that the African American population in North Carolina was 22.2% of the general population, but only 13.3% of the population seeking hospice care during FY 2016. Similarly, the African American population in Cumberland County in FY 2017 was 38.7% of the general population, while representing only 26.7% of the population seeking hospice care during the same time (pages 41 – 45).

The information is reasonable and adequately supported for the following reasons:

- The applicant uses publicly available data to document the projected increase in population in its proposed service area.
- The applicant uses publicly available data to document the incidence of hospice utilization in Cumberland County.
- The applicant uses statistical information to document the incidence of the types of disease that lead to hospice utilization in North Carolina and in Cumberland County.

Projected Utilization

In Section Q, page 113, the applicant provides projected utilization in each of the first three full fiscal years (FY), as illustrated in the following table:

	1ST FULL FY 10/1/19 – 9/30/20	2ND FULL FY 10/1/20 – 9/30/21	2ND FULL FY 10/1/21 – 9/30/22
# Unduplicated Admissions	113	186	222
# Patients Served	113	233	277
# Deaths	87	143	171
# Non-Death Discharges	17	27	33
# Routine Home Care Days	8,085	13,309	15,884
# Inpatient Care Days	293	482	575
# Respite Care Days	41	67	80
Total Days of Care	8,419	13,857	16,539

The applicant states, in its assumptions, that it projects 32 continuous care hours in each of the first three FYs, based on one continuous care patient during each quarter and 8 hours of continuous care per patient [8 hours per patient x 4 per year = 32 hours per year].

The applicant does not currently provide hospice services in the service area; therefore, it has no historical patient origin to report.

In Section Q, pages 96 – 112, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

1. Project Service Area Deaths - Using the data in the 2018 SMFP, the applicant provides the following table to show the projected number of patient deaths that will not be served by hospice in the proposed service area (“patient deficits”):

**Projected Number of Additional Hospice Patients
 (deaths) in Need of Hospice Services 2019**

COUNTY	NUMBER OF PATIENTS
Cumberland	140
Bladen	38
Harnett	98
Hoke	41
Sampson	112
Total	429

Source: application page 96; information from Table 13B, 2018 SMFP

The applicant uses data in the 2017, 2018 and Proposed 2019 SMFPs to determine that the two year trailing average growth rate in statewide hospice deaths, from FY 2015 to FY 2017, is 3.2% annually, as shown in the table below:

FISCAL YEAR	STATEWIDE HOSPICE DEATHS
2015	39,164
2016	40,438
2017	41,685
2-yr Trailing Growth Rate	3.2%

Source: application page 97

The applicant applies the 3.2% annual growth rate in hospice deaths to the projected 2019 unserved hospice deaths in each of the counties in the proposed service area, as shown in the following table:

Projected Patient Deficits

COUNTY	FY 2019	GROWTH RATE	FY 2020	FY 2021	FY 2022
Cumberland	140	3.2%	144	149	154
Bladen	38	3.2%	39	40	42
Harnett	98	3.2%	101	104	108
Hoke	41	3.2%	42	44	45
Sampson	112	3.2%	116	119	123
Total	429	3.2%	442	456	472

Source: application page 98.

2. Project Patient Deficits to be Served by Well Care – The applicant projects that Well Care will serve a percentage of the total number of patient deficits, identified in Step 1, as shown in the following table, from page 99:

County	FY 2020	FY 2021	FY 2022
Cumberland	50.0%	75.0%	80.0%
Bladen	5.0%	10.0%	15.0%
Harnett	5.0%	10.0%	15.0%
Hoke	5.0%	10.0%	15.0%
Sampson	5.0%	10.0%	15.0%

The applicant states its market share is reasonable, because it represents a share of the patient deficits in each of the first three fiscal years of operation. Additionally, on pages 100 - 102, the applicant states the projections are based on the following:

- Well Care’s proposed hospice home care agency will be located in Fayetteville, and will serve primarily Cumberland County residents. The applicant states that during FY 2017 Well Care Home Health (WCHH), which is located in Wake County, served 1,431 home health patients from the identified service area. The applicant states this demonstrates an existing relationship with physicians and other health care providers.

- The applicant states “*a substantial portion*” of Cumberland County is included within a 60-mile radius of WCHH, and local referral sources “*indicated a desire*” to refer patients to WCHH. The applicant states that it added clinical staffing to WCHH, which resulted in service to 134 Cumberland County patients during the first four months of 2018. Annualized, that amounts to a projected 402 home health patients from Cumberland County by the end of 2018 [$134 / 4 = 33.5$. $33.5 \times 12 = 402.0$]. The applicant states it will leverage the existing referral relationships and develop additional professional relationships to serve hospice patients upon project completion. In Exhibit 13, the applicant provides referral letters from various government, physician, clergy and other sources.

- On pages 100 – 101, the applicant states it also maintains a “*robust*” market share of home health patients in three of the other four counties in the service area, as shown below:

WCHH Market Share of Service Area Counties

BLADEN COUNTY HOME HEALTH PATIENTS, FY 2017	
Well Care Home Health Patients	421
Total Home Health Patients	1,151
Well Care Home Health Market Share	36.6%
HARNETT COUNTY HOME HEALTH PATIENTS, FY 2017	
Well care Home Health Patients	636
Total Home Health Patients	2,204
Well Care Home Health Market Share	28.9%
SAMPSON COUNTY HOME HEALTH PATIENTS, FY 2017	
Well Care Home Health Patients	370
Total Home Health Patients	1,634
Well Care Home Health Market Share	22.6%

The applicant does not currently serve any Hoke County patients.

- In Exhibit 14, the applicant lists the agencies and individuals that Well Care contacted or visited regarding the proposed hospice agency. In Exhibit 13, the applicant provides letters of support. The visits confirmed that there is a “*continued need for access to additional hospice providers.*”

- The applicant states it will target minority populations and African Americans for increased awareness and education regarding hospice services in the area.

- The applicant states it will devote “*considerable*” resources toward notifying and educating additional Cumberland County referral sources about its project; and will hire one full-time “*liaison / business development staff*” in the first year of operation and additional positions as needed in years two and three assigned to the Cumberland County home health agency.
3. The applicant projects the number of patient deaths to be served by Well Care in each of the three project years by applying the market share in Step 2 above to the projected deficits from Step 1, as shown in the following table:

County	FY 2020	FY 2021	FY 2022
Cumberland	72	112	123
Bladen	2	4	6
Harnett	5	10	16
Hoke	2	4	7
Sampson	6	12	18
Total	87	143	171

Source: application page 103

4. Project Well Care Hospice Unduplicated Admissions – On page 103, the applicant states that the projected patient deficit (deaths) are not equivalent to projected hospice patients because not all patients served by hospice die in the first year of admission, and some are discharged from care. The applicant projects Well Care’s unduplicated admissions, based on the ratio of admissions to deaths, by county, as shown below:

County	Admissions	Deaths	Ratio
Cumberland	946	730	1.30
Bladen	156	135	1.16
Harnett	389	312	1.25
Hoke	133	100	1.33
Sampson	247	177	1.40

2016 data from Table 13A in the 2018 SMFP

The applicant applied the ratio of hospice admissions to deaths to the number of deaths it projects to serve in each of the first three fiscal years following project completion from Step 3 above [projected Cumberland County deaths served in FY 2020 x admissions to deaths ratio = 72 x 1.3 = 94]. Additionally, on page 105, the applicant projects the percent of total hospice admissions served by county in each of the three fiscal years following project completion. The Project Analyst combined the two tables into one, as follows:

Projected Unduplicated Admissions

County	FY 2020	% of Total	FY 2021	% of Total	FY 2022	% of Total
Cumberland	94	83.2%	145	78.0%	160	72.1%
Bladen	2	1.8%	5	2.7%	7	3.2%
Harnett	6	5.3%	13	7.0%	20	9.0%
Hoke	3	2.7%	6	3.2%	9	4.1%
Sampson	8	7.1%	17	9.1%	26	11.7%
Total	113	100.0%	186	100.0%	222	100.0%

Source: Application pages 104 - 105

5. Project Hospice Days of Care – The applicant projects hospice days of care, based on the FY 2016 statewide average length of stay (ALOS), which is 74.5 days, from the 2018 SMFP [Cumberland County unduplicated admissions in FY 2020 x ALOS = 94 x 74.5 = 7,003]. On page 106, the applicant states the projected hospice ALOS is consistent with the historical ALOS for Cumberland County hospice agencies during FY 2017 [74,163 total days of care / 959 unduplicated admissions = 77.3]:

County	FY 2020	FY 2021	FY 2022
Cumberland	7,003	10,803	11,920
Bladen	149	373	522
Harnett	447	969	1,490
Hoke	224	447	671
Sampson	596	1,276	1,937
Total	8,419	13,857	16,539
ALOS	74.5	74.5	74.5

Source: Application page 106

6. Project Days of Care by Level of Care – The applicant applied the North Carolina FY 2016 statewide days of care by level of care data obtained from the 2017 Hospice Data Supplements to project its days of care by level of care, as shown in the following tables:

FY 2016 Statewide Days of Care by Level of Care

LEVEL OF CARE	DAYS OF CARE	% OF TOTAL
Routine Home Care	3,246,336	96.0%
Inpatient Care	117,499	3.5%
Respite Care	16,291	0.5%
Total	3,380,126	100.0%

Source: Application page 107

*Total hospice days of care does not include continuous care days

The applicant states on page 108 that the total days of care it obtained from hospice data supplements is slightly lower than that reported in the 2018 SMFP (Table 13A, page 348), because some hospice providers report continuous care days in their totals, and others do not. The applicant excluded continuous care days from its totals, to be consistent with the Application Form C.

Using the percentages calculated above, the applicant projects its own days of care by level of care in each of the first three fiscal years of operation, as shown in the following table:

Projected Days of Care by Level of Care

LEVEL OF CARE	NUMBER OF DAYS OF CARE		
	FY 2020	FY 2021	FY 2022
Routine Home Care	8,085	13,309	15,884
Inpatient Care	293	482	575
Respite Care	41	67	80
Total	8,419	13,857	16,539
Continuous Care Hours	32	32	32

Source: Application page 108

7. Projected Hospice Visits – The applicant examined statewide data that shows hospice visits by staff discipline for FY 2016. The applicant determined that in FY 2016, there were 45,538 statewide hospice admissions, and 3,380,346 statewide hospice days of care. Similarly, the applicant examined the 2017 hospice data supplements (reporting FY 2016 data) to determine the number of hospice visits by staff discipline in North Carolina in FY 2016, as shown in the following table:

North Carolina Hospice Visits by Staff Discipline, FY 2016

STAFF DISCIPLINE	# VISITS	% OF TOTAL VISITS	AVG. VISITS / DAYS OF CARE
Nursing	985,875	41.0%	0.29
Nurse Practitioners	25,934	1.1%	0.01
Social Services	225,781	9.4%	0.07
Hospice Aides	975,118	40.5%	0.29
Physicians – Paid	27,185	1.1%	0.01
Physicians – Volunteer	7,274	0.3%	0.00
Chaplains	123,194	5.1%	0.04
Other (therapy)	35,557	1.5%	0.01
Total	2,405,918	100.0%	0.71

Source: Application page 109

8. Applying the data reported in the above step, the applicant projects Well Care hospice visits by Staff Discipline in each of the three project years, as shown in the following table:

Well Care Hospice Projected Visits by Staff Discipline, FY 2020 – FY 2022

STAFF DISCIPLINE	AVERAGE VISITS PER DOC*	VISITS YEAR 1 (FY 2020)	VISITS YEAR 2 (FY 2021)	VISITS YEAR 3 (FY 2022)
Nursing	0.29	2,455	4,041	4,824
Nurse Practitioners	0.01	65	106	127
Social Services	0.07	562	926	1,105
Hospice Aides	0.29	2,428	3,997	4,771
Physicians – Paid	0.01	68	111	133
Physicians – Volunteer	0.00	18	30	36
Chaplains	0.04	307	505	603
Therapy	0.01	89	146	174
Total	0.71	5,992	9,863	11,771
Total Hospice Days of Care		8,419	13,857	16,539

Source: Application page 110

*Visits per days of care = nursing visits / days of care = 985,875 / 3,380,346 = 0.29 average nursing visits per days of care. From application page 110.

Numbers may not sum due to rounding or use of a spreadsheet.

Projected utilization is reasonable and adequately supported for the following reasons:

- The applicant bases projected utilization on historical data provided in Hospice Data Supplements and the 2018 SMFP,

- The applicant's projections are based on serving a portion of the patient deficits that are projected in the 2018 SMFP,
- The applicant's projections are based on its experience in providing home care service to patients in the proposed service area.

3HC - The applicant proposes to develop one hospice home care agency pursuant to the need determination identified in the 2018 SMFP. The applicant proposes to locate the agency in existing office space where it currently operates a way station in Fayetteville.

Patient Origin

On page 318, the 2018 SMFP defines the service area for hospice offices as the hospice planning area in which the hospice office is located. Thus, the service area for this facility consists of Cumberland County. Facilities may also serve residents of counties not included in their service area.

The applicant does not currently operate a hospice agency in Cumberland County; therefore, there is no current patient origin to report. The following table from Section C, page 44, illustrates projected patient origin in the third project year.

Projected Payor Mix – Operating Year 3

COUNTY	# UNDUPLICATED ADMISSIONS	% OF TOTAL
Cumberland	203	93.4% [93.5%]
Bladen	0	0.0%
Hoke	10	4.6%
Harnett	4	2.0% [1.8%]
Total	218 [217*]	100.0%

*In Section C, page 45, the applicant's total is 218; however, 203+10+4 = 217. Corrected numbers are in brackets.

In Section C, page 45, the applicant states it proposes to serve Bladen, Harnett and Hoke counties; however, as illustrated in the table above, the applicant projects 0.0% of its patients in the third project year will be from Bladen. While confusing, this is not critical, as applicants may serve patients from outside the proposed service area. In Section C, page 45, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 45 - 64, the applicant discusses the factors that it believes support the need the population projected to be served has for the services, which are summarized below:

- Need in the 2018 SMFP – On page 45, the applicant states the need identified in the 2018 SMFP for one additional hospice home care agency office in Cumberland County is based on increased need for hospice services in the county based on demographics

and health statistics, hospice use and penetration rates, and the applicant’s ability to enhance quality, access and value in hospice services in Cumberland County.

- Increased need for hospice services in Cumberland County – The applicant states that cancer incidence, aging population and minority population groups that are considered “*at risk*” combine to demonstrate a need for additional hospice services in the county (pages 45 – 51 and referenced exhibits).
- Hospice penetration rates in Cumberland County – The applicant states that hospice penetration rates in Cumberland County (total number of deaths divided by the number of deaths served by hospice) are low compared to the state as a whole (pages 51 – 54).
- Hospice use rates in Cumberland County – The applicant states Cumberland County’s hospice use rates (total hospice days of care in the county divided by the total population of the county per 1,000) are historically lower than in the state as a whole. The applicant states it will promote community awareness and education about hospice services to help increase the use rate (pages 54 – 60).

The information is reasonable and adequately supported for the following reasons:

- The applicant uses publicly available data to document the projected increase in the 65 + population in Cumberland County.
- The applicant uses publicly available data to document the incidence of hospice utilization in Cumberland County.
- The applicant uses publicly available data to document the incidence of the types of disease that lead to hospice utilization in North Carolina and in Cumberland County.

Projected Utilization

In Section Q, the applicant provides projected utilization in each of the first three full fiscal years (FY), as illustrated in the following table:

	1 ST FULL FY 10/1/19 – 9/30/20	2 ND FULL FY 10/1/20 – 9/30/21	2 ND FULL FY 10/1/21 – 9/30/22
# Unduplicated Admissions	213	218	218
# Patients Served	213	245	247
# Deaths	139	142	142
# Non-Death Discharges	52	53	53
# Routine Home Care Days	11,787	13,127	13,188
# Inpatient Care Days	30	35	35
# Respite Care Days	28	32	32
# Continuous Care Days	40	56	56
Total Days of Care	11,850	13,201	13,262

The applicant states in its assumptions that total days of care is calculated by adding routine, inpatient and respite care days to the number of continuous care days divided by 8 hours.

The applicant does not currently provide hospice services in the service area; therefore, it has no historical patient origin to report.

In Section Q, pages 1 - 14, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- Projected service area deaths in need of hospice services – Using data from the 2018 and Proposed 2019 SMFPs, the applicant projects the number of deaths that are not projected to be served by any hospice in the service area (pages 1 – 3).
- Number of deaths served by hospice per year –The applicant determined how many deaths and days of care 3HC facilities in Wayne and Sampson counties provided to Cumberland County patients, and calculated the Compound Annual Growth Rate (CAGR) as shown in the following tables:

Deaths Served for Cumberland County Residents by 3HC

	FFY 2015	FFY 2016	FFY 2017	CAGR
Cumberland County Deaths Served	32	47	51	26.2%

Source: Application Section Q, page 4

Hospice Days of Care for Cumberland County Residents by 3HC

	FFY 2015	FFY 2016	FFY 2017	FFY 2018*	2017 – 2018 CAGR
Cumberland County Days of Care	2,285	3,620	4,627	7,448	61.0%

Source: Application Section Q, page 4

*Annualized based on data from October – February

In Section Q, page 4, the applicant states it begins its baseline projections with 51 deaths, based on the 51 Cumberland County hospice deaths it served from its other facilities in FY 2017 as noted in the table above. The applicant states the proposed Cumberland County hospice agency office will also serve additional numbers of the deaths noted in the 2018 SMFP methodology as not projected to be served by any existing hospice provider – referred to by the applicant as “*deaths in need*”.

- Using data from Table 13B in the 2018 and Proposed 2019 SMFPs, the applicant provides a table to illustrate the deaths in need in the proposed service area in each of the first three project years, which the applicant states in Section Q, page 5 are FFY 2020, FFY 2021 and FFY 2022, respectively. The applicant assumes the deaths in need will remain constant in PYs 2 and 3, and assumes that, based on information in the Proposed 2019 SMFP, Bladen County will not have deaths in need during that time. The Proposed 2019 SMFP Table 13B contains a placeholder in Column 8 for the 2017 Cumberland County hospice agency project which is not yet operational, as well as for the 2018 hospice agency need that is the subject of this review. The applicant removed the 2018 placeholder [180 – 90 = 90 in Column 8 of Cumberland County]. Projected annual deaths in need for Harnett and Hoke counties remain as reflected in the Proposed 2019 SMFP.

Projected Annual Deaths in Need

COUNTY	PY 1 (FY 2020)	PY 2 (FY 2021)	PY 3 (FY 2022)
Cumberland	141	82	82
Bladen	38	--	--
Harnett	98	33	33
Hoke	41	14	14

The applicant projects that it will serve the following percentages of the deaths in need in the service area in each of the first three project years, based on its experience serving Cumberland County residents in its other facilities:

Percent Projected Annual Deaths in Need Served by 3HC

COUNTY	PY 1 (FY 2020)	PY 2 (FY 2021)	PY 3 (FY 2022)
Cumberland	50.0%	100.0%	100.0%
Bladen	10.0%	0.0%	0.0%
Harnett	10.0%	20.0%	20.0%
Hoke	10.0%	20.0%	20.0%

Source: Application Section Q, page 5

The table below applies the percentages of deaths in need projected to be served by 3HC to the projected annual deaths in need:

Projected Additional Deaths in Need Served by 3HC

COUNTY	PY 1 (FY 2020)	PY 2 (FY 2021)	PY 3 (FY 2022)
Cumberland	70	82	82
Bladen	4	0	0
Harnett	10	7	7
Hoke	4	3	3

Source: Application Section Q, page 6

The applicant adds the additional deaths in need it projects to serve shown in the table above to its baseline number of deaths it projects to serve based on its experience, as shown in the following table:

Total Projected Deaths to be Served by 3HC

COUNTY	PY 1 (FY 2020)	PY 2 (FY 2021)	PY 3 (FY 2022)
Cumberland	121 (70 + 51)	133 (82 + 51)	133 (82 + 51)
Bladen	4	0	0
Harnett	10	7	7
Hoke	4	3	3
Total	139	142	142

Source: Application Section Q, page 6

- Project new admissions – The applicant’s 2017 ratio of admissions to deaths in Cumberland County patients is 1.53 [$78 / 51 = 1.53$], which it used to project the number of new unduplicated admissions in each of the three project years, as shown in the following table:

Projected 3HC Utilization

	PY 1	PY 2	PY 3
Deaths	139	142	142
Unduplicated Admissions	213	218	218

Source: Application Section Q, page 8

- Project non-death discharges – In 2017, Cumberland County’s non-death discharges equaled 24% of its admissions [$\text{non-death discharges} / \text{new admissions} = 19 / 78 = .24$]. The applicant applied that ratio to its projections, as shown in the following table:

Projected 3HC Utilization

	PY 1	PY 2	PY 3
New (unduplicated) Admissions	213	218	218
Non-Death Discharges	52	53	53

Source: Application Section Q, page 8

- Project patient days and number of patients served – Based on its historical experience, the applicant assumes an ALOS of approximately 2 months (Section Q, pages 9 – 13). On page 9, the applicant projects the number of patients to be served:

	PY 1	PY 2	PY 3
Patients Served (duplicated)	231	245	247

- Project number of inpatient, respite and continuous care days – The applicant projects days of care by level of care based on the following steps:
 - a. Calculate average monthly case load (Section Q, pages 9 – 13)
 - b. Calculate home care days based on caseload and number of days (Section Q, page 13).
 - c. Calculate inpatient and respite care days based on historical percentages (Section Q, page 14).

Inpatient care days equal approximately .26% of total patient care days. Respite care days equal approximately .24% of total patient care days, as shown below:

Inpatient and Respite Days

	PY 1	PY 2	PY 3
Inpatient	30	35	35
Respite	28	32	32

Source: Application Section Q, pages 13 - 14

With regard to continuous care days, the applicant states in Section Q page 14 that it projects few days, based on its historical experience in its other facilities. The applicant states its

existing facilities have not historically reported any continuous care days; however, it is projecting a “*small amount*” of continuous care days in case the need arises. See the following table:

Continuous Care Days

	PY 1	PY 2	PY 3
Continuous Care “Equivalent” Days	5	7	7
Hours per Day	8	8	8
# Continuous Care Hours	40	56	56

Source: Application Section Q, page 14

The applicant states it projects routine home care days by subtracting inpatient, respite and continuous care days from the total projected days of care, as shown in the following table:

Projected Agency Utilization

	PY 1 (FY 2020)	PY 2 (FY 2021)	PY 3 (FY 2022)
Total Days of Care	11,850	13,201	13,262
Inpatient Days	30	35	35
Respite Days	28	32	32
Continuous Care Days	5	7	7
Routine Home Care Days	11,787	13,127	13,188

Source: Application Section Q page 14

Projected utilization is reasonable and adequately supported for the following reasons:

- The applicant bases projected utilization on historical data provided in Hospice Data Supplements and the 2018 and Proposed 2019 SMFPs,
- The applicant projects inpatient, respite and continuous care days based on its experience serving Cumberland County residents
- The applicant’s projections are based on serving a portion of the patient deficits that are projected in the 2018 and Proposed 2019 SMFPs.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

NA – Both Applicants

Neither applicant proposes to reduce, eliminate or relocate a facility or a service. Therefore, Criterion (3a) is not applicable to this review.

- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

C – Both Applicants

Well Care proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP.

In Section E, pages 57 - 58, the applicant describes the alternatives it considered, and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo – the applicant states that hospice services are currently underutilized in Cumberland County, and that maintaining the status quo would unnecessarily limit access to hospice care by Cumberland County residents. The applicant states that maintaining the status quo is not an effective alternative to meet the need for hospice services in the service area.
- Joint venture with another provider – the applicant states that pursuing a joint venture with another health care facility or provider is not an effective method to reduce costs, improve access or improve the quality of hospice services. Since the applicant already has physician support, financial resources and trained leadership staff, a joint venture would add complexity and increase costs. A joint venture is not a less costly alternative.
- Locate the proposed home care office in another location – the applicant states that, since Fayetteville is the commercial, population and medical center for Cumberland County, with the majority of referring physicians in the area, it is not an effective alternative to locate the proposed office in another location in the county.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the reasons stated above.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

3HC proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP.

In Section E, pages 75 - 76, the applicant describes the alternatives it considered, and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the status quo – the applicant states that maintaining the status quo would ignore the need identified in the 2018 SMFP for an additional hospice home care agency office in Cumberland County, and would fail to provide a not-for-profit alternative to hospice home care in the service area. The applicant states that maintaining the status quo is not an effective alternative to meet the identified need for hospice services in the Cumberland County service area.
- Develop the proposed agency office in new space – the applicant states that developing the proposed agency office in new space rather than in the waystation space it currently leases is not an effective alternative because the space is already set up to accommodate office space, is already furnished and equipped for use, and thus would save on cost.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the reasons stated above.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C – Both Applicants

Well Care proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP.

Capital and Working Capital Costs

In Sections F and K, the applicant states the capital cost of the project includes non-medical equipment (computers), furniture and consultant fees (CON application preparation), as shown in the table below:

Non-medical equipment	\$23,000
Furniture	\$10,000
Consultant Fees	\$42,000
Total	\$75,000

In Sections F and K, the applicant provides the assumptions used to project the capital cost.

In Section F, pages 61 - 62, the applicant projects that start-up costs will be \$40,000 and initial operating expenses will be \$106,000 for a total working capital of \$146,000. In Section Q, the applicant provides the assumptions and methodology used to project the working capital needs of the project.

Availability of Funds

In Section F, page 60, the applicant states that the capital cost will be funded as shown in the table below.

Sources of Capital Cost Financing

TYPE	TOTAL
Loans	\$0.00
Accumulated reserves or OE *	\$75,000
Bonds	\$0.00
Other (Specify)	\$0.00
Total Financing	\$75,000

* OE = Owner's Equity

In Section F, page 62, the applicant states that the working capital needs of the project will be funded as shown in the table below.

Sources of Working Capital Financing

TYPE	TOTAL
Loans	\$0.00
Accumulated reserves or OE *	\$146,000
Bonds	\$0.00
Other (Specify)	\$0.00
Total Financing	\$146,000

* OE = Owner's Equity

Financial Feasibility

In Section Q, the applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.4, the applicant projects that revenues will exceed operating expenses in the second and third operating years of the project, as shown in the table below.

	1st Full Fiscal Year	2nd Full Fiscal Year	3rd Full Fiscal Year
Total Days of Care	8,419	13,857	16,539
Total Gross Revenues (Charges)	\$1,380,395	\$2,506,701	\$3,022,543
Total Net Revenue	\$1,348,725	\$2,451,942	\$2,956,527
Average Net Revenue per Day of Care	\$160.20	\$176.95	\$178.76
Total Operating Expenses (Costs)	\$1,454,075	\$2,348,500	\$2,783,688
Average Operating Expense per Day of Care	\$172.71	\$169.48	\$168.31
Net Income	(105,349)	\$103,442	\$172,839

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal.
- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

3HC proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP.

Capital and Working Capital Costs

In Section Q, the applicant states the capital cost of the project includes non-medical equipment (computers), furniture and consultant fees (CON application preparation), as shown in the table below:

Non-medical equipment	\$36,375
Furniture	\$12,000
Other (contingency)	\$ 4,838
Total	\$53,213

In Section Q, the applicant provides the assumptions used to project the capital cost.

In Section F, pages 79 - 80, the applicant projects that start-up costs will be \$126,661 and initial operating expenses will be \$179,167 for a total working capital of \$305,829. In Section Q, the applicant provides the assumptions and methodology used to project the working capital needs of the project.

Availability of Funds

In Section F, page 77, the applicant states that the capital cost will be funded as shown in the table below.

Sources of Capital Cost Financing

TYPE	TOTAL
Loans	\$0.00
Accumulated reserves or OE *	\$53,213
Bonds	\$0.00
Other (Specify)	\$0.00
Total Financing	\$53,213

* OE = Owner's Equity

In Section F, page 80, the applicant states that the working capital needs of the project will be funded as shown in the table below.

Sources of Working Capital Financing

TYPE	TOTAL
Loans	\$0.00
Cash, Cash Equivalents, Accumulated reserves or OE *	\$305,829
Bonds	\$0.00
Other (Specify)	\$0.00
Total Financing	\$305,829

* OE = Owner's Equity

Financial Feasibility

In Section Q, the applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.4, the applicant projects that revenues will exceed operating expenses in the second and third operating years of the project, as shown in the table below.

	1st Full Fiscal Year	2nd Full Fiscal Year	3rd Full Fiscal Year
Total Days of Care	11,850	13,201	13,262
Total Gross Revenues (Charges)	\$2,252,614	\$2,535,583	\$2,572,778
Total Net Revenue	\$1,916,434	\$2,157,266	\$2,188,902
Average Net Revenue per Day of Care	\$161.72	\$163.42	\$165.05
Total Operating Expenses (Costs)	\$1,713,576	\$1,977,989	\$2,008,288
Average Operating Expense per Day of Care	\$144.61	\$149.84	\$151.43
Net Income	\$202,858	\$179,277	\$180,614

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal.
- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C – Both Applicants

The 2018 SMFP identifies a need determination for one hospice home care office in Cumberland County. Table 13B on page 349 of the 2018 SMFP indicates there are nine hospice offices licensed in Cumberland County. Table 13A, on page 327 of the 2018 SMFP lists five hospice agencies that are located in Cumberland County that are providing services

to Cumberland County residents as listed. A sixth provider, Continuum II Home Care & Hospice of Cumberland County (License Number HOS3272) did not serve patients in FFY 2017. Neither of the two applicants in this review operate any of the existing home hospice agencies in Cumberland County.

See the following table, which illustrates the existing hospice home care offices in Cumberland County as reflected in Table 13A, page 327 of the 2018 SMFP:

License #	Facility Name	Admissions	Days of Care	Deaths
HOS1331	Community Home Care and Hospice	214	14,988	182
HOS4799	Cape Fear Valley Hospice and Palliative Care	233	13,277	173
HCO0359	HealthKeeperz	111	12,636	83
HOS4746	PruittHealth Hospice - Fayetteville	76	6,059	72
HOS2004	Liberty Home Care and Hospice	73	3,951	57
Totals		707	50,911	567

Well Care adequately demonstrates that its proposal would not result in the unnecessary duplication of existing or approved hospice home care agencies in Cumberland County based on the following analysis:

- There is a need determination in the 2018 SMFP for the proposed hospice home care agency.
- Well Care adequately demonstrates in its application that the hospice home care agency it proposes to develop in Cumberland County is needed in addition to the existing hospice home care agencies.

Conclusion

The Agency reviewed the

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

3HC adequately demonstrates that its proposal would not result in the unnecessary duplication of existing or approved hospice home care agencies in Cumberland County based on the following analysis:

- There is a need determination in the 2018 SMFP for the proposed hospice home care agency.

- Well Care adequately demonstrates in its application that the hospice home care agency it proposes to develop in Cumberland County is needed in addition to the existing hospice home care agencies.

Conclusion

The Agency reviewed the

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C- Both Applicants

Well Care In Section Q, Form H.2, the applicant provides projected staffing for the proposed services as illustrated in the following table:

POSITION	1 ST FULL FISCAL YEAR	2 ND FULL FISCAL YEAR	3 RD FULL FISCAL YEAR
Administrator	1.00	1.00	1.00
Clinical Manager	1.00	2.00	2.00
Office / Support	0.50	1.00	1.25
Clinical Liaison / Marketing	1.00	1.25	1.50
Medical Records	0.50	1.00	1.25
Medical Director	0.10	0.15	0.20
Clergy	0.30	0.50	0.60
Social Worker	0.65	1.05	1.25
Volunteer Coordinator	0.50	1.00	1.00
Bereavement Counselor	0.10	0.25	0.25
Nurse Practitioners	0.10	0.10	0.15
Registered Nurses	1.90	3.15	3.80
Registered Nurses on Call	0.48	0.79	0.95
Aides	1.75	2.85	3.35
Aides on Call	0.44	0.71	0.84
Total	10.31	16.80	19.39

The assumptions and methodology used to project staffing are provided in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.5, which is found in Section Q. In Section H, pages 69 - 70, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs. In Section H, page 72, the applicant identifies two physicians who have expressed an interest in serving as medical director for the proposed hospice home care agency. In Exhibit 12, the applicant provides a letter from the proposed medical directors,

each indicating an interest in serving as medical director for the proposed services. In Exhibits 7 and 13, the applicant provides supporting documentation.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Average Case Load by Discipline – In Section H.2, instead of providing the average caseload by discipline as is requested on the application form, **Well Care** provided average patient visits by position.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

3HC In Section Q, Form H.2, the applicant provides projected staffing for the proposed services as illustrated in the following table:

POSITION	1 ST FULL FISCAL YEAR	2 ND FULL FISCAL YEAR	3 RD FULL FISCAL YEAR
Administrator	1.00	1.00	1.00
Secretary	0.50	0.50	0.50
Other Admin (Marketer)	1.00	1.00	1.00
Hospice RNs	3.00	4.00	4.00
Certified Nurse Assistant	3.00	4.50	4.50
Dietary Counselor	0.05	0.05	0.05
Medical Records	0.50	0.50	0.50
Social Worker	1.25	1.50	1.50
Bereavement Counselor	0.25	0.25	0.25
Physical Therapist	0.05	0.05	0.05
Occupational Therapist	0.05	0.05	0.05
Speech Therapist	0.05	0.05	0.05
Clergy	1.00	1.00	1.00
Medical Director	0.10	0.10	0.10
Volunteer Coordinator	0.50	0.50	0.50
Total	12.30	15.05	15.05

The assumptions and methodology used to project staffing are provided in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.5, which is found in Section Q. In Section H, pages 85 - 86, the applicant

describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs. In Section H, page 87, the applicant identifies two physicians who currently serve as medical director for 3HC in other agency offices, and states each doctor has expressed an interest in serving as medical director for the proposed hospice home care agency. In Exhibit C.1, the applicant provides a letter from each of the proposed medical directors, confirming interest in serving as medical director for the proposed services.

Average Case Load by Discipline – In Section H.2, page 85, the applicant provides the average case load by discipline, as shown below:

DISCIPLINE	AVERAGE CASE LOAD*
Registered Nurse	12
Social Worker	30
Hospice Aide	12
Chaplain	40
Volunteer	2
Volunteer Coordinator	100

*Average Case Load refers to the preferred number of patients for which a staff member has responsibility at any one time.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C – Both Applicants

Well Care In Section I, page 74, the applicant states that the following ancillary and support services are necessary for the proposed services:

- Patient scheduling
- Registration and billing
- Medical records
- Housekeeping
- Durable Medical Equipment
- Pharmacy
- Physical, Occupational, Respiratory and Speech Therapy
- Nutrition
- Inpatient and respite hospice care

On page 74, the applicant adequately explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit 10.

In Section I, pages 74 - 75, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in Exhibit 13.

The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

3HC In Section I, page 88, the applicant states that the following ancillary and support services are necessary for the proposed services:

- Medical Direction
- Physical, Occupational, Speech Therapy
- Dietary Counseling
- Durable Medical Equipment
- Pharmacy Services
- Support Services (Clerical, Accounting, Marketing, Medical Records)
- Inpatient Hospice Care

On pages 88 - 89, the applicant adequately explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibits C.1 and I.2.

In Section I, pages 88 - 89, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2.

The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA – Both Applicants

Neither of the two applicants projects to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, neither of the two applicants projects to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;

- (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
- (iii) would cost no more than if the services were provided by the HMO; and
- (iv) would be available in a manner which is administratively feasible to the HMO.

NA – Both Applicants

Neither of the two applicants in this review is an HMO. Therefore, Criterion (10) is not applicable to this review.

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

NA – Both Applicants

Neither of the two applicants in this review propose to:

- construct any new space
- construct more than minimal new space
- renovate any existing space
- make more than minor renovations to existing space

Therefore, Criterion (12) is not applicable to this review.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of 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 the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:
 - (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

NA – Well Care
C – 3HC

Well Care Neither the applicant nor any related entities owns, operates or manages an existing hospice home care office located in the service area. Therefore, Criterion (13a) is not applicable to this review.

3HC In Section A, the applicant identifies nine existing licensed hospice offices and hospice home care agency offices in other counties in North Carolina that the applicant owns, operates or manages.

In Section L, pages 94 – 95, the applicant provides the following comparison for the facilities listed in Section A:

CATEGORY	% OF TOTAL PATIENTS SERVED BY 3HC FY 2017	% OF SERVICE AREA POPULATION
Female	60.0%	51.4%
Male	40.0%	48.6%
Unknown	0.0%	0.0%
64 and Younger	14.9%	0.0%
65 and Older	85.1%	24.3%
American Indian	0.0%	0.0%
Asian	0.5%	3.0%
Black or African-American	18.1%	37.7%
Native Hawaiian or Pacific Islander	0.0%	1.7%
White or Caucasian	61.1%	52.2%
Other Race	1.1%	5.4%
Declined / Unavailable	19.2%	0.0%

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- written comments,
- remarks made at the public hearing, and
- responses to comments.

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

NA – Both Applicants

Well Care - The applicant proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP. Neither the applicant nor any related entities owns, operates or manages an existing hospice home care agency office located in the service area. Therefore, Criterion (13b) is not applicable to this review.

3HC - The applicant proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP. Neither the applicant nor any related entities owns, operates or manages an existing hospice home care agency office located in the service area. Therefore, Criterion (13b) is not applicable to this review.

- (c) That the elderly and the medically underserved groups identified in this subdivision 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; and

C – Both Applicants

Well Care - The applicant proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP. In Section L, page 81, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Payor Mix, OY 3

PAYOR CATEGORY	# UNDUPLICATED ADMISSIONS	% OF TOTAL	DAYS OF CARE	% OF TOTAL
Self-Pay/Charity Care	4	1.8%	165	1.0%
Medicare	194	87.2%	15,216	92.0%
Medicaid	17	7.6%	827	5.0%
Private Insurance	8	3.4%	331	2.0%
Total	222	100.0%	16,539	100.0%

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.0% of days of care will be provided to self-pay and charity care patients, 92.0% to Medicare patients and 5.0% to Medicaid patients.

On pages 82 - 84, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year following completion of the project. The projected payor mix is reasonable and adequately supported for the following reasons:

- Projected payor mix is based on the applicant’s historical payor mix in its existing home care agencies in North Carolina.
- Projected payor mix is based on the experience of other home care agencies in Cumberland County.
- The applicant expresses a commitment to expand access to hospice home care services for the medically underserved in Section C, page 48 and Section L, page 85.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

3HC - The applicant proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP. In Section L, page 96, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Payor Mix, OY 3

PAYOR CATEGORY	# UNDUPLICATED ADMISSIONS	% OF TOTAL	DAYS OF CARE	% OF TOTAL
Self-Pay/Charity Care	3	1.4%	183	1.4%
Medicare	194	88.9%	11,795	88.9%
Medicaid	15	6.7%	884	6.7%
Private Insurance	8	3.0%	399	3.0%
Total	218	100.0%	13,262	100.0%

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.4% of days of care will be provided to self-pay and charity care patients, 88.9% to Medicare patients and 6.7% to Medicaid patients.

On pages 96 - 97, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year following completion of the project. The projected payor mix is reasonable and adequately supported for the following reasons:

- Projected payor mix is based on the experience of other home care agencies in Cumberland County.

- The applicant expresses a commitment to expand access to hospice home care services for the medically underserved in Section C, page 48 and Section L, pages 66 - 67.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C – Both Applicants

Well Care - The applicant proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP. In Section L, page 85, the applicant adequately describes the range of means by which patients will have access to the proposed services. The applicant provides supporting documentation in Exhibit 13.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

3HC - The applicant proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP. In Section L, page 98, the applicant adequately describes the range of means by which patients will have access to the proposed services. The applicant provides supporting documentation in Exhibit L.5.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C – Both Applicants

Well Care - The applicant proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP. In Section M, page 86, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit 11.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the applicant adequately demonstrates that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore, the application is conforming to this criterion.

3HC - The applicant proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP. In Section M, page 99, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes. The applicant includes a table to illustrate the educational institutions with which 3HC has existing training agreements in place.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the applicant adequately demonstrates that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore, the application is conforming to this criterion.

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.

- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C – Both Applicants

The 2018 SMFP identifies a need determination for one hospice home care office in Cumberland County. Table 13B on page 349 of the 2018 SMFP indicates there are nine hospice offices licensed in Cumberland County. Table 13A, on page 327 of the 2018 SMFP lists five hospice agencies that are located in Cumberland County providing services in Cumberland County. A sixth provider, Continuum II Home Care & Hospice of Cumberland County (License Number HOS3272) did not serve patients in FFY 2017. Neither of the two applicants in this review operate any of the existing home hospice agencies in Cumberland County.

The following table illustrates the existing hospice home care offices in Cumberland County as reflected in the 2018 hospice license renewal applications:

License #	Facility Name	Admissions	Days of Care	Deaths
HOS1331	Community Home Care and Hospice	214	14,988	182
HOS4799	Cape Fear Valley Hospice and Palliative Care	233	13,277	173
HCO0359	HealthKeeperz	111	12,636	83
HOS4746	PruittHealth Hospice - Fayetteville	76	6,059	72
HOS2004	Liberty Home Care and Hospice	73	3,951	57
Totals		707	50,911	567

Well Care - The applicant proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP. In Section N, pages 87 - 88, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services. On page 87, the applicant states:

“The proposed project will promote cost effective, high quality hospice home care services that will be broadly accessible by local residents... The project will promote competition in the service area because it introduces a new, high quality provider to the Cumberland County marketplace, and will thus ensure more timely provision of and convenient access to hospice home care services for all area residents.”

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates:

- The cost-effectiveness of the proposal (see Sections F and Q of the application and any exhibits)
- Quality services will be provided (see Section O of the application and any exhibits)
- Access will be provided to underserved groups (see Section L of the application and any exhibits)

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

3HC - The applicant proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP. In Section N, pages 101 - 107, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates:

- The cost-effectiveness of the proposal (see Sections F and Q of the application and any exhibits)
- Quality services will be provided (see Section O of the application and any exhibits)
- Access will be provided to underserved groups (see Section L of the application and any exhibits)

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C – Both Applicants

Well Care - The applicant proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP. In Section O, page 93, the applicant states it does not currently own, operate or manage any hospice offices in North Carolina. Furthermore, the applicant states it has no related entities that own, operate or manage hospice home care agencies in the state. The applicant states on page 93 that it operates three Medicare-certified home health agencies and seven licensed home care offices in North Carolina, and that none of those agencies had any incidents relating to quality of care or any deficiencies that resulted in a finding of those agencies being out of compliance with Medicare Conditions of Participation during 18 months prior to submittal of this application.

After reviewing and considering information provided by the applicant and considering the quality of care provided at all of Well Care's facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

3HC - The applicant proposes to develop one new hospice home care office in Cumberland County pursuant to the need determination in the 2018 SMFP. In Section A.9, page 12, the applicant identifies a total of nine home health and hospice agencies located in North Carolina owned, operated or managed by the applicant or a related entity.

In Section O, page 110, the applicant states that during the 18 months immediately preceding the submittal of the application, there were no incidents related to quality of care at any of the facilities. After reviewing and considering information provided by the applicant and considering the quality of care provided at all of the facilities listed in Section A.9, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.
- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C – Both Applicants

The applications are conforming to the applicable Criteria and Standards for Hospices, set forth in 10A NCAC 14C .1500, as discussed below.

10A NCAC 14C .1503 PERFORMANCE STANDARDS

An applicant proposing to develop a hospice shall demonstrate that no less than 80 percent of the total combined number of days of hospice care furnished to Medicaid and Medicare patients will be provided in the patients' residences in accordance with 42 CFR 418.302(f)(2).

- C- **Well Care** - In Section C, page 49, the applicant states 94.8% of the total days of care (DOC) to be provided to Medicare and Medicaid patients will be provided in the patients' residences, as shown in the table below.

PAYOR SOURCE	DOC IN PATIENT RESIDENCE	DOC IN OTHER LOCATIONS	TOTAL DAYS (ALL LOCATIONS)	PT. RESIDENCE % TOTAL DAYS
Self-Pay / Charity Care	80	4	84	95.2%*
Medicare	7,341	404	7,745	94.8%
Medicaid	399	22	421	94.8%
Private Insurance	160	9	168	95.2%*
Total	7,980	439	8,419	94.8%

*The application shows 94.8%; however, $80 / 84 = .9524$, which is 95.2% for self-pay / charity care; and $160 / 168 = 0.9524$, which is 95.2% for private insurance.

- C- **3HC** - In Section C, pages 69 - 70, the applicant states that 99.5% of the total days of care (DOC) to be provided to Medicare patients will be provided in the patients' residences, and 99.7% of the total DOC to be provided to Medicaid patients will be provided in the patients' residences in each of the three project years, as shown in the table below, which shows the first project year:

Cumberland County Hospice Agency Review

Project ID #'s: M-11530-18, M-11533-18

Page 40

PAYOR SOURCE	DOC IN PATIENT RESIDENCE	DOC IN OTHER LOCATIONS	TOTAL DAYS (ALL LOCATIONS)	PT. RESIDENCE % TOTAL DAYS
Self-Pay / Charity Care	163	1*	164	99.7%
Medicare	10,484	55	10,539	99.5%
Medicaid	788	2	790	99.7%
Private Insurance	356	1	357	99.7%
Total	11,792	59*	11,851*	

*The applicant's total days under "self-pay/charity care" shows 164 days; therefore, the Project Analyst added the one day in "other locations" to be consistent with the total.

COMPARATIVE ANALYSIS OF THE COMPETING APPLICATIONS

Pursuant to N.C. Gen. Stat. §131E-183(a)(1) and the 2018 State Medical Facilities Plan, no more than one new hospice home care agency may be approved in this review for Cumberland County. Because the two applicants collectively propose to establish two new hospice home care agencies, both of the applications cannot be approved. Therefore, after considering all of the information in each application and reviewing each application individually against all applicable review criteria, the Project Analyst also conducted a comparative analysis of the proposals to decide which proposal should be approved.

Patient Access to a New Provider

Well Care or its parent company own three Medicare certified home health agencies, eight licensed home care offices and one non-operational hospice agency office in North Carolina. In December 2015, Well Care Hospice, Inc. acquired Davie County Home Health, which was licensed for Medicare certified home health and hospice home care. No hospice patients were being served at that time. Currently, the hospice agency office is still not operational. **3HC** operates seven dually certified home health offices and hospice agencies, and two inpatient hospice facilities in North Carolina. **Well Care** would be a new hospice home care agency in Cumberland County; therefore, with regard to patient access to and choice of a new provider, the application submitted by **Well Care** is the more effective alternative.

Prior Experience Providing Hospice Home Care Services

Well Care has experience providing home health care; however, it does not have any experience providing hospice home care services. **3HC** currently operates seven dually certified home health offices and hospice agencies and two inpatient hospice facilities in North Carolina. Therefore, with regard to prior experience in providing hospice home care services, the application submitted by **3HC** is the more effective alternative.

Services to the Medically Underserved

Projected Access by Medicare Recipients

For each applicant in this review, the following table compares: (a) the total number of days of care in Project Year 3 and (b) the percentage of Medicare patient days as a percentage of total patient days in Project Year 3. Generally, the application proposing the higher number of Medicare patient days of care is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in order of effectiveness based on the number of Medicare patient days projected to be served.

ACCESS BY MEDICARE RECIPIENTS, PROJECT YEAR 3

APPLICANT	TOTAL DAYS OF CARE	TOTAL HOSPICE MEDICARE DAYS OF CARE	MEDICARE PATIENTS AS % OF TOTAL DAYS OF CARE
Well Care	16,539	15,216	92.0%
3HC	13,262	11,795	88.9%

Source: Applications Section L

As shown in the table above, **Well Care** projects to serve a larger percentage of Medicare patient days of care in Project Year 3, and proposes to serve a larger number of Medicare patient days of care in Project Year 3. Therefore, based on projected access by Medicare recipients, the application submitted by **Well Care** is the more effective proposal, and the application submitted by **3HC** is the less effective proposal.

Projected Access by Medicaid Recipients

For each applicant in this review, the following table compares: (a) the total number of days of care in Project Year 3 and (b) the percentage of Medicaid patient days as a percentage of total patient days in Project Year 3. Generally, the application proposing the higher number of Medicaid patient days of care is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in order of effectiveness based on the number of Medicare patient days projected to be served.

ACCESS BY MEDICAID RECIPIENTS, PROJECT YEAR 3

APPLICANT	TOTAL DAYS OF CARE	TOTAL HOSPICE MEDICAID DAYS OF CARE	MEDICAID PATIENTS AS % OF TOTAL DAYS OF CARE
3HC	13,262	884	6.7%
Well Care	16,539	827	5.0%

Source: Applications Section L

As shown in the table above, **3HC** projects to serve a larger percentage of Medicaid patient days of care in Project Year 3, and proposes to serve a larger number of Medicaid patient days of care in Project Year 3. Therefore, based on projected access by Medicaid recipients, the application submitted by **3HC** is the more effective proposal, and the application submitted by **Well Care** is the less effective proposal.

Projected Access by Charity Care Patients

For each applicant in this review, the following table compares charity care as a percentage of gross revenue projected by the applicants in the third operating year of the project. Generally, the application proposing the higher percentage of charity care is the more effective alternative with regard to this comparative factor. Note: the applicants may not define charity care the same way. The applicants' charity care as a percentage of gross revenue is shown below.

ACCESS BY CHARITY CARE PATIENTS, PROJECT YEAR 3

APPLICANT	CHARITY CARE	GROSS REVENUE	CHARITY CARE AS A % OF GROSS REVENUE
3HC	\$35,565	\$2,572,778	1.4%
Well Care	\$30,854	\$3,022,543	1.0%

Source: Application Section Q, Form F.4

As shown in the table above, **3HC** projects a slightly higher percentage of charity care in Project Year 3, and **Well Care** projects a slightly lower percentage of charity care in Project Year 3. Therefore, based on projected access by charity care patients, the application submitted by **3HC** is the more effective proposal, and the application submitted by **Well Care** is the less effective proposal.

Geographic Access / Location of Office

Both applicants project in Section C to serve residents of Cumberland County. **Well Care** proposes to also serve Bladen, Harnett, Hoke and Sampson counties, each of which is contiguous to Cumberland County, to the South, North, West and East, respectively. **3HC** proposes to also serve Bladen, Hoke and Harnett counties. **Well Care** proposes to serve patients in one more county than **3HC**; however, that fact is of little comparative value, because facilities may serve residents outside of their proposed service area. Neither of the two applicants proposes to serve patients in a county that does not currently have hospice services; therefore, **Well Care** and **3HC** are equally effective alternatives with regard to geographic access.

Number of Patients Projected to be Served

The following table illustrates the number of patients each applicant projects to serve and the total days of care to be provided Project Year Three, as stated by each applicant in Section Q, Form C:

Projected Patients and Days of Care	
	PY 3
3HC	
Patients Served	247
Total Days of Care	13,262
Well Care	
Patients Served	277
Total Days of Care	16,539

As the above table illustrates, **Well Care** projects to serve more patients and more patient days in Project Year three. Therefore, with regard to the number of patients projected to be served and the total number of patient days, **Well Care** is the more effective alternative and **3HC** is the less effective alternative.

Net Revenue per Day of Care in Project Year 3

Net revenue per patient day is calculated by dividing the Project Year 3 projected net revenue by the Project Year 3 total patient days. Generally, the applicant proposing the lowest net revenue per patient

day is the most effective alternative with regard to net revenue per patient day. The following table illustrates the projected net revenue per patient day in Project Year 3 for both applicants:

Net Revenue per Day of Care, Project Year 3

APPLICANT	NET REVENUE	TOTAL PATIENT DAYS	NET REVENUE PER PATIENT DAY
3HC	\$2,188,902	13,262	\$165.05
Well Care	\$2,956,527	16,539	\$178.76

Well Care projects higher net revenue per day of care, and **3HC** projects lower net revenue per day of care. Therefore, with regard to projected revenue per days of care, the application submitted by **3HC** is the more effective alternative.

Cost per Day of Care in Project Year 3

Cost per patient day is calculated by dividing the projected total costs in Project Year 3 by the total number of days of care in Project Year 3. Generally, the applicant proposing the lowest cost per day of care is the more effective alternative with regard to cost per day of care. The following table illustrates each applicant's projected cost per day of care in Project Year 3:

Cost per Day of Care, Project Year 3

APPLICANT	TOTAL COSTS	TOTAL PATIENT DAYS	COST PER PATIENT DAY
3HC	\$2,008,288	13,262	\$151.43
Well Care	\$2,783,688	16,539	\$168.31

Well Care projects higher cost per day of care, and **3HC** projects lower cost per day of care. Therefore, with regard to projected costs per day of care, the application submitted by **3HC** is the more effective alternative.

Net Revenue per Admission in Project Year 3

Net revenue per admission is calculated by dividing the Project Year 3 projected net revenue by the projected number of Project Year 3 unduplicated admission provided in Section Q, Form C of the applications. Generally, the applicant proposing the lowest net revenue per patient is the most effective alternative with regard to net revenue per patient. The following table illustrates the projected net revenue per patient:

Net Revenue per Admission, Project Year 3

APPLICANT	NET REVENUE	UNDULICATED ADMISSIONS	NET REVENUE PER ADMISSION
3HC	\$2,188,902	218	\$10,040.83
Well Care	\$2,956,527	222	\$13,317.69

Source: Form C and Form F.5, Section Q of each application

Well Care projects higher net revenue per unduplicated admission, and **3HC** projects lower net revenue per unduplicated admission. Therefore, with regard to projected net revenue per unduplicated admission, the application submitted by **3HC** is the more effective alternative.

Salaries for Key Direct Care Staff: RN, Social Worker

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

Salaries of Key Direct Care Staff, Project Year 3

APPLICANT	REGISTERED NURSE	CNA/AIDES	SOCIAL WORKER
3HC	\$70,747	\$24,762	\$54,122
Well Care	\$77,097	\$30,594	\$61,458

Well Care projects higher annual salaries in Project Year 3 for registered nurses, certified nursing assistants / aides and social workers, and **3HC** projects lower annual salaries in Project Year 3 for those positions. Therefore, with regard to salaries of key direct care staff, the application submitted by **Well Care** is the more effective alternative.

Benefits and Taxes

In recruitment and retention of personnel, taxes and benefits are a significant factor in addition to salaries. Generally, the application proposing the higher taxes and benefits for salaries is the more effective alternative with regard to this comparative factor. **3HC** projects 34.04% of salaries for benefits and taxes. **Well Care** proposes 19.0% of salaries for benefits and taxes. Therefore, **3HC** is the more effective alternative with regard to benefits and taxes.

Provision of Ancillary and Support Services

As shown in the table below, **Well Care** and **3HC** propose to directly provide home health aides, dietary counseling, and physical, occupational, and speech therapies. **Well Care** and **3HC** will provide inpatient, respite and residential services through contractual agreements. **Well Care** and **3HC** have current agreements with skilled nursing and hospital facilities for inpatient, respite and residential care.

Both **Well Care** and **3HC** will provide pharmacy, DME and medical supplies through contractual agreements and both currently have service agreements with pharmacy, DME and medical supply vendors.

ANCILLARY & SUPPORT SERVICES	WELL CARE	SERVICE AGREEMENTS	3HC	SERVICE AGREEMENTS
Home Health Aide	X*		X*	
Physical Therapy	X*		X*	
Occupational Therapy	X*		X*	
Speech Therapy	X*		X*	
Inpatient		X**	X*	X**
Respite		X***	X*	X**
Residential		X***	X*	X**
Dietary Counseling	X*		X*	
Pharmacy		X**		X**
DME		X**		X**
Medical Supplies		X**		X**

Source: Applications, referenced exhibits.

*Directly provide through contract.

**Existing service agreement.

***Proposed service agreement.

The applicants' proposed provision of ancillary and support services, as shown in the table above, shows that both **Well Care** and **3HC** are comparable.

Average Care Load

In the application form, Section H.2 asks for average case load for five disciplines and states: *“Average case load means the preferred number of patients for which a staff member has responsibility or to which she or he is assigned at any one time. This should not be expressed as a range but instead as a single number.”* **3HC** provided the appropriate information in response to the application question. **Well Care** did not provide the appropriate information in response to the application question; instead, it provided the number of patient visits per day by position. Since **Well Care** did not provide the information requested by the application question, the project analyst cannot make a comparison. Therefore, the application submitted by **3HC** is the more effective alternative with regard to average case load.

SUMMARY

The following is a summary of the comparative analysis performed on the proposed projects submitted during this review.

For each of the comparative factors listed below, **Well Care** and **3HC** applications are determined to be equally effective:

- Geographic Accessibility
- Provision of Ancillary and Support Services

For each of the comparative factors listed below, the application submitted by **3HC** is determined to be the more effective alternative.

- Prior Experience Providing Hospice Home Care Services
- Access by Medicaid Patients
- Access by Charity Care Patients
- Projected Average Net Revenue per Day of Care
- Projected Average Cost per Day of Care
- Projected Average Net Revenue per Admission
- Benefits and Taxes
- Average Case Load

For the comparative factors listed below, the application submitted by **Well Care** is determined to be the more effective alternative.

- Patient Access to a New Provider
- Projected Access by Medicare Patients
- Projected Number of Patients to be Served
- Staff Salaries

CONCLUSION

The applications submitted by **Well Care** and **3HC** are individually conforming to the need determination in the 2018 SMFP for one additional hospice home care agency office in Cumberland County. N.C. Gen. Stat. §131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of hospice home care agency offices that can be approved by the Healthcare Planning and Certificate of Need Section. The Healthcare Planning and Certificate of Need Section determined that the application submitted by **3HC** as conditioned below is the more effective alternative proposed in this review for the development of one additional hospice home care agency in Cumberland County, and thus the application submitted by **3HC** is approved. The approval of another application would result in a hospice home care agency office in excess of the need determination. Therefore, the application submitted by **Well Care** is denied.

The application submitted by **3HC** is approved subject to the following conditions:

- 1. Home Health Care and Hospice Care, Inc. shall materially comply with all representations made in the certificate of need application.**
- 2. Home Health Care and Hospice Care, Inc. shall develop no more than one hospice home care office in Cumberland County, per the need determination identified in the 2018 State Medical Facilities Plan.**
- 3. Upon completion of the project, Home Health Care and Hospice Care, Inc. shall be licensed for no more than one hospice home care office in Cumberland County.**
- 4. No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, Home Health Care and Hospice Care, Inc. shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
 - a. Payor mix for the services authorized in this certificate of need.**
 - b. Utilization of the services authorized in this certificate of need.**
 - c. Revenues and operating costs for the services authorized in this certificate of need.**
 - d. Average gross revenue per unit of service.**
 - e. Average net revenue per unit of service.**
 - f. Average operating cost per unit of service.**
- 5. Home Health Care and Hospice Care, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**