

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: July 25, 2023

Findings Date: July 25, 2023

Project Analyst: Ena Lightbourne

Co-Signer: Gloria C. Hale

COMPETITIVE REVIEW

Project ID #: O-12316-23
Facility: Novant Health Home Care-Brunswick
FID #: 230123
County: Brunswick
Applicant(s): Brunswick Community Hospital, LLC
Novant Health, Inc.
Project: Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Project ID #: O-12318-23
Facility: 3HC-Brunswick
FID #: 230125
County: Brunswick
Applicant(s): Home Health and Hospice Care, Inc.
Project: Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Project ID #: O-12324-23
Facility: BAYADA Home Health Care, Inc.
FID #: 230126
County: Brunswick
Applicant(s): BAYADA Home Health Care, Inc.
Project: Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Project ID #: O-12334-23
Facility: Well Care Home Health of Brunswick County
FID #: 230131
County: Brunswick
Applicant(s): Well Care TPM, Inc.

Project: Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Project ID #: O-12336-23
Facility: HealthView Home Health-Brunswick
FID #: 230132
County: Brunswick
Applicant(s): HealthView Capital Partners-FUND I
Project: Develop a Medicare-certified home health agency pursuant to the need determination in the 2023 SMFP

Each application was reviewed independently against the applicable statutory review criteria found in G.S. 131E-183(a) and the regulatory review criteria found in 10A NCAC 14C. After completing an independent analysis of each application, the Healthcare Planning and Certificate of Need Section (CON Section) also conducted a comparative analysis of all the applications. The Decision, which can be found at the end of the Required State Agency Findings (Findings), is based on the independent analysis and the comparative analysis.

REVIEW CRITERIA

G.S. 131E-183(a): The Department 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.

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Novant Health
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Well Care

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HealthView

Need Determination

The 2023 State Medical Facilities Plan (SMFP) includes a need methodology for determining the need for additional Medicare-certified home health agencies or offices in

North Carolina by service area. Application of the need methodology in the 2023 SMFP identified a need for one Medicare-certified home health agency in the Brunswick County service area. Five applications were received by the Healthcare Planning and Certificate of Need Section (CON Section) with each proposing to develop one Medicare-certified home agency. However, pursuant to the need determination, only one Medicare-certified home agency may be approved in this review.

Policies

Policy GEN-3: Basic Principles of the 2023 SMFP is applicable to all applications.

Policy GEN-3: Basic Principles

Policy GEN-3 on page 30 of the 2023 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.”

Project ID# O-12316-23/Novant Health Home Care-Brunswick/Develop a Medicare-certified home health agency Brunswick Community Hospital, LLC and Novant Health, Inc., hereinafter referred to as “Novant Health” or “the applicant,” propose to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

Need Determination. The applicant does not propose to develop more Medicare-certified home health agencies or offices than are determined to be needed in Brunswick County.

Policy GEN-3. In Section B, pages 27-29, the applicant explains why it believes its proposal is consistent with *Policy GEN-3*.

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application
- Written comments
- Responses to comments
- 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 based on the following:

- The applicant does not propose to acquire more than the one Medicare-certified home health agency that is determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-3* based on the following:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of home health services in Brunswick County service area;
 - The applicant adequately documents how the project will promote equitable access to home health services in Brunswick County;
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID# O-12318-23/3HC-Brunswick/Develop a Medicare-certified home health agency Home Health and Hospice Care, Inc., hereinafter referred to as “3HC” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

Need Determination. The applicant does not propose to develop more Medicare-certified home health agencies or offices than are determined to be needed in Brunswick County.

Policy GEN-3. In Section B, pages 27-31, the applicant explains why it believes its proposal is consistent with policy *GEN-3*.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 based on the following:

- The applicant does not propose to acquire more than the one Medicare-certified home agency that is determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy *GEN-3* based on the following:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of home health services in Brunswick County service area;
 - The applicant adequately documents how the project will promote equitable access to home health services in Brunswick County;
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID# O-12324-23/BAYADA Home Health Care, Inc./Develop a Medicare-certified home health agency BAYADA Home Health Care, Inc., hereinafter referred to as “BAYADA” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

Need Determination. The applicant does not propose to develop more Medicare-certified home health agencies or offices than are determined to be needed in Brunswick County.

Policy GEN-3. In Section B, pages 27-31, the applicant explains why it believes its proposal is consistent with *Policy GEN-3*.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 based on the following:

- The applicant does not propose to acquire more than the one Medicare-certified home agency that is determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-3* based on the following:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of home health services in Brunswick County service area;

- The applicant adequately documents how the project will promote equitable access to home health services in Brunswick County;
- The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID# O-12334-23/Well Care Home Health of Brunswick County/Develop a Medicare-certified home health agency Well Care TPM, Inc., hereinafter referred to as “Well Care” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Supply, Brunswick County.

Need Determination. The applicant does not propose to develop more Medicare-certified home health agencies or offices than are determined to be needed in Brunswick County.

Policy GEN-3. In Section B, pages 26-35, the applicant explains why it believes its proposal is consistent with *Policy GEN-3*.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to comments
- 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 based on the following:

- The applicant does not propose to acquire more than the one Medicare-certified home agency that is determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-3* based on the following:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of home health services in Brunswick County service area;
 - The applicant adequately documents how the project will promote equitable access to home health services in Brunswick County;
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

Project ID# O-12336-23/HealthView Home Health-Brunswick/Develop a Medicare-certified home health agency HealthView Capital Partners-FUND I, hereinafter referred to as “HealthView” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

Need Determination. The applicant does not propose to develop more Medicare-certified home health agencies or offices than are determined to be needed in Brunswick County.

Policy GEN-3. In Section B, pages 25-27, the applicant explains why it believes its proposal is consistent with *Policy GEN-3*. However, the applicant does not adequately demonstrate how its projected volumes incorporate the concept of maximizing healthcare value for resources expended. The applicant does not adequately demonstrate the need to develop the project and does not adequately demonstrate that developing the project would not be an unnecessary duplication of existing and approved services. The discussion regarding analysis of need, including projected utilization, and unnecessary duplication found in Criterion (3) and Criterion (6), respectively, are incorporated herein by reference. Because of these reasons, the applicant cannot demonstrate that it will maximize healthcare value for resources expended in meeting the needed identified in the 2023 SMFP. Thus, the applicant is not consistent with *Policy GEN-3*.

Conclusion

The Agency reviewed the:

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

Based on that review, the Agency concludes that the application is not conforming to this criterion based on the following:

- The applicant does not adequately demonstrate the need to develop a Medicare-certified home health agency or that developing one would not be an unnecessary duplication of existing and approved health services.
- Therefore, the applicant does not adequately demonstrate how its projected volumes incorporate the concept of maximum healthcare value for resources expended as required in *Policy GEN-3*.

- (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, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

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Project ID# O-12316-23/Novant Health Home Care-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists of Brunswick County. Facilities may also serve residents of counties not included in their service area.

Patient Origin

The following table illustrates projected patient origin.

| Novant Health Home Care-Brunswick Projected Patient Origin | | | | | | |
|---|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|
| County | 1 st Full FY | | 2 nd Full FY | | 3 rd Full FY | |
| | 1/1/24 to 12/31/24 | | 1/1/25-12/31/25 | | 1/1/26-12/31/26 | |
| | CY2024 | | CY2025 | | CY2026 | |
| | # of Patients | % of Total | # of Patients | % of Total | # of Patients | % of Total |
| Brunswick | 1,428 | 92.8% | 1,765 | 93.2% | 2,017 | 93.5% |
| Columbus | 52 | 3.4% | 56 | 3.0% | 58 | 2.7% |
| Other* | 59 | 3.8% | 73 | 3.9% | 83 | 3.8% |
| Total | 1,539 | 100.0% | 1,894 | 100.0% | 2,158 | 100.0% |

*Represents less than 4% of patients from other North Carolina counties and other states.

Source: Section C, page 41

In Section C, page 41, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant projects patient origin based on the historical patient origin for patients discharged from Novant Health’s Coastal Region hospitals that were designated for home health care services.

- The applicant projects a percentage of patients that will utilize the services based on a conservative ramp-up period.
- The applicant assumes that the proposed home health agency will serve patients who originate from Brunswick and Columbus counties based on the percentage of patients who reside in these counties that are currently served by Novant Health Home Care-Pender (NHHC-P).

Analysis of Need

In Section C, pages 43-50, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- There is a 2023 SMFP need determination for one additional Medicare-certified home health agency or office in Brunswick County (page 43).
- According to the North Carolina Office of Budget and Management (NCOSBM), the population in Brunswick County is projected to grow 27.9% over the next ten years (2023-2033). The 65+ age cohort, the group most likely to utilize home health services, will see the highest growth over the same period (pages 43-45).
- The applicant demonstrates that the increase in Brunswick County life expectancy indicates that home health patients will utilize services for a longer period of time (pages 45-46).
- Utilization of home health services will grow based on the historical use rate in Brunswick County (pages 46-47).
- The applicant demonstrates that there is an increase in need for home health services for patients discharged to home health services from Novant Health Coastal Region hospitals based on their historical experience (page 47).
- After the pandemic, the healthcare industry has shifted more towards ambulatory and home and community-based settings for care which demonstrates the need to enhance continuum of care for patients discharged from acute care hospitals (pages 48-49).

The information is reasonable and adequately supported based on the following:

- There is a need for one Medicare-certified home health agency or office in Brunswick County, as stated in the 2023 SMFP.
- The applicant's demonstration of need is supported by the historical utilization of home health services to patients discharged from Novant Health Coastal Region hospitals.
- The applicant's statements regarding need are supported by population growth and aging data from NCOSBM for the proposed service area.

Projected Utilization

In Section Q, page 110, the applicant provides projected utilization, as illustrated in the following table.

| Novant Health Home Care-Brunswick | 1 st FY | | 2 nd FY | | 3 rd FY | |
|---|--------------------|---------------|--------------------|---------------|--------------------|---------------|
| | CY 2024 | | CY 2025 | | CY 2026 | |
| | Clients | Visits | Clients | Visits | Clients | Visits |
| Unduplicated Clients by Admitting Discipline | | | | | | |
| Nursing | 930 | | 1,145 | | 1,304 | |
| Physical Therapy | 597 | | 735 | | 837 | |
| Speech Therapy | 11 | | 13 | | 15 | |
| Occupational Therapy | 1 | | 2 | | 2 | |
| Total Unduplicated Clients | 1,539 | | 1,894 | | 2,158 | |
| | | | | | | |
| Duplicated Clients and Visits by Discipline | | | | | | |
| Nursing | 893 | 12,010 | 1,099 | 14,784 | 1,252 | 16,841 |
| Physical Therapy | 544 | 7,309 | 669 | 8,997 | 762 | 10,249 |
| Speech Therapy | 41 | 556 | 51 | 685 | 58 | 780 |
| Occupational Therapy | 127 | 1,710 | 157 | 2,105 | 178 | 2,398 |
| Medical Social Worker | 22 | 296 | 27 | 364 | 31 | 415 |
| Home Health Aide | 66 | 885 | 81 | 1,089 | 92 | 1,240 |
| Total Duplicated Clients and Visits | 1,693 | 22,766 | 2,084 | 28,024 | 2,374 | 31,924 |
| | | | | | | |
| Full Episodes without Outlier | 604 | 8,254 | 719 | 9,832 | 800 | 10,932 |
| Full Episodes with Outlier | 32 | 1,095 | 38 | 1,304 | 42 | 1,450 |
| Partial Episode Payment (PEP) | 24 | 288 | 29 | 343 | 32 | 381 |
| Low-Utilization Payment Adjustment (LUPA) | 73 | 212 | 87 | 252 | 97 | 280 |
| Total Medicare Clients and Visits | 732 | 9,849 | 872 | 11,731 | 970 | 13,044 |

Source: Section Q, page 110

In Section Q, pages 111-121, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Brunswick County

Step 1: Identify the 2023 SMFP Need Determination for one Medicare-certified home health agency or office.

| Table 12D: 2024 Need Projections for Medicare-Certified Home Health Agencies or Offices | | | | | |
|--|---|--|--------------------------------------|---|---|
| Need Projections | | | | | |
| County | Placeholder Adjustments for Agencies under Development | Adjusted Projected Total Patients to be served 2024 | Projected Utilization in 2024 | Surplus or Deficit ("-" = Deficit) | Need for New Agencies or Offices |
| Brunswick | 0 | 5,180.82 | 5,714.43 | -533.61 | 1 |
| Columbus | 0 | 2,259.56 | 2,195.53 | 64.03 | 0 |
| New Hanover | 0 | 7,173.38 | 7,637.27 | -463.88 | 1 |
| Pender | 0 | 1,854.67 | 1,979.47 | -124.80 | 0 |
| Region O Totals | 0 | 16,468.44 | 17,526.70 | -1,058.26 | |

Source: Section Q, page 111; 2023 SMFP

Step 2: Determine the historical and projected population growth by age cohort in Brunswick County.

| NCOSBM Historical Population by Age Cohort for Brunswick County | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| Age Cohort | 2018 | 2019 | 2020 | 2021 | 2022 |
| 18-64 | 69,304 | 71,328 | 73,249 | 76,249 | 80,413 |
| 65-74 | 24,591 | 25,506 | 26,357 | 27,324 | 28,290 |
| 75+ | 14,185 | 15,481 | 16,752 | 18,189 | 19,851 |
| Total | 108,080 | 112,315 | 116,358 | 121,762 | 128,554 |

Source: Section Q, page 112; NCOSBM

| NCOSBM Current and Projected Population by Age Cohort for Brunswick County | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Age Cohort | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| 18-64 | 84,078 | 87,027 | 89,620 | 91,882 | 94,028 | 95,858 | 97,593 |
| 65-74 | 29,434 | 30,619 | 31,398 | 32,997 | 33,949 | 34,829 | 35,616 |
| 75+ | 21,376 | 22,752 | 24,051 | 25,355 | 26,687 | 28,012 | 29,353 |
| Total | 134,888 | 140,398 | 145,569 | 150,234 | 154,664 | 158,699 | 162,562 |

Source: Section Q, page 112; NCOSBM

Step 3: Determine the Compound Annual Growth Rate (CAGR) for the historical use-rates in Brunswick County, as identified in the SMFP.

| Historical Use-Rates by Age Cohort and Calculated CAGR for Brunswick County | | | | | | | | |
|---|---|--------|-------|------|------|--|---------------------------|-------------|
| | Historical Use-Rates (patients per 1,000 population) Identified in the SMFP | | | | | Future Use Rate Identified in the SMFP | | |
| Age Cohort | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 5-Year Change (2019-2024) | 5-Year CAGR |
| 18-64 | 9.63 | 9.14 | 11.09 | n/a | n/a | 15.73 | 63.3% | 10.3% |
| 65-74 | 47.53 | 46.33 | 53.11 | n/a | n/a | 59.28 | 24.7% | 4.50% |
| 75+ | 136.34 | 127.86 | 129.5 | n/a | n/a | 127.42 | -6.5% | -1.30% |

Source: Section Q, page 112

Step 4: Apply the CAGR from Step 3 to project the home health services use-rates in Brunswick County.

| Projected-Use Rates by Age Cohort for Brunswick County | | | | | | |
|--|--|--|--------|--------|--------|--------|
| | Future Use-Rate Identified in the SMFP | Project Home Health Services Use-Rates (per 1,000) | | | | |
| Age Cohort | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| 18-64 | 15.73 | 17.35 | 19.14 | 21.11 | 23.28 | 25.68 |
| 65-74 | 59.28 | 61.95 | 64.74 | 67.65 | 70.69 | 73.87 |
| 75+ | 127.42 | 125.76 | 124.13 | 122.51 | 120.92 | 119.35 |

Source: Section Q, page 113

Step 5: Apply the use-rates from Step 4 to the population projections to determine the number of individuals requiring home health services in Brunswick County in future years.

| Projected Home Health Services Patients by Age Cohort in Brunswick County | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Age Cohort | 2025 | 2026 | 2027 | 2028 | 2029 |
| 18-64 | 1,555 | 1,758 | 1,985 | 2,232 | 2,506 |
| 65-74 | 1,976 | 2,136 | 2,297 | 2,462 | 2,631 |
| 75+ | 3,025 | 3,147 | 3,270 | 3,387 | 3,503 |
| Total | 6,556 | 7,042 | 7,551 | 8,081 | 8,641 |

Source: Section Q, page 113

Use Rate Calculation: Use Rate / 1,000 x NCOSBM Projected Population

Step 6: Determine the historical ratio of home health service patients that are discharged from Novant Health's three Coastal Region hospitals to the total number of health service patients in Brunswick County.

| | 2019 | 2020 | 2021 |
|---|-------------|-------------|-------------|
| NH Coastal Region Hospitals' Adult Patients from Brunswick with HH Discharge Disposition | 1,875 | 1,898 | 1,934 |
| Total Adult HH Patients in Brunswick County (according to SMFP) | 4,192 | 4,238 | 4,570 |
| Ratio of NH Coastal Region Hospitals' Adult Patients from Brunswick with HH Discharge Disposition to Total Adult HH Patients in Brunswick County | 44.7% | 44.8% | 42.3% |

Source: Section Q, page 113

Step 7: Project the number of home health patients from Brunswick County that will be discharged from one of the Novant Health Coastal Region hospitals by applying the historical ratio from Step 6 to the total number of patients from Step 5.

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|-------------|-------------|------------------|------------------|------------------|------------------|
| Total Home Health Patients in Brunswick County (2024 based on SMFP projections; 2025-2029 based on Step 5 of this methodology) | 5,712 | 6,556 | 6,991 [7,042] | 7,444 [7,551] | 7,912 [8,081] | 8,404 [8,641] |
| Estimated Home Health Patients from Brunswick County Discharged from Novant Health Coastal Region Hospitals | 2,417 | 2,774 | 2,959 [2,979] | 3,150 [3,194] | 3,348 [3,418] | 3,557 [3,655] |

Source: Section Q, page 114

Project Analyst's calculations in brackets.

Step 8: Determine the total projected NHHCB patients from Brunswick County for the first three operating years.

The applicant assumes a conservative percentage of patients discharged from one of the three Novant Health Coastal Region hospitals and assumes there will be a ramp-up period to reach a retention rate of 70% by the third full year of operation. The applicant's assumptions are supported by the historical retention rate of NHHHC-P.

| Total Estimated NHHHC-Brunswick Patients from Brunswick County | 2024 | 2025 | 2026 |
|--|-------------|-------------|------------------|
| <i>Estimated Home Health Patients from Brunswick County Discharged from Novant Health Coastal Region Hospitals</i> | 2,417 | 2,774 | 2,959 [2,979] |
| <i>Assumed NHHHC-Brunswick Retention Rate of NH Coastal Region Hospital Patients from Brunswick with Home Health Discharge Disposition</i> | 65% | 70% | 75% |
| Total Projected NHHHC-Brunswick Patients from Brunswick County | 1,571 | 1,942 | 2,219 [2,234] |

Source: Section Q, page 114
 Project Analyst's calculations in brackets.

| Check of Retention Rate Assumption | 2019 | 2020 | 2021 |
|---|-------------|-------------|-------------|
| NHHHC-P Patients from Pender County | 573 | 563 | 583 |
| Patients from Pender County Discharged to Home Health from Novant Health Coastal Region Hospitals | 799 | 812 | 846 |
| Retention Rate | 71.7% | 69.3% | 68.9% |

Source: Section Q, page 114

Columbus County

The applicant applies the same methodology and assumptions used to project the total number of Brunswick County patients to project the total number of Columbus County patients.

Step 9: Determine the historical and projected population growth by age cohort in Columbus County.

| NCOSBM Historical Population by Age Cohort for Columbus County | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| Age Cohort | 2018 | 2019 | 2020 | 2021 | 2022 |
| 18-64 | 30,906 | 30,503 | 29,808 | 29,603 | 29,316 |
| 65-74 | 5,927 | 5,897 | 5,850 | 5,839 | 5,761 |
| 75+ | 4,184 | 4,270 | 4,316 | 4,407 | 4,531 |
| Total | 41,017 | 40,670 | 39,974 | 39,849 | 39,608 |

Source: Section Q, page 115; NCOSBM

| NCOSBM Current and Projected Population by Age Cohort for Columbus County | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|
| Age Cohort | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| 18-64 | 29,072 | 28,878 | 28,638 | 28,392 | 28,103 | 27,781 | 27,462 |
| 65-74 | 5,796 | 5,774 | 5,729 | 5,715 | 5,724 | 5,741 | 5,784 |
| 75+ | 4,607 | 4,645 | 4,725 | 4,789 | 4,838 | 4,878 | 4,900 |
| Total | 39,475 | 39,297 | 39,092 | 38,896 | 38,665 | 38,400 | 38,146 |

Source: Section Q, page 115; NCOSBM

Step 10: Determine the CAGR for the historical use-rates in Columbus County, as identified in the SMFP.

| Historical Use-Rates by Age Cohort and Calculated CAGR for Brunswick County | | | | | | | | |
|---|---|--------|--------|------------|------------|--|---------------------------|-------------|
| Age Cohort | Historical Use-Rates (patients per 1,000 population) Identified in the SMFP | | | | | Future Use Rate Identified in the SMFP | | |
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 5-Year Change (2019-2024) | 5-Year CAGR |
| 18-64 | 18.59 | 18.08 | 18.63 | not listed | not listed | 26.4 | 42.0% | 7.30% |
| 65-74 | 87.44 | 93.94 | 92.32 | not listed | not listed | 103.03 | 17.8% | 3.30% |
| 75+ | 187.89 | 210.83 | 204.19 | not listed | not listed | 200.91 | 6.9% | 1.30% |

Source: Section Q, page 115

Step 11: Apply the CAGR from Step 10 to project the home health services use-rates in Columbus County.

| Projected-Use Rates by Age Cohort for Columbus County | | | | | | |
|--|---|---|-------------|-------------|-------------|-------------|
| | Future Use-Rate Identified in the SMFP | Project Home Health Services Use-Rates (per 1,000) | | | | |
| Age Cohort | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| 18-64 | 26.4 | 28.33 | 30.40 | 32.61 | 34.99 | 37.55 |
| 65-74 | 103.03 | 106.43 | 109.94 | 113.57 | 117.32 | 121.19 |
| 75+ | 200.91 | 203.52 | 206.17 | 208.85 | 211.56 | 214.31 |

Source: Section Q, page 116

Step 12: Apply the use-rates from Step 11 to the population projections to determine the number of individuals requiring home health services in Columbus County in future years.

| Projected Home Health Services Patients by Age Cohort in Columbus County | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| Age Cohort | 2025 | 2026 | 2027 | 2028 | 2029 |
| 18-64 | 811 | 863 | 917 | 972 | 1,031 |
| 65-74 | 610 | 628 | 650 | 674 | 701 |
| 75+ | 962 | 987 | 1,010 | 1,032 | 1,050 |
| Total | 2,383 | 2,479 | 2,577 | 2,678 | 2,782 |

Source: Section Q, page 116

Step 13: Determine the historical ratio of home health service patients that are discharged from Novant Health's three Coastal Region hospitals to the total number of home health service patients in Columbus County.

| | 2019 | 2020 | 2021 |
|---|-------------|-------------|-------------|
| NH Coastal Region Hospitals' Adult Patients from Columbus with HH Discharge Disposition | 443 | 373 | 336 |
| Total Adult HH Patients in Columbus County (according to SMFP) | 2,033 | 2,186 | 1,951 |
| Ratio of NH Coastal Region Hospitals' Adult Patients from Columbus with HH Discharge Disposition to Total Adult HH Patients in Columbus County | 21.8% | 17.1% | 17.2% |

Source: Section Q, page 116

Step 14: Project the number of home health patients from Columbus County that will be discharged from one of the Novant Health Coastal Region hospitals by applying the historical ratio of 17.2% from Step 13 to the total number of patients from Step 12.

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|-------|-------|-------|-------|-------|-------|
| Total Home Health Patients in Columbus County (2024 based on SMFP projections; 2025-2029 based on Step 12 of this methodology) | 2,196 | 2,383 | 2,479 | 2,577 | 2,678 | 2,782 |
| Estimated Home Health Patients from Columbus County Discharged from Novant Health Coastal Region Hospitals | 378 | 410 | 427 | 444 | 461 | 479 |

Source: Section Q, page 117

Step 15: Determine the total projected NHHC-B patients from Columbus County for the first three operating years.

The applicant assumes a conservative percentage of patients discharged from one of the three Novant Health Coastal Region hospitals and a retention rate of 15% for the first three operating years. The applicant assumes that some patients from Pender County served by NHHC-P will continue to be served by NHHC-P but would be better served by the proposed NHHC-B.

| Current Volume of NHHC-Pender Patients from Columbus County | 2019 | 2020 | 2021 |
|--|------|------|------|
| NHHC-Pender Patients from Columbus County | 56 | 50 | 66 |

Source: Section Q, page 117

| Total Estimated NHHC-Brunswick Patients from Columbus County | 2024 | 2025 | 2025 |
|---|------|------|------|
| Estimated Home Health Patients from Columbus County Discharged from Novant Health Coastal Region Hospitals | 378 | 410 | 427 |
| Assumed NHHC-Brunswick Retention Rate of NH Coastal Region Hospital Patients from Columbus County with Home Health Discharge Disposition | 15% | 15% | 15% |
| Total Projected NHHC-Brunswick Patients from Columbus County | 57 | 62 | 64 |

Source: Section Q, page 117

NHHC-Brunswick Total Patient Projections

Step 16: Project the total number of NHHC-B patients from Brunswick and Columbus counties for the first three years of operation.

| | | | |
|---|-------------|-------------|-------------|
| Total Projected NHHC-Brunswick Patients from Brunswick County and Columbus County Combined | 2024 | 2025 | 2025 |
| Total Projected NHHC-B Patients from Brunswick County | 1,450 | 1,803 | 2,071 |
| Total Projected NHHC-B Patients from Columbus County | 57 | 62 | 64 |
| Total Projected NHHC-B Patients from Brunswick and Columbus counties | 1,628 | 2,004 | 2,283 |

Source: Section Q, page 118

Step 17: Project the total number of NHHC-B patients residing outside of Brunswick and Columbus counties for the first three years of operations using a conservative percentage of 4%.

| | | | |
|--|-------------|-------------|-------------|
| Total Projected NHHC-Brunswick Patients | 2024 | 2025 | 2025 |
| Total Projected NHHC-B Patients from Brunswick County and Columbus County | 1,628 | 2,004 | 2,283 |
| Projected NHHC-B Patients from Other Counties | 65 | 80 | 91 |
| Total Projected NHHC-B Patients | 1,693 | 2,084 | 2,374 |

Source: Section Q, page 118

Step 18: Calculate the total (duplicated) Patient Origin percentages for the proposed NHHC-B.

| County | 2024 | | 2025 | | 2026 | |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | # of Patients | % of Total | # of Patients | % of Total | # of Patients | % of Total |
| Brunswick | 1,571 | 92.8% | 1,942 | 93.2% | 2,219 | 93.5% |
| Columbus | 57 | 3.4% | 62 | 3.0% | 64 | 2.7% |
| Other | 65 | 3.8% | 80 | 3.8% | 91 | 3.8% |
| Total | 1,693 | 100.0% | 2,084 | 100.0% | 2,374 | 100.0% |

Source: Section Q, page 118

Based on the most recent experience at NHHC-P, the applicant assumes the ratio of duplicated patients to unduplicated patients to be 1.1.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant's projections of home health patients that it is projected to serve are consistent with and supported by the historical use rate of patients from Brunswick, Columbus, and Pender counties that were discharged from Novant Health Coastal Region hospitals to home health services.

- The applicant’s projections are supported by the projected growth and aging of the population in the serve area.

Access to Medically Underserved Groups

In Section C, page 55, the applicant states:

“The home health services provided by NHHC-B will be available to all persons including: (a) low-income persons, (b) racial and ethnic minorities, (c) women, (d) handicapped persons, (e) elderly, and (f) other underserved persons, including the medically indigent referred by their attending physicians.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

| Medically Underserved Groups | Percentage of Total Patients |
|------------------------------|------------------------------|
| Low income persons* | |
| Racial and ethnic minorities | 12.9% |
| Women | 53.2% |
| Persons with Disabilities** | |
| Persons 65 and older | 86.0% |
| Medicare beneficiaries | 85.9% |
| Medicaid recipients | 4.2% |

Source: Section C, page 58

*Novant Health makes no differentiation between charity care and reduce cost care patients. The patients estimated in response to Section L.4.a include patients who will receive care at a reduced cost.

**Novant health does not maintain data regarding the number of disabled persons its serves.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the information provided in Section C, pages 55-58.

Conclusion

The Agency reviewed the:

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

- Responses to comments
- 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 all the reasons described above.

Project ID# O-12318-23/3HC-Brunswick/Develop a Medicare-certified home health agency Home Health and Hospice Care, Inc., hereinafter referred to as “3HC” or “the applicant,” proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...*the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.*” Thus, the service area for this facility consists of Brunswick County. Facilities may also serve residents of counties not included in their service area.

Patient Origin

The following table illustrates projected patient origin.

| 3HC-Brunswick Projected Patient Origin | | | | | | |
|---|-------------------------------|-------------------|-------------------------------|-------------------|-------------------------------|-------------------|
| County | 1st Full FY | | 2nd Full FY | | 3rd Full FY | |
| | 10/1/24 to 9/30/25 | | 10/1/25 to 9/30/26 | | 10/1/26 to 9/30/27 | |
| | FY2025 | | FY2026 | | FY2027 | |
| | Patients | % of Total | Patients | % of Total | Patients | % of Total |
| Brunswick | 267 | 90.0% | 410 | 90.0% | 559 | 90.0% |
| New Hanover | 24 | 7.9% | 36 | 7.9% | 49 | 7.9% |
| Pender | 6 | 2.1% | 9 | 2.1% | 13 | 2.1% |
| Total | 297 | 100.0% | 455 | 100.0% | 621 | 100.0% |

Source: Section C, page 39

In Section C, page 39, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states that projected patient origin is based on the proposed agency’s location and its proximity to New Hanover and Pender counties. The applicant assumed that 90 percent of patients will originate from Brunswick County and the remaining 10 percent will originate from New Hanover and Pender counties. In Section Q, the applicant reasonably projects to serve a small portion of New Hanover and Pender county residents based on their projected deficit, as stated in the 2023 SMFP. The applicant’s assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 42-51, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- The 2023 SMFP need determination for one additional Medicare-certified home health agency or office in Brunswick County and the historical utilization of the existing home health agencies in Brunswick County (pages 42-43).
- Brunswick County's population is projected to increase at a much higher rate than the projected population growth of North Carolina as a whole. Additionally, the 65+ age cohort in Brunswick County is projected to have the highest growth among counties with similar demographics (pages 43-46).
- The expansion of home health services in Brunswick County will improve access for homebound patients, particularly those that will utilize home health services following inpatient care (pages 46-47).
- Patients in Brunswick County can benefit from 3HC's experience as a home health provider because of their history of establishing relationships with hospitals and physicians, and access to cost-saving home health services (pages 47-51).

The information is reasonable and adequately supported based on the following:

- There is a need for one Medicare-certified home health agency or office in Brunswick County, as stated in the 2023 SMFP.
- The applicant's demonstration of need is supported by the historical utilization of home health services in Brunswick County.
- The applicant's statements regarding need are supported by population growth and aging data from NCOSBM for the proposed service area.

Projected Utilization

In Section Q, Form C.5, page 1, the applicant provides projected utilization, as illustrated in the following table.

| 3HC-Brunswick | 1 st FY | | 2 nd FY | | 3 rd FY | |
|---|--------------------|--------------|--------------------|--------------|--------------------|---------------|
| | FY 2025 | | FY 2026 | | FY 2027 | |
| | # of Clients | Visits | # of Clients | Visits | # of Clients | Visits |
| Unduplicated Clients by Admitting Discipline | | | | | | |
| Nursing | 213 | | 327 | | 446 | |
| Physical Therapy | 84 | | 128 | | 175 | |
| Speech Therapy | | | | | | |
| Occupational Therapy | | | | | | |
| Total Unduplicated Clients | 297 | | 455 | | 621 | |
| | | | | | | |
| Duplicated Clients and Visits by Discipline | | | | | | |
| Nursing | 211 | 2,623 | 323 | 4,019 | 441 | 5,485 |
| Physical Therapy | 230 | 1,807 | 353 | 2,768 | 481 | 3,778 |
| Speech Therapy | 13 | 54 | 21 | 83 | 28 | 113 |
| Occupational Therapy | 99 | 424 | 152 | 649 | 207 | 886 |
| Medical Social Worker | 30 | 33 | 45 | 51 | 62 | 69 |
| Home Health Aide | 50 | 384 | 75 | 588 | 104 | 803 |
| Total Duplicated Clients and Visits | 633 | 5,325 | 970 | 8,158 | 1,324 | 11,134 |
| | | | | | | |
| Full Episodes without Outlier | 370 | 3,639 | 567 | 5,581 | 773 | 7,607 |
| Full Episodes with Outlier | 35 | 795 | 54 | 1,219 | 74 | 1,662 |
| Partial Episode Payment (PEP) | 6 | 52 | 9 | 79 | 12 | 108 |
| Low-Utilization Payment Adjustment (LUPA) | 57 | 91 | 88 | 140 | 120 | 198 |
| Total Medicare Clients and Visits | 469 | 4,578 | 719 | 7,019 | 979 | 9,568 |

Source: Section Q, Form C.5, page 1

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

Analyze the projected population growth, including 65+ population in Brunswick County.

| Brunswick County | 2021 | 2026 | 2021-2026 CAGR |
|-------------------------|---------|---------|----------------|
| 65 and Older Population | 44,685 | 53,288 | 3.6% |
| Total Population | 140,411 | 156,792 | 2.2% |

Source: Section Q, page 1; NCOSBM Population Projections

Analyze the historical growth in utilization for existing home health agencies in Brunswick County.

| Table 2: 2019-2021 Historical Brunswick County Home Health Patient Growth | | | | |
|--|-----------------|-----------------|-----------------|-----------------------|
| Brunswick County | FFY 2019 | FFY 2020 | FFY 2021 | 2019-2021 CAGR |
| Home Health Patients Served | 4,224 | 4,257 | 4,580 | 4.1% |

Source: Section Q, page 1; 2023 SMFP

Project Brunswick County patient deficit using the projected CAGR for the Brunswick County population as a whole for 2021-2026, as stated in *Table 1*.

| Table 3: Projected Brunswick County Patient Deficit | | | | | |
|--|-----------------|------------------|-------------------------|------------------------|------------------------|
| Brunswick County | FFY 2021 | FFY 2024* | FFY 2025^ (PY1)* | FFY 2026^ (PY2) | FFY 2027^ (PY3) |
| Home Health Patients Served** | 4,580 | 5,181 | 5,296 | 5,415 | 5,536 |
| Projected Patients in Need of Home Health Services | | 5,714 | 5,842 | 5,972 | 6,106 |
| Projected Patient Deficit | | (534) | (546) | (558) | (570) |

Source: Section Q, page 2

*2023 SMFP

**The 2023 SMFP projects the number of Brunswick County home health patients to be served to grow approximately 4.1 percent annually from FFY 2021 to FFY 2024, which is equal to the historical growth rate of Brunswick County home Health patients from FFY 2019 to FFY 2021.

^The FFY 2025, FFY 2026 and FFY 2027 data are based on the FFY 2024 projections provided in the 2023 SMFP, using and annual growth rate of 2.2 percent, which is equal to Brunswick County's total population growth rate from 2021 to 2026 as calculated in *Table 1*.

To project the number of unduplicated Brunswick County patients, analyze the market share in the eight counties with existing 3HC home health agencies during FFY 2021.

| Table 4: FFY 2021 3HC Market Shares in Counties with 3HC Agencies | | | |
|--|------------------------------|-------------------------------|-------------------------|
| County | Total Patients Served | Patients Served by 3HC | 3HC Market Share |
| Johnston | 3,917 | 484 | 12.4% |
| Jones | 314 | 66 | 21.0% |
| Lenoir | 1,968 | 560 | 28.5% |
| Pitt | 3,896 | 457 | 11.7% |
| Sampson | 1,448 | 486 | 33.6% |
| Vance | 1,448 | 179 | 12.4% |
| Wayne | 3,189 | 1,173 | 36.8% |
| Wilson | 2,343 | 472 | 20.1% |

Source: Section Q, page 2; 2023 SMFP, Chapter 12 Home Health Data by County of Patient Origin-2021 Data.

Analyze the most recent distribution of Brunswick County home health patients across the existing agencies that served Brunswick County in FFY 2021. As shown in the table below, the average market share across all existing home health agencies that served Brunswick County patients in FFY 2021 was 12.5 percent, similar to 3HC’s three lowest market shares, as illustrated in *Table 4* above.

| Table 5: FFY 2021 Existing Agency Brunswick County Market Share | | | |
|--|----------------------------------|-----------------------|---------------------|
| Agency Location | Home Health Agency | Patient Served | Market Share |
| Brunswick | Liberty Home Care | 1,153 | 25.2% |
| Brunswick | AssistedCare Home Health | 680 | 14.8% |
| Brunswick | PruittHealth@ Home-Brunswick | 78 | 1.7% |
| Agencies Located in of Brunswick County | | 1,911 | 41.7% |
| New Hanover | Well Care Home, Inc. | 1,506 | 32.9% |
| Pender | NHRMC Home Care | 531 | 11.6% |
| Columbus | CenterWell Home Health | 465 | 10.2% |
| Bladen | Advanced Home Health | 164 | 3.6% |
| Other | Liberty Home Care-Other Counties | 3 | 0.1% |
| Agencies Located Out of Brunswick County | | 2,669 | 58.3% |
| Total | | 4,580 | 100.0% |
| Average | | 573 | 12.5% |
| | | | |

Source: Section Q, page 3; 2023 SMFP, Chapter 12 Home Health Data by County of Patient Origin-2021 Data.

The applicant assumes that the need for home health services will increase by 2.2 percent per year, which is consistent with the projected population growth in Brunswick County. To project the number of patients to be served by 3HC-Brunswick, the applicant assumes that the agency will serve a percentage of the average of 3HC’s three lowest market shares for all existing home health agencies that served Brunswick County patients in FFY 2021, as illustrated in the table below.

| | FFY 2024* | FFY 2025^ (PY1) * | FFY 2026^ (PY2) | FFY 2027^ (PY3) |
|---|------------------|--------------------------|------------------------|------------------------|
| Patients in Need of Home Health Services | 5,714 | 5,842 | 5,972 | 6,106 |
| Projected 3HC Market Capture Percentage^^ | | 4.6% | 6.9% | 9.1% |
| Projected Patients Served by 3HC- Brunswick | | 267 | 410 | 559 |

Source: Section Q, page 4

*2023 SMFP

^The FFY 2025, FFY 2026 and FFY 2027 data are based on the FFY 2024 projections provided in the 2023 SMFP, grown at 2.2 percent annually, which is equal to Brunswick County's total population growth rate from 2021 to 2026 as calculated in *Table 1*.

^^" Ramp-up" is expected to occur at a rate of 50 percent in FFY 2025 (PY1), 75 percent in FFY 2026 (PY2), and 100 percent of 3HC's projected market share percentage in FFY 2027 (PY3).

The applicant projects that 3HC will serve almost 50 percent of the projected Brunswick County patient deficit in the first project year.

| | FFY 2025^ (PY1)* | FFY 2026^ (PY2) | FFY 2027^ (PY3) |
|---|-------------------------|------------------------|------------------------|
| Projected Patients Served by 3HC-Brunswick* | 267 | 410 | 559 |
| Projected Patient Deficit | 546 | 558 | 570 |
| Percentage of Projected Need Served by 3HC- Brunswick | 49.0% | 73.5% | 98.0% |

Source: Section Q, page 4; NCOSBM Population Projections

^The FFY 2025, FFY 2026 and FFY 2027 data are based on the FFY 2024 projections provided in the 2023 SMFP grown at 2.2 percent annually, which is equal to Brunswick County's total population growth rate from 2021 to 2026 as calculated in *Table 1*.

* "Ramp-up" is expected to occur at a rate of 50 percent in FFY 2025 (PY1), 75 percent in FFY 2026 (PY2), and 100 percent of 3HC's projected market share percentage in FFY 2027 (PY3).

The applicant states that 90 percent of its patients will reside in Brunswick County and the remaining 10 percent will reside in surrounding counties, specifically, New Hanover and Pender counties.

| Table 8: Projected Patients to be Served by 3HC-Brunswick | | | |
|--|---------------------------|---------------------------|---------------------------|
| | FFY 2025 (PY1) | FFY 2026 (PY2) | FFY 2027 (PY3) |
| Projected Brunswick County Patients Served by 3HC-Brunswick | 267 | 410 | 559 |
| Projected Patients from Other Counties Served by 3HC-Brunswick* | 30 | 46 | 62 |
| Total Projected Number of Patients Served by 3HC-Brunswick^ | 297 | 455 | 627 |

Source; Section C, page 5

*Assumes that the number of projected patients from other counties to be served by 3HC-Brunswick per year is equal to 10 percent of total home health patients served by the proposed Agency each year.

^Numbers may not foot due to rounding.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant’s projections are supported by the projected population growth in the service area.
- The applicant’s projections of home health patients that are projected to be served are consistent with and supported by the historical market share of 3HC’s existing home health agencies and the home health agencies currently serving Brunswick County residents.

Access to Medically Underserved Groups

In Section C, page 58, the applicant states:

“3HC has a long-standing demonstrated commitment to providing high quality home health care to any person in need of care regardless of national origin, sex, age, religion, physical or mental functionality, or income. The same will be true of the proposed Brunswick County home health agency.

...

Patients will have access to the proposed home health agency through a variety of referral pathways, including physician referrals, hospital discharge planners, social workers, chronic disease management programs...”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

| 3HC-Brunswick 3rd Full FY | |
|---|---|
| Medically Underserved Groups | Percentage of Total Patients |
| Low-income persons* | |
| Racial and ethnic minorities | 13.2% |
| Women | 51.9% |
| Persons with Disabilities* | |
| The elderly | 81.8% |
| Medicare beneficiaries | 81.8% |
| Medicaid recipients | 3.4% |

Source: Section C, page 59

*3HC does not maintain data on low-income persons or persons with disabilities.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on information provided in Section C.6, pages 58-59, and Section L, page 93.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- 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 all the reasons described above.

Project ID# O-12324-23/BAYADA Home Health Care, Inc./Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists of Brunswick County. Facilities may also serve residents of counties not included in their service area.

Patient Origin

The following table illustrates projected patient origin.

| BAYADA Home Health Care, Inc. Projected Patient Origin | | | | | | |
|---|-------------------------------|-------------------|-------------------------------|-------------------|-------------------------------|-------------------|
| County | 1st Full FY | | 2nd Full FY | | 3rd Full FY | |
| | 7/1/24 to 6/30/25 | | 7/1/25 to 6/30/26 | | 7/1/26 to 6/30/27 | |
| | FY2025 | | FY2026 | | FY2027 | |
| | Patients | % of Total | Patients | % of Total | Patients | % of Total |
| Brunswick | 320 | 100% | 667 | 100.0% | 1,045 | 90.0% |
| Total | 320 | 100.0% | 667 | 100.0% | 1,045 | 100.0% |

Source: Section C, page 39

In Section C, page 39, the applicant provides the assumptions and methodology used to project its patient origin. The applicant projects that 100 percent of its patients will be from Brunswick County based on the Brunswick County projected home health deficits as reported in the 2023 SMFP and BAYADA’s existing referral relationships with BAYADA Home Health and BAYADA Home Care offices. The applicant’s assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, pages 40-46, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- The 2023 SMFP identified a need for an additional Medicare-certified home health agency in Brunswick County and a home health deficit of 533.61 home health patients by 2024. (page 41)
- NCOSBM projects that the Brunswick County population will increase by 15.7% by 2028. This includes a 31.0% growth among the 75+ age group, which will increase the demand for home health services (page 41).
- The increase in life expectancy in Brunswick County increases the chance of health conditions requiring home health services (page 42).
- According to the 2023 SMFP, the projected use rate for Brunswick County among the 18-64 age group is higher than the projected average use rate for North Carolina (page 43).
- Brunswick County can benefit from BAYADA as an experienced and well-respected home health provider (page 43).
- Home health services can reduce hospitalization rates and provide cost-effective and personalized care to Brunswick County residents (pages 43-46).

The information is reasonable and adequately supported based on the following:

- There is a need for one Medicare-certified home health agency or office in Brunswick County, as stated in the 2023 SMFP.
- The applicant’s demonstration of need is supported by the projected use rate of home health services and the increase in life expectancy among Brunswick County residents.
- The applicant’s statements regarding need are supported by population growth and aging data from NCOSBM for the proposed service area.

Projected Utilization

In Section Q, Form C.5, page 1, the applicant provides projected utilization, as illustrated in the following table.

| BAYADA home Health Care, Inc. | 1 st FY | | 2 nd FY | | 3 rd FY | |
|---|--------------------|--------------|--------------------|---------------|--------------------|---------------|
| | FY 2025 | | FY 2026 | | FY 2027 | |
| | Clients | Visits | Clients | Visits | Clients | Visits |
| Unduplicated Clients by Admitting Discipline | | | | | | |
| Nursing | 180 | | 374 | | 585 | |
| Physical Therapy | 115 | | 239 | | 374 | |
| Speech Therapy | 14 | | 30 | | 47 | |
| Occupational Therapy | 11 | | 23 | | 35 | |
| Total Unduplicated Clients | 320 | | 667 | | 1,041 | |
| Duplicated Clients and Visits by Discipline | | | | | | |
| Nursing | 494 | 2,811 | 1,053 | 5,991 | 1,596 | 9,079 |
| Physical Therapy | 686 | 2,608 | 1,489 | 5,660 | 2,289 | 8,697 |
| Speech Therapy | 452 | 357 | 974 | 770 | 1,490 | 1,177 |
| Occupational Therapy | 546 | 1,060 | 1,190 | 2,308 | 1,833 | 3,556 |
| Medical Social Worker | 54 | 27 | 116 | 58 | 176 | 88 |
| Home Health Aide | 205 | 102 | 442 | 221 | 676 | 338 |
| Total Duplicated Clients and Visits | 2,438 | 6,965 | 5,264 | 15,007 | 8,059 | 22,935 |
| Full Episodes without Outlier | 416 | 2,108 | 864 | 4,373 | 1,275 | 6,453 |
| Full Episodes with Outlier | 5 | 13 | 10 | 26 | 15 | 39 |
| Partial Episode Payment (PEP) | 15 | 27 | 31 | 55 | 46 | 81 |
| Low-Utilization Payment Adjustment (LUPA) | 67 | 238 | 139 | 493 | 205 | 728 |
| Total Medicare Clients and Visits | 504 | 2,385 | 1,045 | 4,947 | 1,541 | 7,301 |

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

Step 1: Identify Service Area Home Health Patients

The following tables illustrates Brunswick County’s projected utilization and deficit for 2024 and the CAGR during 2019-2021, as stated in the 2021-2024 SMFPs.

| County | Total Projected 2024 HH Patients | 2021 SMFP Table 12D Deficit |
|-----------|----------------------------------|-----------------------------|
| Brunswick | 5,714.43 | (533.61) |

Source: Section Q; 2023 SMFP, page 249

| County | 2019 | 2020 | 2021 | 2-Year CAGR |
|-----------|-------|-------|-------|-------------|
| Brunswick | 4,224 | 4,257 | 4,850 | 4.13% |

Source: Section Q; 2021,2022, and 2023 SMFPs

Step 2: Projected Service Area Home Health Patients

The applicant used the 2023 SMFP projections as stated in *Step 1*, to project the number of home health patients in Brunswick County from 2024 through 2026.

| County | 2024 | 2025 | 2026 | 2-Year CAGR |
|-----------|-------|-------|-------|-------------|
| Brunswick | 5,714 | 5,950 | 6,196 | 4.13% |

Source: Section Q

Calculations: 2025 = (2024 x (1 + 2019-2021 CAGR))

2026 = (2025 x (1 + 2019-2021 CAGR))

Step 3: Projected 2024 Home Health Patients and Market Share

The applicant projects that BAYADA will capture 60.0% of the projected deficit for Brunswick County. The applicant states that its projections are reasonable based on BAYADA’s experience and reputation as a home health provider and the development of its referral resources present in Brunswick County.

| County | Home Health Patient Deficit | % of Deficit Captured | Home Health patients served |
|-----------|-----------------------------|-----------------------|-----------------------------|
| Brunswick | 533.61 | 60.0% | 320 |

Source: Section Q

Calculations: Home Health Patients = (Home Health Patient Deficit x % of Deficit Served)

To further demonstrate the reasonableness of BAYADA’s assumptions, the applicant projects the number of home health patients as a market share percentage.

| County | Home Health patients served | Total Home Health patients served | Market Share |
|-----------|-----------------------------|-----------------------------------|--------------|
| Brunswick | 320 | 5,714 | 5.60% |

Source: Section Q

Calculations: Market Share = (Home Health Patient Served / Total Home Health Patients) x 100

Using 2021 market share home health data in Brunswick County, the applicant projects that BAYADA in 2024 would rank 6th in the list of current Brunswick County Home Health providers' market share, as illustrated in the table below.

| Projected Market Share Comparison-2024 | | |
|---|---|-------------------------------------|
| Home Health Agency | Brunswick County Patients Served | Market Share |
| Well Care Home, Inc. | 1,506 | 32.9% |
| Liberty Home Care | 1,153 | 25.2% |
| AssistedCare Home Health | 680 | 14.8% |
| NHRMC Home Care | 531 | 11.6% |
| CenterWell Home Health | 465 | 10.2% |
| Year 1 Projected Market Share = 5.6% | | |
| Advanced Home Health | 164 | 3.6% |
| PruittHealth@ Home-Brunswick | 78 | 1.7% |
| Liberty Home Care | 1 | 0.0% |
| Liberty Home Care V, LLC | 1 | 0.0% |
| Liberty Home Care | 1 | 0.0% |
| Total | 4,580 | Average Market Share = 10.0% |

Source: Section Q
 Calculations: Brunswick County Market Share = (In-County Patients / Total In-County Patients) x 100

Step 4: Projected 2025 and 2026 Home Health Market Share and Patients

The applicant projects that BAYADA's market share will grow annually by 5.60%.

| County | 2024 | 2025 | 2026 | Annual % Point Gain |
|---------------|-------------|-------------|-------------|----------------------------|
| Brunswick | 5.60% | 11.20% | 16.80% | 5.60% |

Source: Section Q
 Calculations: 2025 = (2024 x (1 + Annual % Point Gain))
 2026 = (2025 x (1 + Annual % Point Gain))

The applicant projects that BAYADA's market share in 2025 and 2026 would rank 5th and 3rd, respectively, among the existing Brunswick County home health providers and higher than the Brunswick County average market share of 10.0%.

| Projected Market Share Comparison-2025 | | |
|---|---------------------------|---|
| Home Health Agency | In-County Patients | 2021 Brunswick County Market Share |
| Well Care Home, Inc. | 1,506 | 32.9% |
| Liberty Home Care | 1,153 | 25.2% |
| AssistedCare Home Health | 680 | 14.8% |
| NHRMC Home Care | 531 | 11.6% |
| Year 2 Projected Market Share = 11.2% | | |
| CenterWell Home Health | 465 | 10.2% |
| Advanced Home Health | 164 | 3.6% |
| PruittHealth@ Home-Brunswick | 78 | 1.7% |
| Liberty Home Care | 1 | 0.0% |
| Liberty Home Care V, LLC | 1 | 0.0% |
| Liberty Home Care | 1 | 0.0% |
| Total | 4,580 | Average Market Share = 10.0% |

Source: Section Q

Calculations: Brunswick County Market Share = (In-County Patients / Total In-County Patients) x 100

The following table highlights the 2022 Brunswick County payor mix and the projected payor mix for the first three operating years at BAYADA.

| Projected Market Share Comparison-2026 | | |
|---|---------------------------|---|
| Home Health Agency | In-County Patients | 2021 Brunswick County Market Share |
| Well Care Home, Inc. | 1,506 | 32.9% |
| Liberty Home Care | 1,153 | 25.2% |
| Year 2 Projected Market Share = 16.8% | | |
| AssistedCare Home Health | 680 | 14.8% |
| NHRMC Home Care | 531 | 11.6% |
| CenterWell Home Health | 465 | 10.2% |
| Advanced Home Health | 164 | 3.6% |
| PruittHealth@ Home-Brunswick | 78 | 1.7% |
| Liberty Home Care | 1 | 0.0% |
| Liberty Home Care V, LLC | 1 | 0.0% |
| Liberty Home Care | 1 | 0.0% |
| Total | 4,580 | Average Market Share = 10.0% |

Source: Section Q

Calculations: Brunswick County Market Share = (In-County Patients / Total In-County Patients) x 100

The applicant multiplied BAYADA’s projected market share by the 2023 SMFP projections of home health patients in Brunswick County.

| County | 2025 Market Share | Total Home Health Patients | BAYADA-Brunswick Home Health Patients |
|---------------|--------------------------|-----------------------------------|--|
| Brunswick | 11.20% | 5,950 | 667 |

| County | 2026 Market Share | Total Home Health Patients | BAYADA-Brunswick Home Health Patients |
|---------------|--------------------------|-----------------------------------|--|
| Brunswick | 16.80% | 6,196 | 1,041 |

| County | 2024 | 2025 | 2026 |
|---------------|-------------|-------------|-------------|
| Brunswick | 320 | 667 | 1,041 |

Step 5: Unduplicated Home Health Patients by Service Discipline Admission

The applicant projects the unduplicated home health patients by service discipline based on BAYADA’s home health patients from Rowan and Catawba counties. The applicant

states that Rowan and Catawba counties were used based on their demographic similarities.

| Discipline | 2024 | 2025 | 2026 | Admitting Percentage |
|-------------------------|-------------|-------------|--------------|-----------------------------|
| Skilled Nursing | 180 | 374 | 585 | 56.2% |
| Physical Therapy | 115 | 239 | 374 | 35.9% |
| Occupational Therapy | 14 | 30 | 47 | 4.5% |
| Speech Therapy | 11 | 23 | 35 | 3.4% |
| Total Admissions | 320 | 667 | 1,041 | 100.0% |

Source: Section Q

Calculation: Discipline = (Total Year Admission x Admitting Percentage)

Step 6: Unduplicated Home Health patients by Patients by Payor

The applicant states that upon licensing, BAYADA will be able to admit Medicare, Medicaid, Indigent, and self-pay patients. However, admitting commercial insurance patients can take up to 18 months. Using Brunswick County 2021 payor mix data and BAYADA-Rowan internal data, the applicant projects payor mix for the first three years of operation.

| Payor category | Brunswick | Projected | | | |
|-----------------------|------------------|------------------|--|--|---------------|
| | 2022 | 2024 | 2025-1st/2nd Qtr. | 2025-3rd/4th Qtr. | 2026 |
| Medicare | 82.7% | 91.0% | 91.0% | 80.5% | 80.5% |
| Medicaid | 5.2% | 6.2% | 6.2% | 5.2% | 5.2% |
| Insurance | 11.8% | 0.0% | 0.0% | 11.8% | 11.8% |
| Indigent | 0.3% | 1.7% | 1.7% | 1.5% | 1.5% |
| Self | 0.0% | 1.1% | 1.1% | 1.0% | 1.0% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Source: Section Q

| Payor category | 2024 | 2025 (Combined) | 2026 |
|-----------------------|-------------|------------------------|--------------|
| Medicare | 291 | 568 | 838 |
| Medicaid | 20 | 38 | 54 |
| Insurance | 0 | 43 | 123 |
| Indigent | 5 | 11 | 16 |
| Self | 4 | 7 | 10 |
| Total | 320 | 667 | 1,041 |

Source: Section Q

Calculations: Payor Category = (Total Year Patients x BAYADA - Brunswick Payor Percentage)

Step 7: Readmitted Patients by Payor

The applicant projects the readmitted patients by payor category based on BAYADA-Rowan’s home health patients from Rowan and Catawba counties. Based on BAYADA-Rowan’s home health agency data from 2022, 47.1% of Medicare patients were readmitted in the same year. The applicant applies this percentage to project Medicare readmissions for the first three project years.

| Payor Category | 2024 | 2025 | 2026 | Readmitting Percentage |
|-----------------------|-------------|-------------|--------------|-------------------------------|
| Medicare Patients | 291 | 568 | 838 | |
| Readmitted Medicare | 119 | 268 | 395 | 47.1% |
| Total Medicare | 411 | 836 | 1,233 | |

Source: Section Q

Calculations: Readmitting Medicare = (Medicare Patients x Readmitting Percentage)

Total Medicare = (Medicare Patients + Readmitted Medicare)

Step 8: Medicare Episode Starts

The applicant projects Medicare patient episodes by Medicare payor category. The applicant states: *“BAYADA assumes a 60-day episode resulting in the 1.25 episodes ratio that is not applied to the unduplicated Medicare patients until the second quarter of 2024.”*

| Payor Category | 2024 | 2025 | 2026 | Episode Ratio |
|-----------------------|-------------|-------------|-------------|----------------------|
| Medicare Patients | 411 | 836 | 1,233 | |
| Medicare Episodes | 504 | 1,045 | 1,541 | 1.25 |

Source: Section Q

Medicare Episodes = (Medicare Patients x Episode Ratio)

Step 9: Medicare Episode by Reimbursement Type

The applicant projects Medicare patient episodes by reimbursement type. The applicant states: *“BAYADA projected the Medicare Episode by Reimbursement Type based on BAYADA-Rowan’s home health patients from Rowan and Catawba counties and adjusted for the Low Utilization Payment Adjustments (LUPAs) reported by Brunswick County home health provider in 2021.”*

| Medicare Episode | % of Episodes | Adjusted % of Episodes |
|-------------------|---------------|------------------------|
| Full w/o Outliers | 95.0% | 82.7% |
| Full w Outliers | 1.0% | 1.0% |
| PEPs | 3.0% | 3.0% |
| LUPAs | 0.5% | 13.3% |
| Total | 100.0% | 100.0% |

| Medicare Episode | 2024 | 2025 | 2026 | Reimbursement Type % |
|-------------------|------------|--------------|--------------|----------------------|
| Full w/o Outliers | 416 | 864 | 1,275 | 82.7% |
| Full w Outliers | 5 | 10 | 15 | 1.0% |
| PEPs | 15 | 31 | 46 | 3.0% |
| LUPAs | 67 | 139 | 205 | 13.3% |
| Total | 504 | 1,045 | 1,541 | 100.0% |

Source: Section Q

Calculations: Medicare Episode = (Total Medicare Episode x Reimbursement Type Percentage)

| Reimbursement | 2024 | 2025 | 2026 |
|----------------------------|-----------|--------------|--------------|
| Medicare-Full w/o Outliers | 416 | 864 | 1,275 |
| Medicare-Full w Outliers | 5 | 10 | 15 |
| Medicare-PEPs | 15 | 31 | 46 |
| Medicare-LUPAs | 67 | 139 | 205 |
| Medicaid | 20 | 38 | 54 |
| Insurance | 0 | 43 | 123 |
| Indigent | 5 | 11 | 16 |
| Self | 4 | 7 | 10 |
| Total | 52 | 1,143 | 1,744 |

Source: Section Q

Step 10: Projected Visits by Reimbursement Type

The applicant projects visits by reimbursement type based on BAYADA-Rowan's home health patients from Rowan and Catawba counties.

| Reimbursement | Visits |
|----------------------------|--------|
| Medicare-Full w/o Outliers | 14.4 |
| Medicare-Full w Outliers | 7.2 |
| Medicare-PEPs | 5.0 |
| Medicare-LUPAs | 10.1 |
| Medicaid | 7.4 |
| Insurance | 13.6 |
| Indigent | 3.6 |
| Self | 3.6 |

Source: Section Q

| Reimbursement | 2024 | 2025 | 2026 |
|----------------------------|--------------|---------------|---------------|
| Medicare-Full w/o Outliers | 5,997 | 12,439 | 18,357 |
| Medicare-Full w Outliers | 36 | 75 | 11 |
| Medicare-PEPs | 76 | 157 | 231 |
| Medicare-LUPAs | 676 | 1,403 | 2,071 |
| Medicaid | 147 | 279 | 401 |
| Insurance | 0 | 592 | 1,671 |
| Indigent | 19 | 38 | 56 |
| Self | 13 | 25 | 37 |
| Total | 6,965 | 15,007 | 22,935 |

Source: Section Q

Calculations: Reimbursement Visits = (Reimbursement Type in Step 9 x Visits)

Step 11: Projected Visits by Service Discipline

The applicant projects visits by service discipline based on BAYADA-Rowan's home health patients from Rowan and Catawba counties.

| Discipline | Medicare Average | Medicaid | Insurance Indigent | Self-Pay |
|----------------------|------------------|---------------|--------------------|---------------|
| Skilled Nursing | 39.6% | 74.1% | 30.8% | 45.5% |
| Physical Therapy | 38.0% | 12.8% | 43.3% | 31.8% |
| Speech Therapy | 5.1% | 4.5% | 5.2% | 13.6% |
| Occupational Therapy | 15.4% | 8.2% | 18.9% | 9.1% |
| MSW | 0.4% | 0.0% | 0.3% | 0.0% |
| HHA | 1.5% | 0.4% | 1.5% | 0.0% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |

Source: Section Q

Calculations: Service Discipline by Reimbursement % of Visits = (Individual Service Discipline Visits by Reimbursement / Total Service Discipline Visits by Reimbursement) x 100

Step 12: Projected Duplicated Patients by Service Discipline

The applicant projects duplicated patients by service discipline by dividing the total visits by the average number of visits per patient receiving care in that discipline. See tables in Section Q, under *Step 12*.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant’s projected number of home health patients served by BAYADA are consistent with and supported by the projected 2024 home health deficit and historical growth rate for Brunswick County identified in the 2021 SMFP.
- The applicant’s projections are supported by the projected growth and aging of the population in the proposed service area.
- The applicant’s projections of admission by duplicated and unduplicated patient, and visits by reimbursement and payor type are based on the applicant’s historical home health agency operating experience.

Access to Medically Underserved Groups

In Section C, page 52, the applicant states:

“Access to BAYADA Home Health services will be from referrals from area physicians, hospitals, home health agencies, nursing homes and other health care agencies. BAYADA’s existing home health and home care offices in North Carolina have established referral relationships with numerous providers...BAYADA maintains a nondiscrimination policy and is committed to serving all appropriate patients regardless of income, race or ethnicity, gender, disability, age and other characteristics that cause patients to be underserved.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

| BAYADA Home Health Care, Inc. | |
|--------------------------------------|-------------------------------------|
| 3rd Full FY | |
| Medically Underserved Groups | Percentage of Total Patients |
| Low-income persons | 2.5% |
| Racial and ethnic minorities | 13.2% |
| Women | 55.0% |
| Persons with Disabilities* | |
| The elderly | 80.5% |
| Medicare beneficiaries | 80.5% |
| Medicaid recipients | 5.2% |

Source: Section C, page 52

*BAYADA does not track Persons with Disabilities data.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on information provided in Section C.6, page 52, and Section L, pages 91-92.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- 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 all the reasons described above.

Project ID# O-12334-23/Well Care Home Health of Brunswick County/Develop a Medicare-certified home health agency The proposes to develop a new Medicare-certified home health agency to be located in Supply, Brunswick County.

On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists of Brunswick County. Facilities may also serve residents of counties not included in their service area.

Patient Origin

The following table illustrates projected patient origin.

| Well Care Home Health of Brunswick County Projected Patient Origin | | | | | | |
|---|-------------------------------|-------------------|-------------------------------|-------------------|-------------------------------|-------------------|
| County | 1st Full FY | | 2nd Full FY | | 3rd Full FY | |
| | 10/1/24 to 9/30/25 | | 10/1/25 to 9/30/26 | | 10/1/26 to 9/30/27 | |
| | FY2025 | | FY2026 | | FY2027 | |
| | # of Patients | % of Total | # of Patients | % of Total | # of Patients | % of Total |
| Brunswick | 1,154 | 100.0% | 1,594 | 100.0% | 1,737 | 100.0% |
| Total | 1,154 | 100.0% | 1,594 | 100.0% | 1,737 | 100.0% |

Source: Section C, page 48

In Section Q, pages 136-148, 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 50-70, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- The 2023 SMFP identified a need for an additional Medicare-certified home health agency in Brunswick County and a home health deficit of 533.61 home health patients by 2024. (pages 50-52)
- Well Care’s historical home health utilization and market share. (pages 52-54)
- The proposed location of the agency will enhance access to home health patients and referral resources and improve operational efficiency. (pages 54-58)
- Well Care’s reputation as a “*high quality*” and “*market-leading*” provider in Brunswick and other surrounding counties.
- Growth and aging of the population in Brunswick County. (pages 61-64)
- The prevalence of chronic diseases among older Brunswick County residents. (pages 64-66)
- The historical use rate and growth of home health services in Brunswick County. (pages 67-68)
- Access to high quality and cost-effective home health services. (pages 68-70)

The information is reasonable and adequately supported based on the following:

- There is a need for one Medicare-certified home health agency or office in Brunswick County, as stated in the 2023 SMFP.

- The applicant’s demonstration of need is supported by the historical utilization and market share of home health services.
- The applicant’s statements regarding need are supported by population growth and aging data from NCOSBM for the proposed service area.

Projected Utilization

In Section Q, pages 135, the applicant provides projected utilization, as illustrated in the following table.

| Well Care Home Health of Brunswick County | 1st FY | | 2nd FY | | 3rd FY | |
|---|--------------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------|
| | CY 2024 | | CY 2025 | | CY 2026 | |
| | # of Clients | # of Visits | # of Clients | # of Visits | # of Clients | # of Visits |
| Unduplicated Clients by Admitting Discipline | | | | | | |
| Nursing | 739 | | 1,020 | | 1,112 | |
| Physical Therapy | 415 | | 574 | | 625 | |
| Speech Therapy | | | | | | |
| Occupational Therapy | | | | | | |
| Total Unduplicated Clients | 1,154 | | 1,594 | | 1,737 | |
| Duplicated Clients and Visits by Discipline | | | | | | |
| Nursing | 1,293 | 10,343 | 1,989 | 15,914 | 2,167 | 17,335 |
| Physical Therapy | 1,000 | 7,102 | 1,542 | 10,945 | 1,679 | 11,921 |
| Speech Therapy | 155 | 590 | 240 | 912 | 261 | 993 |
| Occupational Therapy | 749 | 2,545 | 1,159 | 3,939 | 1,262 | 4,291 |
| Medical Social Worker | 292 | 380 | 450 | 586 | 490 | 637 |
| Home Health Aide | 161 | 985 | 251 | 1,529 | 273 | 1,665 |
| Total Duplicated Clients and Visits | 3,651 | 21,945 | 5,630 | 33,825 | 6,132 | 36,842 |
| Full Episodes without Outlier | 1,220 | 16,470 | 1,915 | 25,853 | 2,086 | 28,161 |
| Full Episodes with Outlier | 29 | 574 | 45 | 891 | 49 | 970 |
| Partial Episode Payment (PEP) | 1 | 11 | 2 | 21 | 2 | 21 |
| Low-Utilization Payment Adjustment (LUPA) | 179 | 340 | 280 | 532 | 305 | 580 |
| Total Medicare Clients and Visits | 1,429 | 17,395 | 2,242 | 27,297 | 2,442 | 29,732 |

In Section Q, pages 136-148, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1: The applicant summarized the projected 2024 home health deficit for Brunswick County in the 2023 SMFP. See table on page 136 of the application.

Step 2: The applicant calculates the CAGR for the home health patients served in Brunswick County for 2019-2021. See table on page 136 of the application.

Step 3: The applicant projects the number of home health patients by applying three-fourths of the CAGR (3.1%) calculated in *Step 2*. The applicant states that the growth rate is less than the 2-year CAGR for home health patients from 2019-2022 and the NCOSBM Brunswick County projected population growth rate (3.3%) for 2023-2026. See table on page 137 of the application.

Step 4: The applicant projects that Well Care will serve 75% of the 2023 SMFP projected deficit in 2024 which is estimated to be 8.0% of the 2024 Brunswick County market share. The applicant states that its projections are supported by Well Care's in-depth home services and the agency's established corporate resources and infrastructure in North Carolina. See tables on pages 137-138 of the application.

Step 5: The applicant projects that Well Care's market share will increase by 1.0% for years 2 and 3 and projects the number of home health patients based on the incremental market share. See tables on pages 138-139 of the application.

Step 6: The applicant identifies the number of Brunswick County home health patients served by Well Care during 2019-2021. The applicant projects that a percentage of Well Care's market share will shift to the proposed home health agency and increase incrementally for the first three years of the project. See tables on pages 139-140 of the application.

Step 7: The applicant projects the total number of unduplicated home health patients to be served based on the projected market share and incremental market share shift. See table on page 140 of the application.

Step 8: The applicant projects the total unduplicated home health patients by admitting service discipline. The applicant's projections are based on Well Care's experience as a home health provider. See table on page 141 of the application.

Step 9: The applicant projects the total unduplicated home health patients by payor source based on the assumptions and methodology stated in Section L of the application. See table on page 142 of the application.

Step 10: The applicant projects the total duplicated home health patients by payor source based on Well Care's historical experience. The applicant projects that 25% of Medicare and Medicaid patients will be admitted more than once. The applicant does not project readmissions for commercial or private patients. See table on page 143 of the application.

Step 11: The applicant projects the number of episodes per Medicare admission and subsequently by reimbursement type. The applicant projects 1.5 episodes per Medicare admission based on Well Care's experience since the implementation of Patient Driven Groupings Model (PDGM). See tables on pages 144-145 of the application.

Step 12: The applicant summarizes the duplicated home health patients by payor source and reimbursement type for Medicare and non-Medicare payors through the first three full fiscal years. See table on page 145 of the application.

Step 13: The applicant projects visits per start of care by reimbursement type and payor source based on Well Care's experience since the implementation of PDGM. See table on page 146 of the application.

Step 14: The applicant projects the distribution of visits by service discipline based on Well Care's experience since the implementation of PDGM. See tables on pages 147-148 of the application.

Step 15: The applicant projects the number of duplicated clients by service discipline based on Well Care's experience since the implementation of PDGM. See table on page 149 of the application.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant's projections of home health patients are consistent with and supported by the projected 2024 home health deficit and historical population growth rate for Brunswick County identified in the 2021-2023 SMFPs.
- The applicant's projections are supported by the projected growth and aging of the population in the proposed service area.
- The applicant's projected market share is supported by Well Care's market share of Brunswick county patients served at Well Care's New Hanover home health agency.
- The applicant's projections of admission by duplicated and unduplicated patient, and visits by reimbursement and payor type are based on the applicant's historical home health agency operating experience.

Access to Medically Underserved Groups

In Section C, page 74, the applicant states:

"All patients access home health services via physical referral. Well Care does not exclude, deny benefits to, or otherwise discriminate against any person on the ground of race, color, or national origin, sex, age or on the basis of disability..."

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

| Well Care Home Health of Brunswick County | |
|--|-------------------------------------|
| 3rd Full FY | |
| Medically Underserved Groups | Percentage of Total Patients |
| Low-income persons | 10.0% |
| Racial and ethnic minorities | 13.2% |
| Women | 61.0% |
| Persons with Disabilities* | |
| Persons 65 and Older | 88.2% |
| Medicare beneficiaries | 75.0% |
| Medicaid recipients | 10.0% |

Source: Section C, page 75

*Well Care does not have a method to estimate percentage of patients with disabilities.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on information provided in Section C.6, pages 74-76, and Section L, pages 118-121.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- 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 all the reasons described above.

Project ID# O-12336-23/HealthView Home Health-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists of Brunswick County. Facilities may also serve residents of counties not included in their service area.

Patient Origin

The following table illustrates projected patient origin.

| HealthView Home Health-Brunswick Projected Patient Origin | | | | | | |
|--|-------------------------------|-------------------|-------------------------------|-------------------|-------------------------------|-------------------|
| County | 1st Full FY | | 2nd Full FY | | 3rd Full FY | |
| | 1/1/24 to 12/31/24 | | 1/1/25 to 12/31/25 | | 1/1/26 to 12/31/26 | |
| | CY2024 | | CY2025 | | CY2026 | |
| | # of Patients | % of Total | # of Patients | % of Total | # of Patients | % of Total |
| Brunswick | 276 | 100% | 743 | 96% | 1,038 | 92% |
| New Hanover | 0 | 0% | 23 | 3% | 56 | 5% |
| Columbus | 0 | 0% | 8 | 1% | 34 | 3% |
| Total | 276 | 100% | 774 | 100% | 1,128 | 100% |

Source: Section C, page 29

Analysis of Need

In Section C, pages 30-31, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- The 2023 SMFP identified a need for an additional Medicare-certified home health agency in Brunswick County.
- The applicant states that HealthView is committed to serving the needs of the growing indigent population that is projected to grow over the next five years in Brunswick County.
- Growth among the 65+ population, the group most likely to utilize healthcare services will drive the need for the provision of home health services.
- A movement within the healthcare industry to transition Medicare services from institutional care to home care.

The information is reasonable and adequately supported based on the following:

- There is a need for one Medicare-certified home health agency or office in Brunswick County, as stated in the 2023 SMFP.
- The applicant’s statements regarding need are supported by the projected growth among the aged and indigent.

Projected Utilization

In Section Q, Form C.5, page 1, the applicant provides projected utilization, as illustrated in the following table.

| HealthView Home Health-Brunswick | 1 st FY | | 2 nd FY | | 3 rd FY | |
|---|--------------------|--------------|--------------------|--------------|--------------------|---------------|
| | CY 2024 | | CY 2025 | | CY 2026 | |
| | Clients | Visits | Clients | Visits | Clients | Visits |
| Unduplicated Clients by Admitting Discipline | | | | | | |
| Nursing | 117 | | 329 | | 481 | |
| Physical Therapy | 120 | | 335 | | 489 | |
| Speech Therapy | 9 | | 26 | | 122 | |
| Occupational Therapy | 30 | | 83 | | 38 | |
| Total Unduplicated Clients | 276 | | 774 | | 1,128 | |
| | | | | | | |
| Duplicated Clients and Visits by Discipline | | | | | | |
| Nursing | 353 | 1,297 | 991 | 3,641 | 1,443 | 5,302 |
| Physical Therapy | 360 | 1,206 | 1,010 | 3,384 | 1,471 | 4,929 |
| Speech Therapy | 28 | 62 | 79 | 175 | 115 | 255 |
| Occupational Therapy | 90 | 334 | 251 | 931 | 366 | 1,358 |
| Medical Social Worker | 14 | 15 | 38 | 41 | 56 | 60 |
| Home Health Aide | 29 | 116 | 83 | 332 | 120 | 480 |
| Total Duplicated Clients and Visits | 874 | 3,030 | 2,451 | 8,504 | 3,572 | 12,384 |
| | | | | | | |
| Full Episodes without Outlier | 248 | 2,307 | 666 | 6,195 | 915 | 8,511 |
| Full Episodes with Outlier | 1 | 24 | 4 | 97 | 5 | 122 |
| Partial Episode Payment (PEP) | 2 | 19 | 4 | 38 | 6 | 57 |
| Low-Utilization Payment Adjustment (LUPA) | 5 | 14 | 12 | 33 | 17 | 47 |
| Total Medicare Clients and Visits | 256 | 2,364 | 687 | 6,363 | 943 | 8,737 |

In Section C, page 39, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

The applicant projects the total number of patients based on a fill-up rate average of four unduplicated patients per month during year one, three unduplicated patients per month during year two, and two unduplicated patients per month during year three.

However, the applicant’s assumptions are not reasonable and adequately supported based on the following:

The applicant does not provide reasonable assumptions or methodology that support its projections. In Section C, page 39, the applicant states that the fill-up rate of four unduplicated patients in the first year is based on previous CON applications for new home health agencies offering similar services and the trend to transition patients to home care. The applicant does not provide reasonable and adequately supported assumptions for its fill-up rate and does not provide supporting documentation for its fill-up rates. Therefore, the applicant’s projected utilization is questionable.

Access to Medically Underserved Groups

In Section C, page 37, the applicant states:

“The related agencies of Healthview Home Health currently have in place a strict non-discriminatory policy, which allows full access to agency services regardless of gender, race, religion, or country of origin. This policy will also be in place for Healthview Home Health-Brunswick.

...

HealthView Home Health-Brunswick expects to be a preferred provider within the service [sic] for Medicare beneficiaries needing Home Health service. Patient estimates are based on historical payer mix at related Home Health agencies owned by the applicant, and include Medicare Replacement plan figures.

The related agencies owned and operated by the applicants have a longstanding history of serving the indigent/Medicaid population in the counties served by their home Health Agencies. Healthview Home Health-Brunswick will readily accept Medicaid beneficiaries.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

| Medically Underserved Groups | Percentage of Total Patients |
|-------------------------------------|-------------------------------------|
| Low income persons | 31.4% |
| Racial and ethnic minorities | 20.7% |
| Women | 52.2% |
| Persons with Disabilities | Unable to estimate |
| Persons 65 and older | 98.0% |
| Medicare beneficiaries | 70.6% |
| Medicaid recipients | 29.4% |

Source: Section C, pages 37-38

However, the applicant does not adequately describe the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services because the applicant does not provide reasonable or adequately supported assumptions upon which it bases its projected Medicaid percentage. The only home health agency the applicant or a related entity owns in the state that has available LRAs, Healthview Home Health and Hospice in Nash County, reported serving 15.5% Medicaid recipients in FY2021. Therefore, its estimated payor mix is not reasonable or adequately supported.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion for all the reasons described above.

- (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, ... persons [persons with disabilities], and other underserved groups and the elderly to obtain needed health care.

NA-All Applications

None of the applicants 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
Novant Health
3HC
BAYADA
Well Care

NC
HealthView

Project ID# O-12316-23/Novant Health Home Care-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

In Section E, pages 66-67, 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:

Develop a New HHA in Another Location in Brunswick County-The applicant states that developing the home health agency in another location would not provide access to services for patients discharged from Novant Health Brunswick Medical Center (NHBMC) that need home health services. NHBMC is located in close proximity to the proposed location of the home health agency which will allow for a 'warm handoff' of patients upon discharge.

Develop a New HHA in Brunswick County in Partnership with an Existing HHA-The applicant considered developing the project in partnership with an existing home health agency. However, the applicant states that developing a new agency independent of another existing provider would be a more effective way to provide home health services to Brunswick County residents and allow the provider to leverage the expertise and experience within the health system through Novant Health Home Care-Pender (NHHC-P). To ensure continuity of care, NHHC-P is able to access medical records and data through their integrated system used by all Novant Health hospitals. This would ensure continuity care for patients discharged from an acute care hospital and ensure access to home health services, regardless of their ability to pay or insurance coverage.

Maintain the status quo and continue to serve Brunswick County patients from NHHC-P-The applicant states that serving Brunswick County patients from NHHC-P can be problematic when recruiting staff because it is preferable for staff to provide care in patients' homes close to where they live in Pender County.

On pages 66-67, the applicant states that its proposal is the most effective alternative because developing the Home health agency in Brunswick County would ensure access to home health services and continuum of care by leveraging the experience and expertise of NHHC-P.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

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.

Project ID# O-12318-23/3HC-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County

In Section E, page 68, 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:

Develop a New Medicare-Certified Home Health Agency in New Hanover County-The applicant states that developing a home health agency in New Hanover County was considered since there is a need determination for one in the 2023 SMFP, however, Brunswick County shows a larger projected patient deficit and has less home health agencies.

Construct a New Building for the Proposed Home Health Agency-The applicant dismissed this alternative because the cost of developing a new building exceeds the cost of leasing an existing space in Leland.

On page 68, the applicant states that its proposal is the most effective alternative because developing the Home health agency in Brunswick County would meet the county's deficit and allows 3HC to better serve the Brunswick County homebound patients.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

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.

Project ID# O-12324-23/BAYADA Home Health Care, Inc./Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

In Section E, pages 62-63, 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:

Maintaining the Status Quo vs. Submitting a CON Application-The applicant states that maintaining the status quo would unnecessarily limit access to home health services for county residents.

Build a New Facility vs. Lease an Existing Facility-The applicant states that building a new facility as opposed to leasing an existing facility would not be a cost-effective alternative.

On page 63, the applicant states that the proposal is the most effective alternative because BAYADA is committed to increasing community access to home health services and improving the timeliness of clinical service to Brunswick County residents. Additionally, the applicant chose to develop the proposed home health agency in Leland, because of the at-market lease rates, proximity to highway access, and its ability to service the entire service area.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

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.

Project ID# O-12334-23/Well Care Home Health of Brunswick County/Develop a Medicare-certified home health agency The proposes to develop a new Medicare-certified home health agency to be located in Supply, Brunswick County.

In Section E, pages 83-85, 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 dismissed this alternative based on the need for an additional Medicare-certified home health agency in Brunswick County identified by the 2023 SMFP methodology.

Develop New Agency Office in Another Location-The applicant states that lower income populations will likely reside in the proposed location. Statistically, lower socioeconomic status populations are more likely to have poorer health. The applicant states that the proposed location will provide access to home health services to this population.

Utilize Existing Drop-Off Site in Brunswick County-The applicant dismissed this alternative for several reasons including the inability to maintain a full staff and accept patient referrals at the existing drop-off site. The applicant states that this alternative equates to maintaining the status quo.

On pages 85-86, the applicant states that its proposal is the most effective alternative to meet the need based on the applicant's established relationships in the community which include relationships with referral partners and patients in the service area. As an existing provider in an adjacent county, Well Care can draw on its established internal resources to provide home health services to service area residents.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria.

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.

Project ID# O-12336-23/HealthView Home Health-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

In Section E, page 46, the applicant states that there is no other alternative method that would meet the need for the proposed Medicare-certified home health agency because the 2023 SMFP has identified a need for an additional Medicare-certified home health agency in Brunswick County.

However, the applicant does not adequately demonstrate that the alternative proposed in this application is the most effective alternative to meet the need because it is not conforming to all statutory and regulatory review criteria. An application that cannot be approved cannot be an effective alternative to meet the 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 not conforming to this criterion for the reason stated above. Therefore, the application is denied.

- (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
Novant Health
3HC
BAYADA
Well Care

NC
HealthView

Project ID# O-12316-23/Novant Health Home Care-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

Capital and Working Capital Costs

In Section Q, page 122, the applicant projects the total capital cost of the project, as shown in the table below.

| Novant Health Home Care-Brunswick Capital Costs | |
|--|------------------|
| Medical Equipment | \$3,000 |
| Non-Medical Equipment | \$29,947 |
| Furniture | \$26,500 |
| Consultant Fees (CON Development) | \$46,000 |
| Other (Project Contingency) | \$10,545 |
| Total Capital Costs | \$115,992 |

In Section Q, page 122, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section E, page 70, the applicant projects that start-up costs will be \$138,794 and initial operating expenses will be \$610,078 for a total working capital of \$748,872. On pages 70-71, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant projects start-up costs based on the initial cost of rent, the purchase of equipment and supplies, hiring staff, and depreciation incurred during the first month.
- The applicant projects initial operating costs based on an 8-month ramp-up period to accommodate volume as it grows during the first year.

Availability of Funds

In Section F, page 68, the applicant states that the capital cost will be funded, as shown in the table below.

| Sources of Capital Cost Financing | | | |
|--|--|----------------------------|------------------|
| Type | Brunswick Community Hospital, LLC | Novant Health, Inc. | Total |
| Loans | \$0 | \$0 | \$0 |
| Accumulated reserves or OE * | \$0 | \$115,992 | \$115,992 |
| Bonds | \$0 | \$0 | \$0 |
| Other (Specify) | \$0 | \$0 | \$0 |
| Total Financing | \$0 | \$115,992 | \$115,992 |

* OE = Owner's Equity

In Section F, page 71, 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 Novant Health, Inc. | Amount |
|---|------------------|
| Loans | \$0 |
| Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity | \$748,872 |
| Lines of credit | \$0 |
| Bonds | \$0 |
| Total | \$748,872 |

In Exhibit F.2., the applicant provides a letter from the Senior Vice President, Operational Finance and Revenue Cycle for Novant Health, Inc., documenting Novant Health's commitment to fund the capital cost and working capital costs of the project through accumulated reserves. Exhibit F.2 also contains the consolidated balance sheets for Novant Health Inc. and Affiliates, documenting over \$700 million in cash and cash equivalents and over \$10 billion in total assets available to fund the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the 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.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

| Novant Health Home Care-Brunswick | 1 st Full Fiscal Year | 2 nd Full Fiscal Year | 3 rd Full Fiscal Year |
|-------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | CY2024 | CY2025 | CY2026 |
| Total Visits | 9,849 | 11,731 | 13,044 |
| Total Gross Revenues (Charges) | \$3,747,009 | \$4,633,436 | \$5,295,334 |
| Total Net Revenue | \$3,274,924 | \$4,044,082 | \$4,617,536 |
| Average Net Revenue per Visit | \$333 | \$345 | \$354 |
| Total Operating Expenses (Costs) | \$3,248,464 | \$3,932,044 | \$4,497,625 |
| Average Operating Expense per Visit | \$330 | \$335 | \$345 |
| Net Income | \$26,460 | \$112,038 | \$119,911 |

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, page 124. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant’s methodology and assumptions for projecting Medicare revenue are reasonable and supported.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which 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 for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

Project ID# O-12318-23/3HC-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

Capital and Working Capital Costs

In Section Q, Form F.1a, page 2, the applicant projects the total capital cost of the project, as shown in the table below.

| 3HC-Brunswick Capital Costs | |
|--|------------------|
| Non-Medical Equipment | \$33,680 |
| Furniture | \$16,070 |
| Consultant Fees (CON Preparation) | \$65,000 |
| Other (Contingency) | \$9,950 |
| Total Capital Costs | \$124,700 |

In Section Q, page 3, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions.

In Section E, page 72, the applicant projects that start-up costs will be \$95,825 and initial operating expenses will be \$970,114 for a total working capital of \$1,065,939. On page 73, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The initial operating period represents the first 26 months of operations during which cash outflow exceeds cash inflow.
- The applicant assumes no reimbursement for the first seven months of operation due to a 6-month CMS accreditation period and one additional month for collection.
- Start-up expenses represent costs associated with supplies, equipment, rent, utilities, and staff.

Availability of Funds

In Section F, page 70, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

| Type | Home Health and Hospice Care, Inc. | Total |
|------------------------------|------------------------------------|------------------|
| Loans | \$0 | \$0 |
| Accumulated reserves or OE * | \$124,700 | \$124,700 |
| Bonds | \$0 | \$0 |
| Other (Specify) | \$0 | \$0 |
| Total Financing | \$124,700 | \$124,700 |

* OE = Owner's Equity

In Section F, page 73, 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 Home Health and Hospice Care, Inc. | Amount |
|--|--------------------|
| Loans | \$0 |
| Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity | \$1,065,939 |
| Lines of credit | \$0 |
| Bonds | \$0 |
| Total | \$1,065,939 |

In Exhibit F.2-1, the applicant provides a letter from the Chief Financial Officer for 3HC, documenting Home Health and Hospice Care, Inc.'s commitment to fund the capital cost and working capital costs of the project through accumulated reserves. Exhibit F.2-2 also contains the 2022 consolidated balance sheets for Home Health and Hospice Care, Inc., documenting over \$7 million in cash and cash equivalents and over \$25 million in total assets available to fund the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the 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.2b, the applicant projects that revenues will exceed operating expenses in the third full fiscal year following completion of the project, as shown in the table below.

| 3HC-Brunswick | 1 st Full Fiscal Year | 2 nd Full Fiscal Year | 3 rd Full Fiscal Year |
|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | FY2025 | FY2026 | FY2027 |
| Total Visits | 4,578 | 7,019 | 9,568 |
| Total Gross Revenues (Charges) | \$959,498 | \$1,500,614 | \$2,086,701 |
| Total Net Revenue | \$934,811 | \$1,462,038 | \$2,032,997 |
| Average Net Revenue per Visit | \$204 | \$208 | \$212 |
| Total Operating Expenses (Costs) | \$1,167,720 | \$1,530,221 | \$1,949,535 |
| Average Operating Expense per Visit | \$255 | \$218 | \$204 |
| Net Income | (\$232,908) | (\$68,183) | \$83,462 |

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant’s methodology and assumptions for projecting Medicare revenue are reasonable and supported.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which 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 for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

Project ID# O-12324-23/BAYADA Home Health Care, Inc./Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

Capital and Working Capital Costs

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

| BAYADA Home Health Care, Inc. Capital Costs | |
|--|------------------|
| Non-Medical Equipment | \$38,384 |
| Furniture | \$37,708 |
| Consultant Fees (CON Prep and Fee) | \$37,000 |
| Other (15% Contingency) | \$11,414 |
| Total Capital Costs | \$124,506 |

In Section Q, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant projects the necessary non-medical equipment based on BAYADA's existing home health startups in North Carolina.
- The applicant projects costs for equipment based on costs derived from online sources.
- The applicant accounts for a 15% contingency cost.

In Section F, page 66, the applicant projects that start-up costs will be \$200,000 and initial operating expenses will be \$700,000 for a total working capital of \$900,000. On page 67, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant projects start-costs based on expenses incurred during the first month of the first operating year.
- Initial operating costs represent the first 12 months of operations when operating costs exceed revenue.

Availability of Funds

In Section F, page 64, the applicant states that the capital cost will be funded, as shown in the table below.

| Sources of Capital Cost Financing | | |
|--|--------------------------------------|------------------|
| Type | BAYADA Home Health Care, Inc. | Total |
| Loans | \$0 | \$0 |
| Accumulated reserves or OE * | \$124,506 | \$124,506 |
| Bonds | \$0 | \$0 |
| Other (Specify) | \$0 | \$0 |
| Total Financing | \$124,506 | \$124,506 |

* OE = Owner's Equity

In Section F, page 68, 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 BAYADA Home Health Care, Inc. | Amount |
|---|------------------|
| Loans | \$0 |
| Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity | \$900,000 |
| Lines of credit | \$0 |
| Bonds | \$0 |
| Total | \$900,000 |

In Exhibit F.2, the applicant provides a letter from the Chief Financial Officer for BAYADA Home Health Care, Inc., documenting BAYADA's commitment to fund the capital cost and working capital costs of the project through accumulated reserves. Exhibit F.2 also contains a letter from the Senior Vice President for Citizen's Financial Group, Inc., verifying that BAYADA has significant deposits to fund the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the 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.2b, the applicant projects that revenues will exceed operating expenses in the second and third full fiscal years following completion of the project, as shown in the table below.

| BAYADA Home Health Care, Inc. | 1st Full Fiscal Year | 2nd Full Fiscal Year | 3rd Full Fiscal Year |
|--------------------------------------|--|--|--|
| | FY2025 | FY2026 | FY2027 |
| Total Visits | 2,385 | 4,947 | 7,301 |
| Total Gross Revenues (Charges) | \$1,604,161 | \$3,456,445 | \$5,282,201 |
| Total Net Revenue | \$1,495,390 | \$3,166,752 | \$4,764,109 |
| Average Net Revenue per Visit | \$627 | \$640 | \$653 |
| Total Operating Expenses (Costs) | \$1,774,464 | \$3,055,385 | \$4,468,111 |
| Average Operating Expense per Visit | \$744 | \$618 | \$612 |
| Net Income | (\$279,074) | \$111,367 | \$295,998 |

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant’s methodology and assumptions for projecting Medicare revenue are reasonable and supported.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which 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 for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.

- 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 revenues and operating expenses for all the reasons described above.

Project ID# O-12334-23/Well Care Home Health of Brunswick County/Develop a Medicare-certified home health agency The proposes to develop a new Medicare-certified home health agency to be located in Supply, Brunswick County.

Capital and Working Capital Costs

In Section Q, page 150, the applicant projects the total capital cost of the project, as shown in the table below.

| Well Care Home Health of Brunswick County Capital Costs | |
|--|----------|
| Non-Medical Equipment | \$5,000 |
| Furniture | \$5,000 |
| Consultant Fees (CON Prep and filing) | \$50,000 |
| Other (Contingency) | \$15,000 |
| Total Capital Costs | \$75,000 |

In Section Q, page 156, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the applicant's experience with similar projects.

In Section E, page 90, the applicant projects that start-up costs will be \$79,257 and initial operating expenses will be \$438,955 for a total working capital of \$518,212. On pages 90-91, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant projects start-costs based on the initial cost of clinical staff hiring and other costs such as training, furniture, equipment and supply inventory.
- Initial operating costs represent the first 12 months of operations when operating costs exceed revenue.

Availability of Funds

In Section F, page 88, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

| Type | Well Care TPM, Inc. | Total |
|------------------------------|---------------------|-----------------|
| Loans | \$0 | \$0 |
| Accumulated reserves or OE * | \$75,000 | \$75,000 |
| Bonds | \$0 | \$0 |
| Other (Specify) | \$0 | \$0 |
| Total Financing | \$75,000 | \$75,000 |

* OE = Owner's Equity

In Section F, page 92, 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 Well Care TPM, Inc. | Amount |
|--|------------------|
| Loans | \$0 |
| Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity | \$518,212 |
| Lines of credit | \$0 |
| Bonds | \$0 |
| Total | \$518,212 |

In Exhibit F.2, the applicant provides a letter from the Chief Financial Officer for Well Care Health, LLC, parent company to Well Care TPM, Inc, documenting their commitment to fund the capital cost and working capital costs of the project through accumulated reserves. Exhibit F.2 also contains a letter from the Senior Vice President for Truist, verifying that Well Care Health, LLC has significant deposits to fund the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the 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.2b, the applicant projects that revenues will exceed operating expenses in the second and third full fiscal years following completion of the project, as shown in the table below.

| Well Care Home Health of Brunswick County | 1 st Full Fiscal Year | 2 nd Full Fiscal Year | 3 rd Full Fiscal Year |
|---|----------------------------------|----------------------------------|----------------------------------|
| | CY2024 | CY2025 | CY2026 |
| Total Visits | 17,395 | 27,297 | 29,732 |
| Total Gross Revenues (Charges) | \$2,647,192 | \$6,216,507 | \$6,771,486 |
| Total Net Revenue | \$1,990,147 | \$4,684,159 | \$5,102,141 |
| Average Net Revenue per Visit | \$114 | \$172 | \$172 |
| Total Operating Expenses (Costs) | \$2,429,102 | \$3,362,441 | \$4,042,773 |
| Average Operating Expenses per Visit | \$140 | \$123 | \$136 |
| Net Income | (\$438,955) | \$1,321,718 | \$1,059,368 |

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant’s methodology and assumptions for projecting Medicare revenue are reasonable and supported.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which 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 for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- 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 revenues and operating expenses for all the reasons described above.

Project ID# O-12336-23/HealthView Home Health-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

Capital and Working Capital Costs

In Section Q, Form F.1a, page 2, the applicant projects the total capital cost of the project, as shown in the table below.

| HealthView Home Health-Brunswick Capital Costs | |
|---|------------------|
| Medical Equipment | \$20,000 |
| Non-Medical Equipment | \$80,000 |
| Furniture | \$30,000 |
| Consultant Fees | \$25,000 |
| Other (other start-up costs) | \$50,000 |
| Total Capital Costs | \$205,000 |

In Exhibit Q, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the estimated costs of equipment, furniture and other costs to equip the agency.

In Section F, page 49, the applicant projects that start-up costs will be \$75,000 and initial operating expenses will be \$348,499 for a total working capital of \$423,499. On page 49, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- Initial operating period represents the first five quarters prior to operating at a profit.
- Start-up costs include legal fees, corporate setup, utilities, and staff training which are estimated based on the applicant's experience as a home health provider.

Availability of Funds

In Section F, page 47, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

| Type | HealthView Capital Partners-FUND I | Total |
|------------------------------|------------------------------------|------------------|
| Loans | \$0 | \$0 |
| Accumulated reserves or OE * | \$205,000 | \$205,000 |
| Bonds | \$0 | \$0 |
| Other (Specify) | \$0 | \$0 |
| Total Financing | \$205,000 | \$205,000 |

* OE = Owner's Equity

In Section F, page 50, 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 HealthView Capital Partners-FUND I | Amount |
|--|------------------|
| Loans | \$0 |
| Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity | \$423,499 |
| Lines of credit | \$0 |
| Bonds | \$0 |
| Total | \$423,499 |

In Exhibit F.2, the applicant provides a letter from the tax preparation firm that represents Sandy Roberson, the owner of HealthView Capital Partners and its affiliated entities, documenting HealthView's commitment to fund the capital cost and working capital costs of the project through accumulated reserves. Exhibit F.2 also states that HealthView Capital Partners and its affiliated entities have over \$3 million in net liquid assets available to fund the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the 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.2b, the applicant projects that revenues will exceed operating expenses in the second and third full fiscal years following completion of the project, as shown in the table below.

| HealthView Home Health-Brunswick | 1 st Full Fiscal Year | 2 nd Full Fiscal Year | 3 rd Full Fiscal Year |
|--------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | CY2024 | CY2025 | CY2026 |
| Total Visits | 2,364 | 6,363 | 8,737 |
| Total Gross Revenues (Charges) | \$592,930 | \$1,629,581 | \$2,310,692 |
| Total Net Revenue | \$592,930 | \$1,629,581 | \$2,310,692 |
| Average Net Revenue per Visit | \$251 | \$256 | \$264 |
| Total Operating Expenses (Costs) | \$842,805 | \$1,470,464 | \$2,097,154 |
| Average Operating Expenses per Visit | \$357 | \$231 | \$240 |
| Net Income | (\$249,875) | \$159,117 | \$213,538 |

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Exhibit Q. However, the applicant does not adequately demonstrate that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant does not identify a specific site for its agency. Therefore, the operating costs are questionable. Furthermore, G.S. 131E-181(a) states: (a) A certificate of need shall be valid only for the defined scope, physical location, and person named in the application. Without a physical location, the application cannot be approved.
- Projected utilization is not based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference. Therefore, projected revenues and operating expenses, which are based in part on projected utilization, are also questionable.

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 not conforming to this criterion because the applicant does not adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for the reasons described above.

- (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
 Novant Health
 3HC
 BAYADA
 Well Care

NC
 HealthView

On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this facility consists of Brunswick County. Facilities may also serve residents of counties not included in their service area.

The table below identifies the existing Medicare-certified home health agencies or offices located in Brunswick County, and the in-county and out-of-county patient totals for FY 2022 for each provider, from page 217 of the 2023 SMFP.

| License Number | Name | In-County Patients | Out-of-County Patients | Total Patients |
|----------------|-------------------------------|--------------------|------------------------|----------------|
| HC0288 | Liberty Home Care | 1,153 | 9 | 1,162 |
| HC1500 | AssistedCare Home Health | 680 | 1,155 | 1,835 |
| HC4816 | PruittHealth @ Home-Brunswick | 78 | 89 | 167 |

Project ID# O-12316-23/Novant Health Home Care-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

In Section G, page 77, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved home health services in Brunswick County. The applicant states:

“The following are the main reasons the proposed project will not result in an unnecessary duplication of the existing HHAs located in Brunswick County:

- 1. The SMFP projects that an additional 534 patients will need home health services in Brunswick County in 2024...*

2. *In 2021, Novant Health's existing HHA, NHHC-P, served 521 adult home health patients who reside in Brunswick County from its location in Pender County. A large percentage of these patients will be more conveniently served by the proposed new NHHC-B when it opens.*
3. *The number of patients from Brunswick County discharged from Novant Health Coastal Region hospitals to home health services has increased more than 16% over the last 5 years..."*

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

- There is a need determination in the 2023 SMFP for the proposed Medicare-certified home health agency or office.
- The applicant adequately demonstrates that the proposed Medicare-certified home health agency or office is needed in addition to the existing or approved Medicare-certified home health agencies or offices.
- The applicant adequately demonstrates that Brunswick County patients that were discharged from Novant Health Coastal Region hospitals to home health services would be conveniently served by a new Medicare-certified home health agency in Brunswick County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- 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 all the reasons described above.

Project ID# O-12318-23/3HC-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

In Section G, page 79, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved home health services in Brunswick County. The applicant states:

“...the identified need can best be met by the development of the proposed home health agency by an experienced home health provider in eastern North Carolina, given the increased need for home health services based on Brunswick County demographics and the utilization of existing home health agencies in the region. The proposed project will have a positive impact on home health utilization by increasing access to high quality, cost-effective care, which in turn will enable 3HC to meet the growing demand for home health services in Brunswick County.”

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

- There is a need determination in the 2023 SMFP for the proposed Medicare-certified home health agency or office.
- The applicant demonstrates that Brunswick County patients can benefit from 3HC as an experienced home health provider in eastern North Carolina.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- 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 all the reasons described above.

Project ID# O-12324-23/BAYADA Home Health Care, Inc./Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

In Section G, page 73, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved home health services in Brunswick County. The applicant states:

“The 2023 State Medical Facilities Plan identifies a need determination for one Medicare-certified home health agency based on a projected 2024 home health patient deficit of 533.61 patients in Brunswick County. The 2023 State Medical Facilities Plan would not have generated a need for a additional Medicare-certified home health agency if the need did not exist and would not duplicate existing home health services.

Additionally, after reviewing the projected increase in population growth and aging in the service area, increase in Brunswick County life expectancies, and the utilization of home health services in the service area, support for an additional home health agency in Brunswick County exists.”

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

- There is a need determination in the 2023 SMFP for the proposed Medicare-certified home health agency or office.
- The applicant adequately demonstrates a need for a home health agency in Brunswick County based on the growing and aging of the population and the historical utilization of home health services in the service area.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- 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 all the reasons described above.

Project ID# O-12334-23/Well Care Home Health of Brunswick County/Develop a Medicare-certified home health agency The proposes to develop a new Medicare-certified home health agency to be located in Supply, Brunswick County.

In Section G, page 98, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved home health services in Brunswick County. The applicant states:

“As evidenced by the need determination for an additional Medicare-certified home health agency in Brunswick County in the 2023 SMFP, the projected number of Brunswick County patients who will need home health services will exceed the projected number of patients to be served by existing providers, including Well Care’s existing New Hanover County home health agency.

...

However, the location of an agency’s office can offer great benefit to the staff that provide care to home health patients. Drive time is a legitimate factor for staff productivity, recruitment, job satisfaction and retention in home health.”

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

- There is a need determination in the 2023 SMFP for the proposed Medicare-certified home health agency or office.
- The applicant adequately demonstrates how the location of proposed agency in Brunswick County will allow the agency to recruit and retain sufficient staff to provide home health service in an *“effective and efficient manner.”*

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- 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 all the reasons described above.

Project ID# O-12336-23/HealthView Home Health-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

In Section G, page 56, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved home health services in Brunswick County. The applicant states:

“It is evident that the number existing Medicare Certified Home Health Agencies in Brunswick County is not sufficient to handle the volume of need within the service area. It is further evidenced that the significant growth in Brunswick County will generate a need for Home Health services beyond the existing Home Health Agency providers in Brunswick County.”

However, the applicant does not adequately demonstrate that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following reasons:

- The applicant did not adequately demonstrate that its projected utilization is based on reasonable and adequately supported assumptions. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- The applicant did not demonstrate that it was conforming to the Criteria and Standards for Home Health Services, 10A NCAC 14C .2003. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- The applicant did not provide a specific physical location for the proposed agency. G.S. 131E-181(a) states: (a) A certificate of need shall be valid only for the defined scope, physical location, and person named in the application.
- Because the applicant did not demonstrate the need to develop a new Medicare-certified Home Health Agency, it cannot demonstrate that the new Medicare-certified Home health Agency is needed in addition to the existing and approved Medicare-certified Home Health Agency in Brunswick County.

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 not conforming to this criterion for all the reasons described 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.

Project ID# O-12316-23/Novant Health Home Care-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

In Section Q, page 129, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

| Novant Health Home Care-Brunswick | Projected FTE Staff | | |
|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | 1 st Full FY CY 2024 | 2 nd Full FY CY 2025 | 3 rd Full FY CY 2026 |
| Registered Nurses (RNs) | 9.2 | 11.4 | 13.0 |
| Physical Therapists | 4.6 | 5.6 | 6.4 |
| Physical Therapy Assistant | 0.1 | 0.1 | 0.1 |
| Speech Therapists | 0.4 | 0.5 | 0.6 |
| Occupational Therapists | 1.1 | 1.3 | 1.5 |
| Occupational Therapy Aides | 0.0 | 0.0 | 0.0 |
| Social Workers | 0.4 | 0.4 | 0.5 |
| Administrator/CEO | 0.5 | 0.5 | 0.5 |
| Clerical | 5.5 | 5.5 | 5.5 |
| Other (Home Health Aid) | 0.6 | 0.8 | 0.9 |
| Other (Clinical Manager) | 2.0 | 2.0 | 2.0 |
| TOTAL | 24.3 | 28.1 | 30.9 |

The assumptions and methodology used to project staffing are provided in Section Q, page 130. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 79-82, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant recruits appropriate staff through Novant Health’s established regional and corporate human resources departments.
- The applicant allocates funds to cover training needs and license and certification maintenance and offers a variety of continuing education programs.

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 all the reasons described above.

Project ID# O-12318-23/3HC-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

In Section Q, Form H, page 9, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

| 3HC-Brunswick | Projected FTE Staff | | |
|--------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | 1 st Full FY FY 2025 | 2 nd Full FY FY 2026 | 3 rd Full FY FY 2027 |
| Skilled Nursing (RN) | 1.93 | 2.47 | 3.19 |
| Skilled Nursing (LPN) | 0.98 | 1.25 | 1.62 |
| Home Health (NA) | 0.43 | 0.54 | 0.70 |
| Social Work (MSW) | 0.04 | 0.05 | 0.06 |
| Clinical Secretary | 0.50 | 0.50 | 0.50 |
| Clinical Director | 1.00 | 1.00 | 1.00 |
| Community Relations Specialist | 1.00 | 1.00 | 1.00 |
| TOTAL | 5.88 | 6.81 | 8.08 |

The assumptions and methodology used to project staffing are provided in Section Q, page 10. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 81-82, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant recruits staff through recruitment websites, employee referral programs, career fairs, and community colleges and universities.

- Staff are trained by a multidisciplinary team of professionals and each clinical discipline will participate in a job specific orientation plan.

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 all the reasons described above.

Project ID# O-12324-23/BAYADA Home Health Care, Inc./Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

In Section Q, Form H, page 1, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

| BAYADA Home Health Care, Inc. | Projected FTE Staff | | |
|--|---|---|---|
| | 1st Full FY FY 2025 | 2nd Full FY FY 2026 | 3rd Full FY FY 2027 |
| Administrator | 1.00 | 1.00 | 1.00 |
| Client Service Associate | 1.00 | 1.00 | 1.50 |
| RN Transitional Care Manager | 1.00 | 1.00 | 1.50 |
| Clinical Manager | 1.00 | 1.00 | 1.00 |
| Registered Nurse | 2.02 | 4.30 | 6.52 |
| Licensed Practical Nurse | 0.20 | 0.42 | 0.64 |
| Physical Therapist | 2.01 | 4.35 | 6.69 |
| Speech Therapist | 0.43 | 0.93 | 1.42 |
| Occupational Therapist | 0.85 | 1.84 | 2.84 |
| Home Health Aide | 0.08 | 0.17 | 0.26 |
| Medical Social Worker | 0.03 | 0.07 | 0.11 |
| TOTAL | 9.61 | 16.09 | 23.48 |

The assumptions and methodology used to project staffing are provided in Section Q, page 2. Adequate operating expenses for the health manpower and management positions

proposed by the applicant are budgeted in F.3b. In Section H, pages 75-78, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant adequately demonstrates its well-established methods to recruit appropriate staff and provides supporting documentation in Exhibit H.2.
- The applicant adequately demonstrates its existing training and continuing education programs and provides supporting documentation in Exhibit H.2.

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 all the reasons described above.

Project ID# O-12334-23/Well Care Home Health of Brunswick County/Develop a Medicare-certified home health agency The proposes to develop a new Medicare-certified home health agency to be located in Supply, Brunswick County.

In Section Q, page 154, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

| Well Care Home Health of Brunswick County | Projected FTE Staff | | |
|--|------------------------------------|------------------------------------|------------------------------------|
| | 1 st Full FY CY 2024 | 2 nd Full FY CY 2025 | 3 rd Full FY CY 2026 |
| Director of Operations | 1.0 | 1.0 | 1.0 |
| Clerical/Medical Record | 1.0 | 1.0 | 1.0 |
| Marketing/Public Relations | 1.0 | 1.5 | 2.0 |
| Clinical Manager | 1.0 | 1.0 | 1.0 |
| Medical Social Worker | 1.0 | 1.0 | 1.0 |
| Registered Nurses | 4.0 | 5.0 | 6.0 |
| Register Nurses on Call | 365 | 365 | 365 |
| Licenses Practical Nurses | 3.0 | 4.0 | 5.0 |
| Home Health Aides | 1.0 | 1.0 | 2.0 |
| Physical Therapists | 3.0 | 4.0 | 5.0 |
| PT Assistants | 2.0 | 3.0 | 4.0 |
| Occupational Therapists | 1.0 | 2.0 | 2.0 |
| OT Assistants | 1.0 | 2.0 | 2.0 |
| Speech Therapists | 1.0 | 1.0 | 1.0 |
| TOTAL | 21.0 | 27.5 | 33.0 |

The assumptions and methodology used to project staffing are provided in Section Q, pages 154 and 159. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 101-106, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant is able to recruit clinical staff from current Well Care employees.
- As an existing employer in Eastern North Carolina, the applicant has established working relationships with clinical professionals across the region.
- Well Care employees participate in New Employee Orientation and regular in-service education.

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 all the reasons described above.

Project ID# O-12336-23/HealthView Home Health-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

In Section Q, Form H, page 7, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

| HealthView Home Health-Brunswick | Projected FTE Staff | | |
|----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | 1 st Full FY CY 2024 | 2 nd Full FY CY 2025 | 3 rd Full FY CY 2026 |
| Registered Nurses | 0.50 | 1.00 | 2.50 |
| Licensed Practical Nurses | 0.50 | 1.50 | 3.00 |
| Home Health Aides | 0.50 | 2.00 | 2.00 |
| Physical Therapists | 0.75 | 1.25 | 2.25 |
| Occupational Therapists | 0.25 | 0.50 | 0.75 |
| Speech Therapists | 0.05 | 0.10 | 0.15 |
| Medical Social Workers | 0.05 | 0.10 | 0.10 |
| Administrator/CEO | 1.00 | 1.00 | 1.00 |
| Business Office | 0.75 | 1.00 | 1.00 |
| Marketing | 1.00 | 1.00 | 1.00 |
| TOTAL | 5.35 | 9.45 | 13.75 |

The assumptions and methodology used to project staffing are provided in Exhibit Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 58-59, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant will recruit from HealthView Home Health’s website as well as other career websites.

- The applicant proposes to develop a relationship with Brunswick Community College to recruit nurses and therapists.
- The applicant has an established training program for certification credentials and in-service training.

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 all the reasons described 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-All Applications

Project ID# O-12316-23/Novant Health Home Care-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

Ancillary and Support Services

In Section I, page 83, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 83-84, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I, pages 84-86, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in Exhibit A.6. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system, as summarized below.

The proposed facility will be owned and operated by Novant Health Brunswick Medical Center (NHBMC), a member of Novant Health. Novant Health has a long history of collaborating with local health care and social providers in Brunswick County and surrounding communities. Novant Health has historically partnered with medical institutions to promote medical education.

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 all the reasons described above.

Project ID# O-12318-23/3HC-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County

Ancillary and Support Services

In Section I, page 83, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 83-84, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1-1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I, page 84, 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, as summarized below.

The applicant has extensive experience as a home health and hospice provider in eastern North Carolina and has forged relationships with area physicians and other local healthcare providers. As part of this proposal, 3HC has introduced the organization and its plans to physicians and other health care providers in Brunswick County, which are supported by letters of support included in this application.

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 all the reasons described above.

Project ID# O-12324-23/BAYADA Home Health Care, Inc./Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

Ancillary and Support Services

In Section I, page 80, the applicant identifies the necessary ancillary and support services for the proposed services. On page 81, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I, page 82, 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 based on the applicant's commitment to employ experienced marketing staff to develop and manage relationships in 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 all the reasons described above.

Project ID# O-12334-23/Well Care Home Health of Brunswick County/Develop a Medicare-certified home health agency The proposes to develop a new Medicare-certified home health agency to be located in Supply, Brunswick County.

Ancillary and Support Services

In Section I, page 108, the applicant identifies the necessary ancillary and support services for the proposed services. On page 108, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- Ancillary and support services will be provided by Director of Operations, Clinical Manager, and Well Care's corporate leadership team.
- Well Care has a centralized intake and referral system available to patients 24 hours a day and seven days per week.

Coordination

In Section I, page 109, 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 based on its established relationships with local healthcare providers and referral resources that will be leveraged upon project completion.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- 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 all the reasons described above.

Project ID# O-12336-23/HealthView Home Health-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

Ancillary and Support Services

In Section I, page 60, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 60-61, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I, page 62, 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 based on the applicant's efforts to forge relationships with area providers which generated support for the project.

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 all the reasons described above.

- (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-All Applications

The applicants do 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 applicants do 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.

- (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-All Applications

None of the applicants are 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-All applications

None of the applicants propose to construct any new space, renovate any existing space nor 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 ... persons [with disabilities], 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-All Applications

None of the applicants nor any related entities own, operate or manage an existing health service facility located in the service area. Therefore, Criterion (13a) is not applicable to this review.

- (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 ... persons [with disabilities] to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

NA-All Applications

None of the applicants nor any related entities own, operate or manage an existing health service facility 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

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Novant Health
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Project ID# O-12316-23/Novant Health Home Care-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

In Section L, page 95, 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.

| Novant Health Home Care-Brunswick Projected Payor Mix 3rd Full FY, CY 2026 | |
|--|-------------------|
| Payor Category | % of Total |
| Self-Pay | 0.4% |
| Charity Care | 1.5% |
| Medicare* | 85.9% |
| Medicaid* | 4.2% |
| Insurance * | 5.9% |
| Workers comp. | 0.1% |
| TRICARE | 0.1% |
| Other (other Govt.) | 1.8% |
| Total | 100.0% |

*Including any 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 patients, 1.5% to charity care patients, 85.9% to Medicare patients and 4.2% to Medicaid patients.

On page 95, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because the applicant projects payor mix based on the historical payor mix of NHBMC patients discharged to home health services from 2018 to 2022.

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 based on the reasons stated above.

Project ID# O-12318-23/3HC-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County

In Section L, page 93, 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.

| 3HC-Brunswick Projected Payor Mix 3rd Full FY, FY 2027 | |
|--|-------------------|
| Payor Category | % of Total |
| Self-Pay [^] | 0.7% |
| Charity Care [^] | 0.0% |
| Medicare* | 81.8% |
| Medicaid* | 3.4% |
| Insurance * | 14.1% |
| Workers comp. | 0.0% |
| TRICARE | 0.0% |
| Other (other payor) | 0.0% |
| Total | 100.0% |

*Including any managed care plans.

[^]Charity Care and indigent patients are included in Self-Pay, this payor category assumes no reimbursement.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.7% of total services will be provided to self-pay patients, 81.8% to Medicare patients and 3.4% to Medicaid patients.

On page 93, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported by 2023 SMFP and 2022 LRA data and the historical experience of home health providers in Brunswick County.

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 based on the reasons stated above.

Project ID# O-12324-23/BAYADA Home Health Care, Inc./Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

In Section L, page 91, 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.

| BAYADA Home Health Care Projected Payor Mix 3rd Full FY, FY 2027 | |
|--|-------------------|
| Payor Category | % of Total |
| Self-Pay | 1.0% |
| Charity Care | 1.5% |
| Medicare* | 80.5% |
| Medicaid* | 5.2% |
| Insurance * | 11.8% |
| Total | 100.0% |

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.0% of total services will be provided to self-pay patients, 1.5% to charity care patients, 80.5% to Medicare patients and 5.2% to Medicaid patients.

On pages 91-92, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported by BAYADA's 2022 historical payor mix.

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 based on the reasons stated above.

Project ID# O-12334-23/Well Care Home Health of Brunswick County/Develop a Medicare-certified home health agency The proposes to develop a new Medicare-certified home health agency to be located in Supply, Brunswick County.

In Section L, page 118, 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.

| Well Care Health of Brunswick County Projected Payor Mix 3rd Full FY, CY 2026 | |
|---|-------------------|
| Payor Category | % of Total |
| Self-Pay | 0.0% |
| Charity Care | 1.0% |
| Medicare* | 75.0% |
| Medicaid* | 10.0% |
| Insurance * | 9.0% |
| Workers Compensation | 0.0% |
| TRICARE | 0.0% |
| Other | 0.0% |
| Total | 100.0% |

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.0% of total services will be provided to charity care patients, 75.0% to Medicare patients and 10.0% to Medicaid patients.

On pages 118-121, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported.

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 based on the reasons stated above.

Project ID# O-12336-23/HealthView Home Health-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

In Section L, page 70, 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.

| HealthView Home Health-Brunswick Projected Payor Mix 3rd Full FY, CY 2026 | |
|---|-------------------|
| Payor Category | % of Total |
| Self-Pay | 0.0% |
| Charity Care | 0.0% |
| Medicare* | 70.6% |
| Medicaid* | 29.4% |
| Insurance * | 0.0% |
| Workers Compensation | 0.0% |
| TRICARE | 0.0% |
| Other | 0.0% |
| Total | 100.0% |

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 70.6% of total services will be provided to Medicare patients and 29.4% to Medicaid patients.

On page 70, the applicant provides the assumptions and methodology used to project payor mix during the third of operation following completion of the project. However, the projected payor mix is not reasonable and adequately supported based on the following:

- The applicant states, in Section L, page 69, “...will provide services to the entire population of Beaufort [Brunswick] County and the defined service area, without regard to payer source, gender, race, and ethnicity.” However, its payer mix does not include percentages for self-pay or commercial insurance.

- The applicant states, in Section C, page 37, that its patient estimate for Medicaid recipients is based on historical payer mix at related home health agencies owned by the applicant. However, based on the LRAs for its Nash County home health agency, their only home health agency with recent, available LRAs, the percentage of Medicaid recipients was 12.5% in FY2020 and 15.5% in FY2021. These percentages do not support the applicant's projection of 29.4% for Medicaid recipients.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion based on the reasons stated above.

- (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-All Applications

Project ID# O-12316-23/Novant Health Home Care-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

In Section L, page 98, the applicant adequately describes the range of means by which patients will have access to the proposed services.

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.

Project ID# O-12318-23/3HC-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County

In Section L, page 95, the applicant adequately describes the range of means by which patients will have access to the proposed services.

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.

Project ID# O-12324-23/BAYADA Home Health Care, Inc./Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

In Section L, page 94, the applicant adequately describes the range of means by which patients will have access to the proposed services.

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.

Project ID# O-12334-23/Well Care Home Health of Brunswick County/Develop a Medicare-certified home health agency The proposes to

develop a new Medicare-certified home health agency to be located in Supply, Brunswick County.

In Section L, page 122, the applicant adequately describes the range of means by which patients will have access to the proposed services.

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.

Project ID# O-12336-23/HealthView Home Health-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

In Section L, page 71, the applicant adequately describes the range of means by which patients will have access to the proposed services.

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
Novant Health
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BAYADA

Well Care

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HealthView

Project ID# O-12316-23/Novant Health Home Care-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

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 clinical training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes. NHBMC has historically collaborated with interested health professional training programs to establish clinical programs which will be extended to the proposed NHHC-B.

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 all the reasons described above.

Project ID# O-12318-23/3HC-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

In Section M, page 96, the applicant describes the extent to which health professional training programs in the area will have access to the facility for clinical training purposes. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on 3HC's existing clinical training agreements with educational institutions in North Carolina and the applicant's intention to have the proposed 3HC-Brunswick available as a clinical training site for students.

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 all the reasons described above.

Project ID# O-12324-23/BAYADA Home Health Care, Inc./Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

In Section M, page 96, the applicant describes the extent to which health professional training programs in the area will have access to the facility for clinical training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant's commitment to allow any health professional training programs in the region to have access to BAYADA for training purposes.
- BAYADA has reached out to health training programs in Brunswick and New Hanover counties to establish a working arrangement.

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 all the reasons described above.

Project ID# O-12334-23/Well Care Home Health of Brunswick County/Develop a Medicare-certified home health agency The proposes to develop a new Medicare-certified home health agency to be located in Supply, Brunswick County.

In Section M, page 123, the applicant describes the extent to which health professional training programs in the area will have access to the facility for clinical training purposes and provides supporting documentation in Exhibit M.2. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on their commitment to allow any health professional training programs in the region to have access to Well Care for training purposes.

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 all the reasons described above.

Project ID# O-12336-23/HealthView Home Health-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

In Section M, page 72, the applicant describes the extent to which health professional training programs in the area will have access to the facility for clinical training purposes. The applicant provides documentation in Exhibit M.1, but it does not support clinical training needs. Therefore, the applicant does not adequately demonstrate that health professional training programs in the area will have access to the facility for training purposes because it does not provide evidence of efforts to establish relationships with clinical health professional training programs in the area.

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 not conforming to this criterion for all the reasons described above.

- (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
 Novant Health
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 Well Care

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 HealthView

On page 213, the 2023 SMFP defines the service area for Medicare-certified home health agency or office as “...*the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.*” Thus, the service area for this facility consists of Brunswick County. Facilities may also serve residents of counties not included in their service area.

The table identifies the existing Medicare-certified home health agencies or offices located in Brunswick County, and the in-county and out-of-county patient totals for FY 2022 for each provider, from page 217 of the 2023 SMFP.

| License Number | Name | In-County Patients | Out-of-County Patients | Total Patients |
|-----------------------|-------------------------------|---------------------------|-------------------------------|-----------------------|
| HC0288 | Liberty Home Care | 1,153 | 9 | 1,162 |
| HC1500 | AssistedCare Home Health | 680 | 1,155 | 1,835 |
| HC4816 | PruittHealth @ Home-Brunswick | 78 | 89 | 167 |

Project ID# O-12316-23/Novant Health Home Care-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 100, the applicant states:

“The development of a new HHA in Brunswick County by NH and NHBMC is expected to have a positive impact on competition in the County...continuity of care for patients discharged from an acute care hospital is critical for achieving optimal outcomes and preventing unnecessary hospital readmissions. This continuity of care is particularly important and often lacking for many of the diverse array of patients served by Novant Health, as existing home health agencies in Brunswick County sometimes limit the number of patients they accept with non-Medicare insurance or no insurance. By establishing a new HHA in Brunswick County that serves all patients referred by area providers, regardless of insurance coverage or lack thereof, NHHHC-B will better meet the needs of the diverse patient population represented in the community and served by Novant Health.”

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 100-101, the applicant states:

“The development by NHBMC and NH of a new HHA in Brunswick County will also help NH reduce excess inpatient days in NH’s Coastal Region hospitals by enabling timely discharge of patients regardless of insurance coverage or the lack thereof. The reduction in excess inpatient days will significantly reduce the overall cost of care for the residents of Brunswick County.”

See also Sections B, C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 102, the applicant states:

“Novant Health is committed to delivering high-quality care at all of its facilities. Novant Health has quality-related policies and procedures that will apply to NHHHC-B upon initiation of operations.

...

All clinical and technical staff at NHHHC-B will be required to maintain appropriate and current licensure and continuing education.

...

NHHC-B will adhere to all applicable credentialing policies and procedures to ensure credentialed staff are qualified to deliver care in their area of specialty.”

See also Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 102, the applicant states:

“...Novant Health will continue to have a policy to provide services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved. Novant Health’s financial assistance policy will apply to the proposed services.”

See also Sections B, L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- 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 based on all the reasons described above.

Project ID# O-12318-23/3HC-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 98, the applicant states:

“As a quality provider of home health care in eastern North Carolina for more than four decades, 3HC has the experience and expertise to promptly establish an agency in Brunswick County, expand access to home health services, ensure access by the medically underserved, and promote competition as a new home health alternative for Brunswick County residents.”

Regarding the impact of the proposal on cost effectiveness, in Section B, page 29, the applicant states:

“As an existing and well-established provider of home health services, 3HC will achieve some operational efficiencies through sharing of various resources, IT infrastructure, policies and procedures, billing and collections, and other administrative functions with its existing licensed home health agencies, thereby making 3HC’s proposal a cost-effective one.”

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section B, page 27, the applicant states:

“3HC’s mission statement reads: ‘To set and surpass Standards for Community based care to provide the right care, at the right place, at the right time throughout life’s journey.’ 3HC seeks to enhance the lives of families in the communities we serve through innovative care delivered by an inspired team, as evidenced by its core values...”

See also Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section B, pages 28-29, the applicant states:

*“...Services provided under the 3HC Financial Assistance Program are available to uninsured or underinsured patients who meet the established eligibility criteria and who complete the required application review process.
3HC recognizes the importance of improving health literacy as a means of expanding access, especially for medically underserved populations. As such, 3HC*

currently provides disease specific education utilizing Care-Kits and HRS Telehealth, as well as disease specific Zone Tools.”

See also Sections B, L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- 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 based on all the reasons described above.

Project ID# O-12324-23/BAYADA Home Health Care, Inc./Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 98, the applicant states:

“The proposed project will enhance competition because the office will be cost-effective based on economies of scale and the existing availability of corporate

resources such as staff training and an ongoing national recruitment campaign. BAYADA excels in the recruitment of highly trained staff and can afford to pay highly competitive salaries because as a nonprofit it is focused on delivering excellent service with compassion, excellence, and reliability.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 99, the applicant states:

“...The BAYADA office will have a core staff of highly skilled and experienced home health personnel that can quickly implement services and achieve high utilization in the initial months of operation. High utilization reduces the fixed cost per visit and translates to greater cost effectiveness.”

See also Sections B, C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 100, the applicant states:

“The proposed BAYADA home health office in Leland will be Medicare-certified and accredited by Community Health and Accreditation Program (CHAP). BAYADA’s existing home health offices throughout North Carolina are fully accredited for excellence by CHAP, the leading accrediting organization for the home health care industry. Home health care provided by BAYADA meets or exceeds the highest professional, ethical, and safety standards in the industry.”

See also Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 100, the applicant states:

“BAYADA maintains a non-discriminatory policy and serves all patients regardless of age, color, creed, national origin, disability, sex, or ability to pay. The proposed home health office will provide care to all persons, consistent with the availability of qualified staff. The existing BAYADA Home Health and Home Care offices in North Carolina serve patients that are un-insured, under-insured, self-pay, and indigent. The proposed home health office will provide care to these patients.”

See also Sections B, L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not

- result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
 - 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- 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 based on all the reasons described above.

Project ID# O-12334-23/Well Care Home Health of Brunswick County/Develop a Medicare-certified home health agency The proposes to develop a new Medicare-certified home health agency to be located in Supply, Brunswick County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 124, the applicant states:

"...it will enable Well Care to better meet the needs of its existing patient population, and to ensure more timely provision of and convenient access to home health services for residents of Brunswick County. 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 existing and projected patient volume from Brunswick County."

Regarding the impact of the proposal on cost effectiveness, in Section N, page 124, the applicant states:

"This project will have a positive impact on the cost effectiveness of services, as the development of a new Medicare-certified home health agency in Brunswick County"

will not increase the charges or projected reimbursement for these services, which are established by Medicare, Medicaid, and/or existing private payor contracts.”

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 125, the applicant states:

“Via this proposed project to develop and operate a new home health office in Brunswick County, Well Care will maintain compliance with all applicable state and federal laws and regulations, and will maintain compliance with all licensure, certification and accreditation standards...”

See also Section O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 128, the applicant states:

“WCBC will comply with applicable Federal civil rights laws and will not discriminate on the basis of race, color, national origin, age, disability, gender, or sexual orientation.”

See also Sections L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- 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 based on all the reasons described above.

Project ID# O-12336-23/HealthView Home Health-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 73, the applicant states:

“The deficit for Home Health Agency services identified in the 2023 NC State Medical Facilities Plan, together with the significant increase in overall population in Brunswick County, creates a significant need for additional services in the area. The expected volume of Home Health Services will create a very healthy competitive environment in the service area.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 73, the applicant states:

“As a seasoned Home Health operator with other agencies, the applicants understand how to manage an efficient Home Health Agency, which translates to a very cost-effective business model.”

See also Sections B, C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 73, the applicant states:

“The related agencies owned by the applicant all have a reputation for delivering quality care...The agency will be equipped with the latest point of care patient delivery technology and needed medical equipment.”

See also Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 74, the applicant states:

“The new agency will open up services to the underserved and indigent population of Brunswick County through the Medicaid benefits programs. The agency anticipates a significant amount of patients as Medicaid beneficiaries.”

See also Sections B, L and C of the application and any exhibits.

However, the applicant does not adequately describe the expected effects of the proposed services on competition in the service area or adequately demonstrate the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant does not adequately demonstrate: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.

See the discussions regarding need, including projected utilization, financial feasibility, and unnecessary duplication of services in Criteria (3), (5) and (6), respectively,

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion based on all the reasons described 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-All Applications

Project ID# O-12316-23/Novant Health Home Care-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

In Section Q, page 131, the applicant identifies the Medicare-certified home health agencies or offices located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies one agency located in North Carolina.

In Section O, page 106, the applicant states that, during the 18 months immediately preceding the submittal of the application, the agency has had no findings of immediate jeopardy. 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 had not occurred in the agency. 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 the agency, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID# O-12318-23/3HC-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

In Section Q, Form O, page 11, the applicant identifies the home health agencies located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of eight of this type of agency located in North Carolina.

In Section O, page 102, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to immediate jeopardy had not occurred in any of these agencies. 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 had not occurred at any of these agencies. 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 by the agencies, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID# O-12324-23/BAYADA Home Health Care, Inc./Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Leland, Brunswick County.

In Section Q, Form O, page 1, the applicant identifies the home health agencies located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of nine of this type of agency located in North Carolina.

In Section O, pages 106, the applicant states that, during the 18 months immediately preceding the submittal of the application, BAYADA Home Health has provided quality care and BAYADA Home health agencies and hospices have not been determined by DHSR or CMS to have had any conditional level deficiencies. 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 had not occurred in any of these agencies. 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 by all nine agencies, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID# O-12334-23/Well Care Home Health of Brunswick County/Develop a Medicare-certified home health agency The proposes to develop a new Medicare-certified home health agency to be located in Supply, Brunswick County.

In Section Q, page 155, the applicant identifies the home health agencies located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of five of this type of agency located in North Carolina.

In Section O, page 131, the applicant states that, during the 18 months immediately preceding the submittal of the application, findings of immediate jeopardy had not occurred in any of these agencies. 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 had not occurred in any of these agencies. 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 by the agencies, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID# O-12336-23/HealthView Home Health-Brunswick/Develop a Medicare-certified home health agency The applicant proposes to develop a new Medicare-certified home health agency to be located in Shallotte, Brunswick County.

In Section Q, Form O, page 8, the applicant identifies the home health agencies located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of two of this type of agency located in North Carolina.

In Section O, page 76, the applicant states that, during the 18 months immediately preceding the submittal of the application, the agencies identified have not been subject to any findings of immediate jeopardy and are in good standing with NC DHSR and survey requirements. 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 had not occurred in any of these agencies. 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 by both 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.

G.S. 131E-183(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
Novant Health
3HC
BAYADA
Well Care

NC
HealthView

Four of the five applications are conforming with all applicable Criteria and Standards for Home Health Services 10A NCAC 14C .2000. The specific criteria are discussed below.

SECTION .2000 – CRITERIA AND STANDARDS FOR HOME HEALTH SERVICES 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- **Novant Health.** In Section Q, Form C.5, the applicant projects to serve 2,158 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2023 State Medical Facilities Plan.

-C- **3HC-Brunswick.** In Section Q, Form C.5, the applicant projects to serve 621 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2023 State Medical Facilities Plan.

-C- **BAYADA.** In Section Q, Form C.5, the applicant projects to serve 1,041 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2023 State Medical Facilities Plan.

- C- **Well Care.** In Section Q, Form C.5, the applicant projects to serve 1,737 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2023 State Medical Facilities Plan.
- NC- **HealthView.** In Section Q, Form C.5, the applicant projects to serve 1,128 unduplicated patients in the third year of operation, which exceeds the minimum need of 325 patients used in the 2023 State Medical Facilities Plan. However, the applicant does not adequately demonstrate that the projected utilization of those projected to be served by its proposed Medicare-certified Home Health Agency is reasonable and adequately supported. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is not conforming with this Rule.

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2023 SMFP, no more than one Medicare-certified home health agency or office may be approved for Brunswick County in this review. Because the five applications in this review collectively propose to develop five additional Medicare-certified home health agencies or offices, all the applications cannot be approved. Therefore, after considering all the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposal should be approved.

Below is a brief description of each project included in this review.

- Project ID # O-12316-23/Novant Health/Develop a Medicare-certified home health agency
- Project ID # O-12318-23/3HC-Brunswick/Develop a Medicare-certified home health agency
- Project ID # O-12324-23/BAYADA/Develop a Medicare-certified home health agency
- Project ID # O-12334-23/Well Care/Develop a Medicare-certified home health agency
- Project ID # O-12336-23/HealthView/Develop a Medicare-certified home health agency

Conformity with Statutory and Regulatory Review Criteria

The applications submitted by **Novant Health**, **3HC**, **BAYADA**, and **Well Care** are conforming with all applicable statutory and regulatory review criteria.

However, the application submitted by **HealthView** is not conforming with all applicable statutory and regulatory review criteria. An application that is not conforming to all applicable statutory and regulatory review criteria cannot be approved. Therefore, regarding this comparative factor, the applications submitted by **Novant Health**, **3HC**, **BAYADA**, and **Well Care** are equally effective alternatives.

Scope of Services

Generally, the application proposing to provide the broadest scope of services is the more effective alternative with regard to this comparative factor. With regard to scope of services, all of the applications submitted are in response to the 2023 State Medical Facilities Plan (SMFP) which includes a need determination for one Medicare-certified home health agency in Brunswick County. All of the applicants propose to acquire one Medicare-certified home health agency in Brunswick County. However, **HealthView** does not comply with all applicable statutory and regulatory criteria and therefore is not approvable. Regarding this comparative factor, the applications submitted by **Novant Health, 3HC, BAYADA, and Well Care** are equally effective alternatives.

Access by Service Area Residents

The 2023 SMFP defines the service area for home health agency or office as “... the county in which the agency or office is located. Each of the 100 counties in the state is a separate service area.” Thus, the service area for this review is Brunswick County. Facilities may also serve residents of counties not included in their service area. Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that residents of a service area should be able to derive a benefit from a need determination for an additional Medicare-certified home health agency or office in the service area where they live.

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

| Number and Percentage of Service Area Residents Projected to be Served in Brunswick County, 3rd Full Fiscal Year | | | |
|--|------------------------------|-----------------------------|-----------------------------|
| Applicant | # of County Residents | Total # of Residents | % of Total Residents |
| Novant Health | 2,017 | 2,158 | 93.5% |
| 3HC-Brunswick | 559 | 621 | 90.0% |
| BAYADA | 1,045 | 1,045 | 100.0% |
| Well Care | 1,737 | 1,737 | 100.0% |
| HealthView | 1,038 | 1,128 | 92.0% |

Source: Tables in Section C.3 of the respective applications.

As shown in the table above, **Novant Health** projects to serve the highest number of service area residents and both **BAYADA** and **Well Care** project to serve the highest percentages, but lower numbers of service area residents during the third full fiscal year following project completion. Therefore, regarding projected service to residents of the service area, the application submitted by **Novant Health** is the effective alternative.

Access by Underserved Groups

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

“Medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], 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.”

Projected Access by Medicaid Recipients

For each applicant in this review, the following table compares: a) the total number of unduplicated patients in the third full fiscal year of operation; b) the number of unduplicated Medicaid patients in the third full fiscal year of operation; and c) unduplicated Medicaid patients as a percentage of total unduplicated patients. Generally, the application proposing the higher number of Medicaid patients is the more effective alternative with regard to this comparative factor.

| 3rd Full Fiscal Year | | | |
|--|--|---|--|
| Applicant | Total Number of Unduplicated Patients | Total Number of Unduplicated Medicaid Patients | Unduplicated Medicaid Patients as Percentage of Total |
| Novant Health | 2,158 | 91 | 4.2% |
| 3HC | 621 | 21 | 3.4% |
| BAYADA | 1,041 | 54 | 5.2% |
| Well Care | 1,737 | 174 | 10.0% |
| HealthView | 1,128 | 332 | 29.4% |

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

As shown in the table above, **HealthView** projects to serve the highest number of unduplicated Medicaid patients in the third full fiscal year of operation. However, **HealthView** is not conforming to all applicable statutory and regulatory criteria and therefore is not approvable. Therefore, the application submitted by **Well Care** is the most effective alternative with regard to projected access by Medicaid recipients.

Projected Access by Medicare Recipients

For each applicant in this review, the following table compares: a) the total number of duplicated patients in the third full fiscal year of operation; b) the number of duplicated Medicare patients in third full fiscal year of operation; and c) duplicated Medicare patients as a percentage of total

duplicated patients. Generally, the application proposing the highest number of Medicare patients is the more effective alternative with regard to this comparative factor.

| 3rd Full FY | | | |
|-------------------------------|--|---|--|
| Applicant | Total Number of Duplicated Patients | Total Number of Duplicated Medicare Patients | Duplicated Medicare Patients as a Percentage of Total Duplicated Patients |
| Novant Health | 2,374 | 970 | 41% |
| 3HC-Brunswick | 1,324 | 979 | 74% |
| BAYADA | 8,059 | 1,541 | 19% |
| Well Care | 6,132 | 2,442 | 40% |
| HealthView | 3,572 | 943 | 26% |

Source: Form, C.5 of the applications

As shown in the table above, **Well Care** projects to serve the highest number of duplicated Medicare patients in the third full fiscal year of operation. The application submitted by **Well Care** is the most effective alternative with regard to projected access by Medicare recipients.

Competition, Access to a New or Alternative Provider

The following table illustrates the existing and approved providers located in the service area. Generally, the introduction of a new provider in the service area would be the most effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer Medicare-certified home health agencies or offices than another provider would also presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

| License Number | Name | In-County Patients | Out-of-County Patients | Total patients |
|-----------------------|-------------------------------|---------------------------|-------------------------------|-----------------------|
| HC0288 | Liberty Home Care | 1,153 | 9 | 1,162 |
| HC1500 | AssistedCare Home Health | 680 | 1,155 | 1,835 |
| HC4816 | PruittHealth @ Home-Brunswick | 78 | 89 | 167 |

As shown in the table above, there are three providers of Medicare-certified home health agencies or offices in Brunswick County. None of the applicants currently operate Medicare-certified home health agencies or offices in Brunswick County. Therefore, all of the applicants are equally effective alternatives with regard to this comparative factor.

Average Number of Visits per Unduplicated Patient

The majority of home health care services are covered by Medicare, which does not reimburse on a per visit basis. Rather, Medicare reimburses on a per episode basis. Thus, there is a financial disincentive to providing more visits per Medicare episode. The following table shows the average number of visits per unduplicated patient projected by each applicant in the third full fiscal of operation. Generally, the application proposing the highest number of visits per unduplicated patient is the more effective alternative with regard to this comparative factor.

| 3rd Full FY | | | |
|-------------------------------|--|---|---|
| Applicant | Total Number of Unduplicated Patients | Total Projected Number of Visits | Average Number of Visits per Unduplicated Patient* |
| Novant Health | 2,158 | 31,924 | 14.8 |
| 3HC-Brunswick | 621 | 11,134 | 18.0 |
| BAYADA | 1,041 | 22,935 | 22.0 |
| Well Care | 1,737 | 36,842 | 21.2 |
| HealthView | 1,128 | 12,384 | 11.0 |

Source: Form C.5 of the applications.

*The average number of visits per unduplicated patient was calculated by dividing the projected number of visits by the applicant's projections of total unduplicated patients in the third full fiscal year of operation.

As shown in the table above, **BAYADA** projects the highest average number of visits per unduplicated patient in the third full fiscal year of operation. Therefore, the application submitted by **BAYADA** is the most effective alternative with regard to the projected number of visits per unduplicated patient.

Projected Average Net Revenue per Visit

The following table compares projected average net revenue per visit in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average net revenue per visit is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor.

| 3rd Full FY | | | |
|-------------------------------|---|--------------------------|--------------------------------------|
| Applicant | Total Number of Projected Visits | Total Net Revenue | Average Net Revenue per Visit |
| Novant Health | 31,924 | \$4,617,536 | \$144.64 |
| 3HC-Brunswick | 11,134 | \$2,032,997 | \$182.59 |
| BAYADA | 22,935 | \$4,764,109 | \$207.72 |
| Well Care | 36,842 | \$5,102,141 | \$138.48 |
| HealthView | 12,384 | \$2,310,692 | \$186.58 |

Source: Form C.5 and Form F.2b of the applications

As shown in the table above, **Well Care** projects the lowest average net revenue per visit in the third full fiscal year following project completion. Therefore, regarding this comparative factor, the application submitted by **Well Care** is the most effective alternative.

Projected Average Net Revenue per Unduplicated Patient

Average net revenue per unduplicated patient in the third full fiscal year of operation was calculated by dividing projected net revenue (Form F.2b) by the projected number of unduplicated patients from Form C.5 of the applications, as shown in the table below. Generally, the application proposing the lowest average net revenue per unduplicated patient is the more effective alternative with regard to the comparative factor.

| 3rd Full FY | | | |
|-------------------------------|--|--------------------------|---|
| Applicant | Total Number of Unduplicated Patients | Total Net Revenue | Average Net Revenue per Unduplicated Patient |
| Novant Health | 2,158 | \$4,617,536 | \$2,139.72 |
| 3HC-Brunswick | 621 | \$2,032,997 | \$3,273.74 |
| BAYADA | 1,041 | \$4,764,109 | \$4,576.47 |
| Well Care | 1,737 | \$5,102,141 | \$2,937.32 |
| HealthView | 1,128 | \$2,310,692 | \$2,048.48 |

Source: Form C.5 and Form F.2b of the application

As shown in the table above, **HealthView** projects the lowest average net revenue per unduplicated patient in the third full fiscal year of operation. However, **HealthView** is not conforming to all applicable statutory and regulatory criteria and therefore is not approvable. Therefore, the application submitted by **Novant Health** is the most effective alternative with regard to average net revenue per unduplicated patient.

Projected Average Total Operating Cost per Visit

The following table compares projected average operating expense per visit in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average operating expense per visit is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

| 3 rd Full FY | | | |
|-------------------------|----------------------------------|--------------------------|-------------------------------------|
| Applicant | Total Number of Projected Visits | Total Operating Expenses | Average Operating Expense per Visit |
| Novant Health | 31,924 | \$4,497,625 | \$140.88 |
| 3HC-Brunswick | 11,134 | \$1,949,535 | \$175.09 |
| BAYADA | 22,935 | \$4,468,111 | \$194.81 |
| Well Care | 36,842 | \$4,042,773 | \$109.73 |
| HealthView | 12,384 | \$2,097,154 | \$169.34 |

Source: Form C.5 and Form F.3b of the applications

As shown in the table above, **Well Care** projects the lowest average operating expense per visit in the third full fiscal year following project completion. Therefore, regarding this comparative factor, the application submitted by **Well Care** is the most effect alternative.

Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit

The ratios in the table below were calculated by dividing the average net revenue per visit in the third full fiscal year of operation by the average total operating expenses per visit. Generally, the application proposing the lowest ratio is the more effective alternative with regard to this comparative factor. However, the ratio must equal one or greater in order for the proposal to be financially feasible. The applications are listed in the table below.

| 3 rd Full FY | | | |
|-------------------------|-------------------------------|--|---|
| Applicant | Average Net Revenue per Visit | Average Total Operating Cost per Visit | Ratio of Average Net Revenue to Average Total Operating Cost per Visit* |
| Novant Health | \$144.64 | \$140.88 | 1.03 |
| 3HC-Brunswick | \$182.59 | \$175.09 | 1.04 |
| BAYADA | \$207.72 | \$194.81 | 1.07 |
| Well Care | \$138.48 | \$109.73 | 1.26 |
| HealthView | \$186.58 | \$169.34 | 1.10 |

Source: Form C.5 and Form F.2b and F.3b of the applications

*average net revenue / average total operating cost per visit

As shown in the table above, **Novant Health** projects the lowest ratio of net revenue to average total operating cost per visit in the third full fiscal year of operation. Therefore, the application submitted by **Novant Health** is the most effective alternative with regard to the projected ratio of average net revenue per visit to average total operating cost per visit in third full fiscal year of operation.

Nursing and Home Health Aide Salaries

The tables below compare the proposed annual salary for registered nurses, licensed practical nurses and home health aides in the third full fiscal year of operation, as reported by the applicants in Form H of the application. Generally, the application proposing the highest annual salary is the more effective alternative with regard to this comparative factor.

| Average Annual Salaries-Third Full FY | |
|--|---------------------------------|
| Applicant | Registered Nurse |
| Novant Health | \$86,089 |
| 3HC-Brunswick | \$73,047 |
| BAYADA | \$94,556 |
| Well Care | \$105,560 |
| HealthView | \$72,800 |
| | |
| Applicant* | Licensed Practical Nurse |
| Novant Health | n/a |
| 3HC-Brunswick | \$61,078 |
| BAYADA | \$56,734 |
| Well Care | \$66,763 |
| HealthView | \$62,400 |
| | |
| Applicant | Home Health Aide |
| Novant Health | \$37,972 |
| 3HC-Brunswick | \$35,070 |
| BAYADA | \$42,025 |
| Well Care | \$45,619 |
| HealthView | \$37,440 |

Source: Form H of the applications

*Novant Health does not project to employ any LPNs.

Salaries are a significant contributing factor in recruitment and retention of staff. However, the proposed annual salaries for licensed practical nurses were not analyzed because only four of the five applicants proposed to employ licensed practical nurses. As shown in the tables above, **Well Care** projects the highest average annual salary for the registered nurse and home health aide positions in the third full fiscal year of operation. Therefore, the application submitted by **Well Care** is the most effective alternative with regard to average annual salary for registered nurses and home health aides.

Summary

The following table lists the comparative factors and indicates whether each application was determined most effective, more effective, less effective or least effective with regard to the factor.

| Comparative Factor | Novant Health | 3HC-Brunswick | BAYADA | Well Care | HealthView |
|--|-----------------------|----------------------|-----------------------|-----------------------|-------------------|
| Conformity with Statutory and Regulatory Review Criteria | Equally Effective | Equally Effective | Equally Effective | Equally Effective | Not Approvable |
| Scope of Services | Equally Effective | Equally Effective | Equally Effective | Equally Effective | Not Approvable |
| Access by Service Area Residents | Most Effective | Less Effective | Less Effective | Less Effective | Not Approvable |
| Access by Medicaid Recipients | Less Effective | Less Effective | Less Effective | Most Effective | Not Approvable |
| Access by Medicare Recipients | Less Effective | Less Effective | Less Effective | Most Effective | Not Approvable |
| Competition, Access to a New or Alternative Provider | Equally Effective | Equally Effective | Equally Effective | Equally Effective | Not Approvable |
| Average Number of Visits per Unduplicated Patient | Less Effective | Less Effective | Most Effective | Less Effective | Not Approvable |
| Projected Average Net Revenue per Visit | Less Effective | Less Effective | Less Effective | Most Effective | Not Approvable |
| Projected Average Net Revenue per Unduplicated Patient | Most Effective | Less Effective | Less Effective | Less Effective | Not Approvable |
| Projected Average Total Operating Cost per Visit | Less Effective | Less Effective | Less Effective | Most Effective | Not Approvable |
| Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit | Most Effective | Less Effective | Less Effective | Less Effective | Not Approvable |
| Nursing and Home Health Aide Salaries | Less Effective | Less Effective | Less Effective | Most Effective | Not Approvable |

Four of the five applications are conforming to all applicable statutory and regulatory review criteria, and thus approvable standing alone. However, **HealthView** is not conforming to all applicable statutory and regulatory criteria and therefore not approvable. Collectively, the remaining applications propose a total of four Medicare-certified home health agencies or offices, and the need determination is for only one Medicare-certified home health agency or office. Therefore, only one Medicare-certified home health agency or office can be approved. As shown in the table above **Well Care** was determined to be the most effective or more effective alternative for the following five comparative factors:

- Access by Medicaid Recipients
- Access by Medicare Recipients
- Projected Average Net Revenue per Visit
- Projected Average Total Operating Cost per Visit
- Nursing and Home Health Aides Salaries

As shown in the table above **Novant Health** was determined to be the most effective or more effective alternative for the following three comparative factors:

- Access by Service Area Residents
- Projected Average Net Revenue per Unduplicated Patient
- Ratio of Average Net Revenue per Visit to Average Total Operating Cost per Visit

As shown in the table above **BAYADA** was determined to be the most effective or more effective alternative for the following comparative factor:

- Average Number of Visits per Unduplicated Patient

DECISION

Each application is individually conforming to the need determination in the 2023 SMFP for one Medicare-certified home health agency in Brunswick County. However, G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of Medicare-certified home health agencies that can be approved by the Healthcare Planning and Certificate of Need Section.

However, the application submitted by **HealthView** is not approvable and therefore cannot be considered an effective alternative. Consequently, the application submitted by **HealthView**, Project I.D.#O-12336-23 is denied.

Based upon the independent review of each application and the Comparative Analysis, the Agency determined that the application submitted by **Well Care** is the most effective alternative proposed in this review for the development of one Medicare-certified home health agency and is approved.

While the applications submitted by **Novant Health, 3HC, and BAYADA** are approvable standing alone, the approval of all four applications would result in the approval of more Medicare-certified home health agencies than are determined to be needed, and therefore, the applications submitted by **Novant Health, 3HC, and BAYADA** are denied.

The application submitted by **Well Care**, Project ID# O-12334-23, is approved subject to the following conditions:

1. **Well Care TPM, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall develop one Medicare-certified home health agency or office in Brunswick County pursuant to the need determination in the 2023 SMFP.**
3. **Upon completion of the project, the certificate holder shall be licensed for no more than one new Medicare-certified home health agency or office in Brunswick County.**
4. **Progress Reports:**
 - a. **Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. **The certificate holder shall complete all sections of the Progress Report form.**
 - c. **The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. **The first progress report shall be due on January 26, 2024.**
5. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
6. **The certificate holder 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.**