

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: January 29, 2019

Findings Date: February 5, 2019

Project Analyst: Bernetta Thorne-Williams

Assistant Chief: Lisa Pittman

Project ID #: J-11615-18

Facility: Well Care Home Health

FID #: 180512

County: Wake

Applicant: Well Care Home Health of the Southern Triangle, Inc.

Project: Develop a new Medicare-certified home health agency in Wake County pursuant to the Need Determination in the 2018 State Medical Facilities Plan

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

The applicant, Well Care Home Health of the Southern Triangle, Inc., (WCHHST) d/b/a/ Well Care Home Health (WCHH) proposes to develop a Medicare-certified home health agency in Wake County, pursuant to the need determination identified in the 2018 State Medical Facilities Plan (SMFP). The parent company of Well Care Home Health of the Southern Triangle, Inc., is Well Care Health, LLC, (WCH) which operates four other Medicare-certified home health agencies in North Carolina. One of those is Well Care Home Health of the Triangle (WCHH Triangle). The proposed agency will be referred to as WCHH Southern Triangle.

Need Determination

The 2018 SMFP contains a need methodology for determining the need for additional Medicare-certified home health agencies in North Carolina. Application of the need methodology in the 2018 SMFP identified a need for two new Medicare-certified home health agencies in Wake County. Two applications for this review were received by the Certificate of Need Section to develop a new Medicare-certified home health agency in Wake County. Pursuant to the need determination, two Medicare-certified home health agencies may be approved in Wake County. Therefore, this application is not considered to be competitive because the applicant is only applying to develop one Medicare-certified home health agency. Therefore, the application is conforming to the 2018 SMFP need determination for Medicare-certified home health.

Policies

There is one policy in the 2018 SMFP applicable to this review. **Policy GEN-3: Basic Principles** on page 33 of the 2018 SMFP 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.”

Promote Safety and Quality

In Section B.3, pages 15-16, Section N.2(b), page 115-116, Section O, pages 118-121 and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant’s proposal would promote equitable access.

Promote Equitable Access

In Section B.3, page 16, Section C, pages 32-35, Section N.2(c), page 116-117 and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant’s proposal would promote equitable access.

Maximizing Healthcare Value

In Section B.3, pages 16-19, Section K.3, pages 101-102, Section N.2(a), page 113-115 and referenced exhibits. The information provided by the applicant is reasonable and adequately supports the determination that the applicant’s proposal would promote equitable access.

The applicant adequately demonstrates how its projected volumes incorporate the concepts of quality, equitable access and maximum value for resources expended in meeting the facility need as identified by the applicant. Therefore, the application is consistent with Policy GEN-3.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

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 Medicare-certified home health agency than is 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 care.
 - The applicant adequately demonstrates how its proposal will promote equitable access.
 - The applicant adequately demonstrates how its proposal will promote maximizing healthcare value.

(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

The applicant proposes to develop a Medicare-certified home health agency in Wake County, pursuant to the need determination identified in the 2018 SMFP. The applicant proposes to develop the home health agency at 351 West Center Street, in Holly Springs in southern Wake County. The applicant states on page 11, that there is not currently a Medicare-certified home health agency in southern Wake County.

Patient Origin

On page 248, the 2018 SMFP defines the service area for Medicare-certified home health agency office as the Medicare-certified home health agency office planning area in which the office is located. Each of the 100 counties in the state is a separate Medicare-certified home health agency office planning area. Thus, the service area for this agency office consists of Wake County. Offices may also serve residents of counties not included in their service area.

In Section C.2, page 32, the applicant provides a table illustrating its projected patient origin by county in the third full fiscal year (PY3). There is no current patient origin because the applicant proposes a new agency.

**WCHH Southern Triangle
FY2022 (OY3)**

County	# of Unduplicated Patients	% of Total
Wake	887	88.8%
Harnett	50	5.0%
Johnson	42	4.2%
Chatham	20	20%
Total	999	100.0%

In Section Q, pages 124-131, the applicant provides the assumptions and methodology used to project patient origin. The applicant's assumptions are reasonable and adequately supported.

Analysis of Need

In Section C.3, pages 33-59, the applicant explains why it believes the population projected to utilize the proposed services need the proposed services. On page 33, the applicant states the need for the proposed project is based on the following:

- Growth of home health patients served by the existing WCHH Triangle agency in Wake County (pages 33-37),
- Need to enhance access to Medicare-certified home health services in southern Wake County (pages 37-46),
- The need determination in the 2018 SMFP which identified a need for two additional Medicare-certified home health agencies in Wake County (pages 46-48),
- Population growth and aging in the service area (pages 48-50),
- Health disparities by race (pages 50-53),
- Home health use rates (pages 53-54), and
- Home health's role in reducing care and spending (pages 54-59).

Projected Utilization

In Section Q, page 139, the applicant provides the projected unduplicated patient utilization for the proposed new Medicare-certified home health agency office, by county, as illustrated in the following table.

County	FY2020 (OY1)	FY2021 (OY2)	FY2022 (OY3)
Wake	565	738	887
Chatham	12	16	20
Harnett	35	42	50
Johnston	24	33	42
Total	635	829	999

In Section Q, pages 124-150, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1 Service Area

The applicant states on page 124, that the 2018 SMFP identified a need for new for additional Medicaid-certified home health agencies in Wake County. The applicant proposes to provide services to patients residing in southern Wake County based on the following ZIP Codes/cities: 27540 (Holly Springs), 27526 (Fuquay Varina), 27502, 27523 and 27539 (Apex), 27511, 27513, 27518, and 27519 (Cary), 27529 (Garner), 27562 (New Hill) and 27592 (Willow Springs). The applicant states on page 125 that the proposed service area crosses the Wake County line to include some contiguous counties. However, the applicant states that “*Well Care intends to primarily focus on the portion of the population residing within Wake County.*”

Step 2 Population

The applicant provides a table on page 125, which summarizes the total population for the proposed service area from 2018-2023, as illustrated below.

WCHH Southern Triangle Service Area Projected Population 2018 – 2023							
	2018	2019	2020	2021	2022	2023	5 Year CAGR*
27502 (Apex)	41,161	42,020	42,880	43,739	44,599	45,458	2.0%
27523 (Apex)	10,337	10,492	10,647	10,802	10,957	11,112	1.5%
27526 (Fuquay Varina)	49,774	50,838	51,902	52,966	54,030	55,094	2.1%
27511 (Cary)	33,765	34,056	34,347	34,637	34,928	35,219	0.9%
27513 (Cary)	45,076	45,731	46,385	47,040	47,694	48,349	1.4%
27518 (Cary)	22,616	22,972	23,329	23,685	24,042	24,398	1.5%
27519 (Cary)	54,978	56,127	57,276	58,424	59,573	60,722	2.0%
27529 (Garner)	50,641	51,518	52,394	53,271	54,147	55,024	1.7%
27539 (Apex)	24,834	25,335	25,836	26,337	26,838	27,339	1.9%
27540 (Holly Springs)	37,591	38,359	39,126	39,894	40,661	41,429	2.0%
27562 (New Hill)	2,049	2,071	2,093	2,114	2,136	2,158	1.0%
27592 (Willow Spring)	17,748	18,076	18,404	18,731	19,059	19,387	1.8%
Projected Population (all ages)	390,570	397,594	404,618	411,641	418,665	425,689	1.7%

*CAGR rounded to nearest whole number
 Totals may not foot due to rounding

As illustrated in the above table, the applicant projects that the service area population for the proposed new Medicare-certified home health agency office will have a 5-year compound annual growth rate (CAGR) of 1.7% over all age cohorts from 2018 through 2023.

Step 3 Projected Home Health Patient Demand

On page 126, the applicant states that Wake County’s use rates by age group were applied to the appropriate ZIP Code data to project the total demand for home health (HH) services. The applicant further states that to remain conservative, the FY2017 use rates were held constant, as illustrated in the table below.

WCHH Southern Triangle Projected Unduplicated Home Health Patients 2018 - 2023						
	2018	2019	2020	2021	2022	2023
27502 (Apex)	540	570	599	629	659	689
27523 (Apex)	177	186	195	203	212	221
27526 (Fuquay Varina)	883	929	976	1,022	1,068	1,115
27511 (Cary)	854	878	903	927	952	976
27513 (Cary)	627	670	713	755	798	841
27518 (Cary)	431	457	482	508	534	559
27519 (Cary)	761	803	846	888	931	973
27529 (Garner)	924	969	1,014	1,060	1,105	1,150
27539 (Apex)	328	352	377	401	425	450
27540 (Holly Springs)	464	494	525	555	586	616
27562 (New Hill)	50	51	53	54	56	57
27592 (Willow Spring)	268	285	303	320	337	355
Projected HH (all ages)*	6,306	6,645	6,984	7,323	7,663	8,002

*Totals may not foot due to rounding.

Formula: (Population/1000) x FY2017 home health use rate by age cohort

Step 4 Projected Market Share

On pages 127-128, the applicant estimates market share during the interim years based on FY2017 home health patients by ZIP Code served by WCHH Triangle. FY2017 data is projected forward two years based on projected population growth. These estimates were compared to projected HH demand from Step 3 to estimate market share by ZIP Code. The applicant projects a 2.5 percent increase in market share in FY2020, project year (PY) 1, 2.0 percent market share increase in FY2021 (PY2), and 1.5 percent market share increase in FY2022 (PY3). The following table illustrates the service area projected HH patient market share.

	WCHH Triangle		Proposed WCHH Southern Triangle			Projected Incremental Market Share		
	FY 2018	FY 2019*	FY 2020	FY 2021	FY 2022	FY 2020	FY 2021	FY 2022
27502 (Apex)	7.0%	6.8%	9.3%	11.3%	12.8%	2.5%	2.0%	1.5%
27523 (Apex)	3.4%	3.3%	5.8%	7.8%	9.3%	2.5%	2.0%	1.5%
27526 (Fuquay Varina)	6.4%	6.2%	8.7%	10.7%	12.2%	2.5%	2.0%	1.5%
27511 (Cary)	5.7%	5.6%	8.1%	10.1%	11.6%	2.5%	2.0%	1.5%
27513 (Cary)	4.2%	4.0%	6.5%	8.5%	10.0%	2.5%	2.0%	1.5%
27518 (Cary)	4.5%	4.3%	6.8%	8.8%	10.3%	2.5%	2.0%	1.5%
27519 (Cary)	4.0%	3.9%	6.4%	8.4%	9.9%	2.5%	2.0%	1.5%
27529 (Garner)	7.4%	7.1%	9.6%	11.6%	13.1%	2.5%	2.0%	1.5%
27539 (Apex)	6.5%	6.2%	8.7%	10.7%	12.2%	2.5%	2.0%	1.5%
27540 (Holly Springs)	5.1%	4.8%	7.3%	9.3%	10.8%	2.5%	2.0%	1.5%
27562 (New Hill)	10.1%	9.9%	12.4%	14.4%	15.9%	2.5%	2.0%	1.5%
27592 (Willow Spring)	8.4%	8.0%	10.5%	12.5%	14.0%	2.5%	2.0%	1.5%

*Well Care projects home health patients by ZIP Code served by Well Care’s existing home health agency, WCHH Triangle, based on the projected population growth rate for each respective ZIP Code. The population age cohorts age 65+ ... are projected to increase by rates greater than the overall population growth rate.

The applicant states on page 129, that its market share increases, by ZIP Code, are reasonable because home health care is a service that travels to the patient’s home. The applicant states that the incremental market share increases are based on a second Well Care Home Health agency being developed in southern Wake County. The applicant states that during FY2017, its existing facility served 359 patients in the identified service area. The applicant projects to build upon the relationships of the existing facility and to develop new relationships for its proposed home health care agency in southern Wake County. Southern Wake County does not currently have a home health care agency. To support the market share projections, the applicant proposes the addition of 1.0 full time equivalent (FTE) marketing/public relations staff in OY1 and an additional 0.5 marketing/public relations staff FTE in OY2. In Exhibit 17, the applicant provides 16 letters of support.

Step 5 Service Area Home Health Patients

On page 132, the applicant provides projected utilization for the proposed new Medicare-certified home health agency office, by ZIP Code and city. The applicant states the home health patients for the proposed agency are based on the projected total of home health patients in Step 3 and the projected market share in Step 4, as illustrated in the following table.

WCHH Southern Triangle Projected Patients						
	FY2020 (OY1)		FY2021 (OY2)		FY2022 (OY3)	
	# of Patients	% of Patients	# of Patients	% of Patients	# of Patients	% of Patients
27502 (Apex)	55	9.7%	71	9.6%	84	9.5%
27523 (Apex)	11	2.0%	16	2.2%	20	2.3%
27526 (Fuquay Varina)	85	15.0%	109	14.8%	130	14.7%
27511 (Cary)	73	12.9%	93	12.6%	110	12.4%
27513 (Cary)	46	8.1%	64	8.7%	80	9.0%
27518 (Cary)	33	5.8%	45	6.1%	55	6.2%
27519 (Cary)	54	9.5%	74	10.0%	92	10.4%
27529 (Garner)	98	17.3%	123	16.7%	145	16.3%
27539 (Apex)	33	5.8%	43	5.8%	52	5.9%
27540 (Holly Springs)	39	6.9%	52	7.0%	63	7.1%
27562 (New Hill)	7	1.2%	8	1.1%	9	1.0%
27592 (Willow Spring)	32	5.7%	40	5.4%	47	5.3%
Total*	566	100.0%	738	100.0%	887	100.0%

*Totals may not foot due to rounding.

The applicant states on page 132, during FY2017, 359 home health patients from the service area were identified. The applicant states that due to development of the proposed home health agency, 379 incremental patients from the service area will be served during OY2 (738 - 359 = 379).

Step 6 Contiguous County Home Health Patients

On page 133, the applicant states it also projects to serve patients from the following three contiguous counties: Harnett, Chatham and Johnston. The 2018 SMFP, Chapter 12, Table 12D, identified a projected deficit of home health patients in those counties in 2019. The applicant projects the deficits in home health patients during the first three years of the proposed project, based on the population growth rate for each county, as illustrated in the table below.

Projected Home Health Patient Deficits 2019-2022					
County	FY2019	Growth Rate*	FY2020	FY2021	FY2020
Chatham	37.86	2.0%	39	39	40
Johnston	78.11	2.64%	80	82	84
Harnett	67.43	1.6%	69	70	71

The applicant assumes that projected home health patient deficits will continue to increase. The applicant projects the deficits based on each counties population growth and aging rates. On page 135, the applicant provides a table which illustrates the projected market share of the projected home health patient deficits for the contiguous counties it proposes to serve, as shown below.

WCHH Southern Triangle Projected Market Share of Projected Home Health Patient Deficits			
County	FY2020	FY2021	FY2020
Chatham	30.0%	40.0%	50.0%
Harnett	50.0%	60.0%	70.0%
Johnston	30.0%	40.0%	50.0%

The applicant states on page 135, that it intends to target underserved home health patients in those counties who are not currently being served by an existing home health agency. The applicant states that its projections for serving those patients in Chatham, Harnett and Johnston counties are supported by the following:

- Well Care currently serves home health patients in Chatham, Harnett, and Johnson counties.
- During FY2017, Well Care Home Health served 163 patients in Chatham County, 636 patients in Harnett County, and 630 patients in Johnston County.
- Well Care currently has established relationships with local physicians and other providers serving patients in these three counties.
- The proposed additional home health agency will leverage these existing relationships and will develop more relationships upon completion of the proposed project.
- Well Care maintains robust market share for home health services in Chatham, Harnett, and Johnston counties (see page 136).
- Well Care’s home health agencies have a wide-ranging referral source network.
- Well Care intends to devote resources toward notifying and educating additional Chatham, Harnett, and Johnston County referral sources regarding development of the proposed new home health agency in southern Wake County.

The following table on page 138, summarizes the number or patients the applicant projects to serve from Chatham, Harnett and Johnston County in the first three years of the proposed project.

WCHH Southern Triangle Projected Home Health Patients from Contiguous Counties			
County	FY2020	FY2021	FY2020
Chatham	12	16	20
Harnett	35	42	50
Johnston	24	33	42
Total	71	91	112

Step 7 Total Unduplicated Home Health Patients

On page 139, the applicant combines the data in Steps 5 and 6 to project the number of unduplicated patients to be served in the first three years of the proposed project, as shown in the table below.

WCHH Southern Triangle Total Unduplicated Home Health Patients						
County	FY2020 (OY1)	Percent of Total	FY2021 (OY2)	Percent of Total	FY2022 (OY3)	Percent of Total
Wake	565	89.0%	738	89.0%	887	89.0%
Chatham	12	1.9%	16	1.9%	20	2.0%
Harnett	35	5.5%	42	5.1%	50	5.0%
Johnston	24	3.8%	33	4.0%	42	4.2%
Total	635	100.0%	829	100.0%	999	100.0%

As shown above, the applicant projects that 89 percent of its home health patients will be residents of Wake County during the first three operating years of the proposed project. The applicant projects that 11 percent of its patients will come from contiguous counties.

Step 8 Total Unduplicated Home Health Patients by Admitting Service Discipline

The applicant provides a table on page 140, which illustrates the projected payor source for services at WCHH Southern Triangle by discipline. The projected payor source is based on FY2017 payor source for the existing home health care agency in Wake County, as shown below.

WCHH Southern Triangle Projected Home Health by Admitting Service Discipline				
Admitting Service Discipline	% of Total	FY2020	FY2021	FY2022
Nursing	63.0%	400	522	629
Physical Therapy	36.7%	233	304	367
Speech Therapy	0.3%	2	2	3
Total Unduplicated Clients	100.0%	635	829	999

Step 9 Total Unduplicated Home Health Patients by Payor Source

On page 141, the applicant provides a table which illustrates the payor source for the proposed home health care agency. The applicant states that the majority of its payor source for PY1-3 will be Medicare (68.7%), commercial insurance will account for 25.2%, Medicaid 5.7%, and indigent/self pay 0.4% of Southern Triangle's total unduplicated payor source.

Step 10 Patient Readmissions

On page 142, the applicant projects that 10 percent of Medicare and Medicaid patient will require home health care services on more than one occasion during a 12-month period. The applicant states this assumption is based on Well Care's historical experience. The applicant does not project readmissions for commercial or private pay patients. The applicant does not project any readmissions during the first six months of the proposed project.

Step 11 Medicare Episodes of Care ¹

The applicant states on page 143 that the average Medicare episodes of care per admission at its existing Medicare-certified home health agency in Wake County in FY2017, was 1.3276 percent. Well care assumes a 60-day episode, as illustrated below.

¹ Medicare reimbursement is based on episodes of care rather than per visit. An episode of care, as defined by Medicare, is 60 days. In 2010, The Centers for Medicare and Medicaid Services website explained the home health prospective payment system (PPS) as follows: "Under prospective payment, Medicare pays home health agencies (HHAs) a predetermined base payment. The payment is adjusted for the health condition and care needs of the beneficiary. The payment is also adjusted for the geographic differences in wages for HHAs across the country. The adjustment ... is referred to as the case-mix adjustment. The home health PPS will provide HHAs with payments for each 60-day episode of care for each beneficiary. ... While payment for each episode is adjusted to reflect the beneficiary's health condition and needs, a special outlier provision exists to ensure appropriate payment for those beneficiaries that have the most expensive care needs." The PPS has several categories of payment, including a regular 60-day episode, a case-mix adjustment, which is based upon the home health agency's assessment of the patient's functional status using OASIS (Outcome and Assessment Information Set). To determine the case-mix adjustment, patients are classified into a case-mix group called HHRG (Home Health Resource Group). Another category called LUPA (low-utilization payment adjustment) includes those patients who only require four or fewer visits. Outlier payment adjustments are made for those patients requiring costlier care. Finally, a PEP (partial episode payment) is made when a patient transfers to a different home health agency or is discharged and readmitted within a 60-day episode.

WCHH Southern Triangle Projected Patients/Episodes by Payor			
Admitting Service Discipline	FY2020 PY1	FY2021 PY2	FY2022 PY3
Medicare Episode Starts	592	831	1,002
Medicaid	38	52	63
Commercial	160	209	252
Indigent/Self Pay	3	3	4
Total	793	1,095	1,320

Totals may not foot due to rounding

Formula: Medicare and Medicaid patients from Step 10 x 1.3276

Step 12 Medicare Episodes by Reimbursement Type

The applicant based its episode reimbursements on its historical experience as a provider of Medicare-certified home health care services in Wake County. The following table from page 144, illustrates the projected Medicare episode reimbursement by type.

WCHH Southern Triangle Projected Medicare Episodes by Reimbursement Type				
Reimbursement Type	% Distribution	FY2020 PY1	FY2021 PY2	FY2022 PY3
Full Episodes without Outliers	88.75%	526	738	889
Full Episodes with Outliers	0.73%	4	6	7
Low Utilization Payment Adjustments*	9.6%	57	80	97
Partial Episode Payments**	0.85%	5	7	9
Total	100.0%	592	831	1,002

*Low Utilization Payment Adjustments

** Partial Episode Payments

The applicant provides a table on page 145 which combines Medicare episodes by reimbursement type with the projected Medicaid, commercial, indigent and private pay patients in Steps 9-11.

Step 13 Projected Visits by Payor Source

On page 146, the applicant projects visits by payor source based on the FY2018 historical WCHH Triangle data of its existing Medicare-certified home health agency in Wake County.

Step 14 Projected Visits by Service Discipline

On page 147, the applicant provides two tables which illustrates the projected visits by service discipline. The applicant states that its projections are based on FY2018 historical date for WCHH Triangle's existing home health agency in Wake County. On pages 148-149, the applicant provides the following tables which summarize its previous assumptions and methodology for PY1-PY3, as shown below.

Projected Visits by Service Discipline and Payor PY1 FY2020

Discipline	Medicare without Outlier	Medicare with Outlier	Medicare LUPA	Medicare PEP	Medicaid	Commercial	Indigent/ Self Pay	Total
SN	2,780	79	84	20	424	882	5	4,274
PT	3,220	37	43	28	34	1,142	8	4,512
OT	1,035	27	7	7	10	342	1	1,430
ST	166	7	2	2	4	48	1	230
MSW	96	2	3	1	1	27	0	129
HA	449	13	1	2	16	149	0	630
Total	7,745	165	141	60	489	2,590	15	11,204

Skilled nursing (SN), physical therapy (PT), occupational therapy (OT), speech therapy (ST), medical social worker (MSW), home health aide (HA)

Projected Visits by Service Discipline and Payor PY2 FY2021

Discipline	Medicare without Outlier	Medicare with Outlier	Medicare LUPA	Medicare PEP	Medicaid	Commercial	Indigent/ Self Pay	Total
SN	3,902	111	118	28	574	1,151	7	5,891
PT	4,520	52	60	40	46	1,491	11	6,219
OT	1,453	38	10	10	13	446	1	1,972
ST	233	10	3	2	5	63	1	317
MSW	135	2	4	1	1	35	0	179
HA	631	18	2	3	21	195	0	869
Total	10,873	231	198	84	662	3,381	20	15,448

Projected Visits by Service Discipline and Payor PY3 FY2022

Discipline	Medicare without Outlier	Medicare with Outlier	Medicare LUPA	Medicare PEP	Medicaid	Commercial	Indigent/ Self Pay	Total
SN	4,703	134	142	33	692	1,388	8	7,101
PT	5,448	63	72	48	56	1,797	13	7,497
OT	1,752	45	13	12	16	538	1	2,378
ST	280	12	4	3	6	76	1	383
MSW	162	3	5	1	2	43	0	216
HA	760	21	2	3	26	235	0	1,047
Total	13,106	278	238	101	798	4,076	24	18,622

Step 15 Projected Duplicated Clients by Service Discipline

On page 150, the applicant provides a table which illustrates the duplicated clients by service discipline based on FY2017 historical data of WCHH Triangle's existing Wake County home health care agency.

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

Access

In Section C, page 61, the applicant states,

“All area residents, including low income persons, racial and ethnic minorities, women, handicapped persons, the elderly and other underserved groups, will have access to the proposed home health services. Well care does not and will not discriminate on the basis of race, ethnicity, age, gender, or disability.”

In Section L, page 108, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, which is based on FY2017 payor mix of WCHH Triangle.

WCHH Triangle Third Full FY 10/1/2021-9/30/2022		
Payor Source	# of Unduplicated Patients	Percent of Total Revenue
Self-Pay / Charity	4	0.4%
Medicare*	686	68.7%
Medicaid*	57	5.7%
Private Insurance*	252	25.2%
Total	999	100.0%

*Includes managed care plans

The projected payor mix is reasonable and adequately supported.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

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

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the proposed services.
- Projected utilization is reasonable and adequately supported.
- The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services (payor mix) and adequately supports its assumptions.

- (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

The applicant does not propose to reduce a service, eliminate a service, or relocate a facility or 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

Well Care proposes to develop a Medicare-certified home health agency in Wake County, pursuant to the need determination identified in the 2018 State Medical Facilities Plan (SMFP). The applicant proposes to develop the home health agency at 351 West Center Street, in Holly Springs in southern Wake County.

In Section E.2, pages 67-70, 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 is not the most effective alternative due to the need determination in the 2018 SMFP for two additional Medicare-certified home health agencies in Wake County.
- Develop the office in a different location - The applicant states that it considered locating the proposed office in eastern Wake County. The applicant states that its current Well Care facility is located in north Raleigh and services patients in northern and western Wake County. However, the applicant reviewed the population distribution and the projected population growth rates for eastern Wake County and determined that it is projected to have a lower growth rate than southern Wake County. Thus, the applicant concluded that this was not the most effective alternative.
- Establish a work station/waystation in southern Wake County - The applicant states there are “*many stringent requirements that apply to home health work stations/waystations that limit a provider’s use of the service.*” The applicant states that an agency cannot promote its home health agency, have identifying signage, list the telephone number, maintain a full staff or accept referrals at the work station/waystation. Therefore, the applicant concludes that this is not the most effective.

The applicant adequately demonstrates that the alternative proposed in this application will meet the need for the proposed project because it is the most cost-effective alternative.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Well Care Home Health of the Southern Triangle, Inc., d/b/a/ Well Care Home Health shall materially comply with all representations made in the certificate of need application.**
 - 2. Pursuant to the need determination identified in the 2018 State Medical Facilities Plan, Well Care Home Health of the Southern Triangle, Inc., d/b/a/ Well Care Home Health shall develop no more than one Medicare-certified home health care agency in Wake County.**
 - 3. Upon completion of the project, Well Care Health, LLC shall be licensed for no more than two Medicare-certified home health care agencies in Wake 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, Well Care Home Health of the Southern Triangle, Inc., d/b/a/ Well Care Home Health 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. Well Care Home Health of the Southern Triangle, Inc., d/b/a/ Well Care Home Health 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.**
- (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.

Well Care proposes to develop a Medicare-certified home health agency in Wake County, pursuant to the need determination identified in the 2018 State Medical Facilities Plan (SMFP). The applicant proposes to develop the home health agency at 351 West Center Street, in Holly Springs in southern Wake County.

Capital and Working Capital Costs

In Section Q, the applicant provides Form F.1 which projects the total capital cost of the project, as shown below in the table.

WCHH Southern Triangle	
Non-medical equipment	\$35,000
Furniture	\$20,000
Consultant fees	\$40,000
Contingency	\$5,000
Total	\$100,000

In Section Q and Exhibit 6, the applicant provides the assumptions used to project the capital cost.

In Section F, page 73, the applicant projects that start-up costs will be \$70,000 and initial operating expenses will be \$360,000 for a total working capital of \$430,000. On page 73, the applicant provides the assumptions and methodology used to project the working capital needs of the project.

Availability of Funds

In Section F, page 71, the applicant states that the capital cost will be funded as shown in the table below.

Sources of Capital Cost Financing		
Type	WCHH Southern Triangle	Total
Loans	\$0.0	\$0.0
Accumulated reserves or OE *	\$100,000	\$100,000
Bonds	\$0.0	\$0.0
Other (Specify)	\$0.0	\$0.0
Total Financing	\$100,000	\$100,000

* OE = Owner's Equity

In Section F, page 74, the applicant states that the working capital needs of the project will be funded as shown in the table below.

Sources of Financing for Working Capital		Amount
(a)	Loans	\$0.0
(b)	Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$430,000
(c)	Lines of credit	\$0.0
(d)	Bonds	\$0.0
(e)	Total	\$430,000

In Exhibit 14, the applicant provides a letter dated October 14, 2018 from the CEO of Well Care Health and Well Care Health of the Southern Triangle, Inc., documenting the availability of the necessary funds for the capital and working capital needs of the proposed project. The applicant also provides an additional letter in Exhibit 14 dated October 2, 2018 from the Senior Vice President of BB&T Bank attesting to the fact that Well Care Health has the necessary funds for the proposed project.

Financial Feasibility

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 Visits	11,204	15,448	18,622
Total Gross Revenues (Charges)	\$1,225,448	\$2,884,757	\$3,432,078
Total Net Revenue	\$1,084,801	\$2,680,590	\$3,186,692
Average Net Revenue per Visits	\$96.82	\$120.75	\$171.13
Total Operating Expenses (Costs)	\$1,436,894	\$1,865,364	\$2,167,005
Average Operating Expense per Visits	\$128.25	\$120.75	\$116.37
Net Income	(\$352,093)	\$815,226	\$1,019,687

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

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

The applicant proposes to develop a Medicare-certified home health agency in Wake County, pursuant to the need determination identified in the 2018 State Medical Facilities Plan (SMFP). The applicant proposes to develop the home health agency at 351 West Center Street, in Holly Springs in southern Wake County.

On page 248, the 2018 SMFP defines the service area for Medicare-certified home health agency office as the Medicare-certified home health agency office planning area in which the office is located. Each of the 100 counties in the state is a separate Medicare-certified home health agency office planning area. Thus, the service area for this agency office consists of Wake County. Offices may also serve residents of counties not included in their service area.

The 2018 SMFP identifies a need determination for two Medicare-certified home health agencies in Wake County. There are 32 home health care agencies listed in Table 12A, pages 281-282 of the 2018 SMFP as having served Wake County residents. The table below identifies the home health agencies serving Wake County (Note: 2016 data).

WAKE COUNTY					
Existing and Approved Home Health Care Offices					
2016 Data					
License #	Facility County	Facility Name	Ages 18-64	Ages 65-85+	Total Patients
HC0422	Wake	Rex Home Health	921	2,150	3,071
HC0299	Wake	Gentiva Health Services	452	2,151	2,603
HC1293	Wake	WakeMed Home Health	957	1,345	2,302
HC0074	Wake	Well Care Home Health	583	1,488	2,071
HC0360	Durham	Duke Home Health	368	615	983
HC3820	Wake	BAYADA Home Health	90	727	817
HC2562	Wake	Liberty Home Health	218	568	786
HC0507	Johnston	3HC	224	315	359
HC0339	Wake	Intrepid USA Healthcare	95	423	518
HC0145	Alamance	Amedisys Home Health	77	329	406
HC2112	Wake	Medi Home Health	65	317	382
HC4538	Wake	PruittHealth Home Health	48	208	356
HC0166	Orange	Amedisys of Chapel Hill	43	297	340
HC0327	Durham	Brookdale - Raleigh	12	316	328
HC0031	Wake	Transition LifeCare	53	238	291
HC0215	Franklin	Gentiva Health Services	40	133	173
HC1437	Wake	NC Home Health	21	77	98
HC0078	Franklin	Amedisys Home Health	6	27	33
HC0828	Wake	Pediatric Serv. of America	32	0	32
HC0125	Harnett	Liberty Home Care	3	15	18
HC0500	Franklin	Franklin Co. Home Health	1	6	7
HC0002	Moore	Liberty Home Care	0	3	3
HC0228	Wayne	3HC	0	2	2
HC1176	Durham	Liberty Home Care	1	0	1
HC0508	Wilson	3HC	1	0	1
HC1028	Wake	Maxim Healthcare	1	0	1
HC0528	Chatham	Liberty Home Care	0	1	1
HC0249	Alamance	Advanced Home Care	1	0	1
HC0288	Brunswick	Liberty Home Care	0	1	1
HC1353	Carteret	Liberty Home Care	0	1	1
HC0255	Sampson	3HC	0	1	1
HC3421	Cumberland	Five Points Home Health	0	1	1
Total			4,312	11,856	16,168

In Section G, pages 80-85, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved Medicare-certified home health services in Wake County. The applicant states the following on page 80:

“As evidenced by the need determination for two additional Medicare-certified home health agencies in Wake County in the 2018 SMFP, the projected number of Wake County patients who will need home health services will exceed the projected number of patients to be served by existing providers...

...

The proposed project will not unnecessarily duplicate the existing Well Care home health agency in Wake County (HC0074) or any other existing home health agency in Wake

County. ... Well Care is pursuing an additional Wake County Certificate of Need for several key reasons ... These include:

1. The proposed new home health agency will enhance access to home health referral sources in southern Wake County.
2. Enable Well Care to better service the Wake County community in an effective and efficient manner.
3. Wake County is the second largest county by land area in North Carolina. This means the Wake County population is spread out over a land area that is approximately 57 larger compared to Mecklenburg County. Therefore, enhancing geographic access is a factor supporting the need for an additional home health agency in Wake County.

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area for the following reasons:

- There is a need determination in the 2018 SMFP for the proposed Medicare-certified home health agency.
- The applicant adequately demonstrates that the proposed Medicare-certified home health is needed in addition to the existing or approved Medicare-certified home health agencies in Wake County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency.

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

- (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

The proposed application is for a new Medicare-certified home health agency. Therefore, the applicant has no current staffing to report for the proposed agency. In Section Q, Form H.2, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Projected FTE Staff
	2nd Full Fiscal Year (10/1/2020-9/30/2021)
Director of Operations	1.00
Office Support	1.25
Marketing/Public Relations	1.50
Medical Social Worker	0.18
Registered Nurse	2.10
Licensed Practical Nurse	1.75
Home Aides	0.53
Physical Therapist	2.20
Physical Therapist Assistant	1.85
Occupational Therapist	0.70
Occupational Therapist Assistant	0.60
Speech Therapist	0.28
Clinical Manager	1.00
TOTAL	14.94

The applicant states on page 86 that projected staffing is based on patient utilization projections and Well Care's historical operating and management experience in providing Medicare-certified home health services to residents in Wake County.

The assumptions and methodology used to project staffing are provided in Sections H and Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form A, which is found in Section Q. In Section H.2 and H.3, pages 89-94 respectively, the applicant describes the methods it currently uses as an existing provider of Medicare-certified home health services, and will continue to be use to fill new positions and its continuing education programs. In Section H, page 95, the applicant identifies the current medical director for its existing Well Care Home Health in Wake County, as Dr. Hardy Singh. In Exhibit 3, the applicant provides a letter from Dr. Singh indicating an interest in continuing to serve as medical director for the existing home health agency and the proposed home health agency providing services in southern Wake County. In Exhibit 3, the applicant provides supporting documentation.

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

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

In Section I, page 97, the applicant states that the following ancillary and support services are necessary for the proposed services:

- DME and medical supplies
- Pharmacy
- Physical Therapy
- Occupational Therapy
- Speech Therapy
- Respiratory Therapist
- Dietary/Nutritionist
- Infusion Therapy
- Oxygen, and
- Language Interpretation Services

On page 97, the applicant adequately explains how each ancillary and support service will be made available and provides supporting documentation in Exhibit 4.

In Section I, page 98, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit 4.

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

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.

The applicant does not project 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, the applicant does not project 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

The applicant is not 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

The applicant does not propose to construct any new space or renovate any 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;

C

Pursuant to the need determination identified in the 2018 SMFP, the applicant proposes to open a second Medicare-certified home health agency in Wake County. In Section L, page 106, the applicant provides the historical payor mix during FY2017 (10/1/2016-9/30/2017) for the existing Well Care agency in Wake County, as shown in the table below.

Payor Category	# of Unduplicated Clients	Percent of Total Revenue
Self Pay / Indigent	31	0.4%
Medicare*	5,068	68.7%
Medicaid*	422	5.7%
Private Insurance*	1,859	25.2%
Total	7,380	100.0%

Source: 2018 Home Health Agency Annual Data Supplement for License Renewal Application (LRA)

*Includes managed care plans

In Section L, page 106, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	58.3%	51.3%
Male	41.7%	48.7%
Unknown	0.0%	0.0%
64 and Younger	30.6%	88.8%
65 and Older	69.4%	11.2%
American Indian	NA	0.8%
Asian	NA	7.2%
Black or African-American	NA	21.1%
Native Hawaiian or Pacific Islander	NA	0.1%
White or Caucasian	NA	60.6%
Other Race	NA	10.2%
Declined / Unavailable	NA	0.0%

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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;

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 107, the applicant states,

“Well Care is not obligated under federal regulations to provide uncompensated care, community service, or access by minorities or handicapped persons.”

In Section L, page 107, the applicant states that during the last five years no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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

In Section L, page 108, 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.

WCHH Southern Triangle Third Full FY 10/1/2021-9/30/2022		
Payor Source	# of Unduplicated Patients	Percent of Revenue
Self-Pay / Charity	4	0.4%
Medicare*	686	68.7%
Medicaid*	57	5.7%
Private Insurance*	252	25.2%
Total	999	100.0%

Source: Well Care Home Health 2018 LRA

*Includes managed care plans

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.4% of total services will be provided to self-pay/charity care patients, 68.7% to Medicare patients and 5.7% to Medicaid patients.

On pages 108-111, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported for the following reasons:

- Well Care based its projections on FY2017 historical data for its existing Medicare-certified home health agency in Wake County.

The Agency reviewed the:

- Application
- Exhibits to the application

- (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

In Section L, page 111, the applicant adequately describes the range of means by which patients will have access to the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

In Section M, page 112, 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 5.

The Agency reviewed the:

- Application
- Exhibits to the application

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

The applicant proposes to develop a Medicare-certified home health agency in Wake County, pursuant to the need determination identified in the 2018 State Medical Facilities Plan (SMFP). The applicant proposes to develop the home health agency at 351 West Center Street, in Holly Springs in southern Wake County.

On page 248, the 2018 SMFP defines the service area for Medicare-certified home health agency office as the Medicare-certified home health agency office planning area in which the office is located. Each of the 100 counties in the state is a separate Medicare-certified home health agency office planning area. Thus, the service area for this agency office consists of Wake County. Offices may also serve residents of counties not included in their service area.

The 2018 SMFP identifies a need determination for two Medicare-certified home health agencies in Wake County. There are 32 home health care agencies listed in Table 12A, pages 281-282 of the 2018 SMFP as having served Wake County residents. The table below identifies the home health agencies serving Wake County (Note: 2016 data).

WAKE COUNTY					
Existing and Approved Home Health Care Offices					
2016 Data					
License #	Facility County	Facility Name	Ages 18-64	Ages 65-85+	Total Patients
HC0422	Wake	Rex Home Health	921	2,150	3,071
HC0299	Wake	Gentiva Health Services	452	2,151	2,603
HC1293	Wake	WakeMed Home Health	957	1,345	2,302
HC0074	Wake	Well Care Home Health	583	1,488	2,071
HC0360	Durham	Duke Home Health	368	615	983
HC3820	Wake	BAYADA Home Health	90	727	817
HC2562	Wake	Liberty Home Health	218	568	786
HC0507	Johnston	3HC	224	315	359
HC0339	Wake	Intrepid USA Healthcare	95	423	518
HC0145	Alamance	Amedisys Home Health	77	329	406
HC2112	Wake	Medi Home Health	65	317	382
HC4538	Wake	PruittHealth Home Health	48	208	356
HC0166	Orange	Amedisys of Chapel Hill	43	297	340
HC0327	Durham	Brookdale - Raleigh	12	316	328
HC0031	Wake	Transition LifeCare	53	238	291
HC0215	Franklin	Gentiva Health Services	40	133	173
HC1437	Wake	NC Home Health	21	77	98
HC0078	Franklin	Amedisys Home Health	6	27	33
HC0828	Wake	Pediatric Serv. of America	32	0	32
HC0125	Harnett	Liberty Home Care	3	15	18
HC0500	Franklin	Franklin Co. Home Health	1	6	7
HC0002	Moore	Liberty Home Care	0	3	3
HC0228	Wayne	3HC	0	2	2
HC1176	Durham	Liberty Home Care	1	0	1
HC0508	Wilson	3HC	1	0	1
HC1028	Wake	Maxim Healthcare	1	0	1
HC0528	Chatham	Liberty Home Care	0	1	1
HC0249	Alamance	Advanced Home Care	1	0	1
HC0288	Brunswick	Liberty Home Care	0	1	1
HC1353	Carteret	Liberty Home Care	0	1	1
HC0255	Sampson	3HC	0	1	1
HC3421	Cumberland	Five Points Home Health	0	1	1
Total			4,312	11,856	16,168

In Section N, pages 113-117, 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 113, the applicant states,

“Well Care determined that it would result in a greater level of efficiency and geographic access for patients, referral sources, and staff to serve its tremendous patient volume from two geographically dispersed locations within the county. The addition of a second home health

office for Well Care to serve southern Wake County will lead to significant gains in operational efficiency and overall quality of care.”

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

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

In Section A.7, page 8, the applicant identifies the Medicare-certified home health agencies located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of four of this type of agency located in North Carolina.

In Section O, page 121, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in none of these facilities. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in none of these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all four agencies, 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

10A NCAC 14C .2003 PERFORMANCE STANDARDS

An applicant shall project, in the third year of operation, an annual unduplicated patient caseload for the county in which the facility will be located that meets or exceeds the minimum need used in the applicable State Medical Facilities Plan to justify the establishment of a new home health agency office in that county. An applicant shall not be required to meet this performance standard if the home health agency office need determination in the applicable State Medical Facilities Plan was not based on application of the standard methodology for a Medicare-certified home health agency office.

- C- In Section C, page 62, the applicant projects, in the third year of operation an annual unduplicated patient load for its proposed service area that exceeds the minimum need used in the SMFP, as illustrated in the table below.

Projected Number of Unduplicated Clients by County of Residence			
County	First Full FY 2020	Second Full FY 2021	Third Full FY 2022
Wake	565	738	887
Chatham	12	16	20
Harnett	35	42	50
Johnston	24	33	42
Total	635	829	999

The application is conforming to this rule.