

## COMMENT

### Comment on Petition for Special Need Adjustment for Home Health Agency in Brunswick County

#### COMMENTER

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AssistedCare Home Health (“AssistedCare”) appreciates the opportunity to comment on the petition filed by HealthKeeperz for an additional home health agency in Brunswick County. While AssistedCare understands the need for providers to petition for adjustments to the standard need determination when they believe special circumstances exist, AssistedCare does not believe an additional home health agency is warranted in Brunswick County at the present time. The following discussion will provide detail regarding AssistedCare’s assertion that the HealthKeeperz petition should not be approved, based on the following primary reasons:

1. The home health need methodology in the *State Medical Facilities Plan*, as written, as adopted by the SHCC, and as is in use today, does not include a rounding rule.
2. HealthKeeperz’ analysis and conclusions regarding Brunswick County’s use rates compared to those of other counties and the State are incomplete and unreliable.
3. Growth of existing Brunswick County provider volume has exceeded growth in Brunswick County population.
4. The home health need methodology suggests that the supply of home health services in Brunswick County and Region O actually exceeds the demand.

Each of these issues is discussed in detail below.

#### **The Home Health Need Methodology**

The primary basis for HealthKeeperz’ petition is its assertion that the Brunswick County patient deficit derived by the standard home health need methodology in the Proposed 2013 *State Medical Facilities Plan* of 324.94 should be rounded up to 325 in order to trigger a need for an additional home health agency in Brunswick County. However, as HealthKeeperz also points out in its petition, the standard methodology for determining need for additional home health agencies does not include a rounding rule, or specific step for rounding up or down the patient deficit or surplus. As such, it would appear that the nature of HealthKeeperz’ arguments would be better suited for a petition requesting a change to the standard methodology, which would be submitted in the Spring petition cycle. Absent a methodology change, AssistedCare does not believe it prudent to apply a

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rounding rule to the Brunswick County deficit in the 2013 *SMFP*. Further, it should be noted that if a true need for an additional home health agency in Brunswick County emerges, application of the standard methodology (absent a rounding rule) will likely generate a deficit of 325 or more patients in a subsequent *SMFP*, thereby triggering a need determination for which a provider could apply at the appropriate time.

**Brunswick County Home Health Use Rates**

First, AssistedCare believes that HealthKeeperz was inappropriately selective in choosing which counties to include in its use rate analysis whereby Brunswick County's use rate in the age 65 and older population was compared to that of select counties, North Carolina, and the nation. Specifically, HealthKeeperz limited its analysis to those counties with a population age 65 and older greater than 25,000. A more thorough analysis, which takes into consideration counties with a significant percentage of persons age 65 and older (as opposed to only considering the raw number of persons age 65 and older) yields a very different comparison. Second, AssistedCare questions the validity and reliability of the use rates calculated in the HealthKeeperz petition. In its petition, HealthKeeperz sourced the NC OSBM and the Proposed 2013 *SMFP* for the data used in its use rate analysis. However, consistent with the home health need methodology in the *SMFP*, AssistedCare conducted its use rate analysis below using the home health patients in 2011 and the 2011 population for the 65 to 74 age group and the 75 and older age group obtained from the Proposed 2013 *SMFP* to calculate use rates, whereas it appears that HealthKeeperz used a different source for its population statistics. Using the 2011 population statistics included in the Proposed 2013 *SMFP* results in use rates that differ from those stated in the HealthKeeperz petition. As one example, HealthKeeperz calculates the Brunswick County use rate per 1,000 population age 65 and older as 88.1 in its petition, whereas use of the population statistics provided in the Proposed 2013 *SMFP* results in a Brunswick County use rate for this age group of 92.5 as shown in AssistedCare's use rate analysis below.

The table below shows the age 65 and older 2011 home health use rate for all North Carolina counties for which the population of persons age 65 and older represents 20 percent or more of the total county population, based on 2011 population. As stated above, the 2011 population statistics (as well as the number of patients in 2011) used in the analysis below were obtained from the Proposed 2013 *SMFP* home health need methodology.

County	% Pop 65+	65-74 Patients	65-74 Pop	75+ Patients	75+ Pop	65+ Patients	65+ Pop	65+ Use Rate
Yancey	21.6%	135	2,132	370	1,663	505	3,795	133.07
Mitchell	22.0%	138	1,865	293	1,463	431	3,328	129.51
Warren	20.5%	124	2,288	318	1,851	442	4,139	106.79
Northampton	21.0%	125	2,453	306	2,002	431	4,455	96.75
Brunswick	24.3%	987	16,856	1,414	8,364	2,401	25,220	95.20
Chowan	20.8%	92	1,626	191	1,377	283	3,003	94.24

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County	% Pop 65+	65-74 Patients	65-74 Pop	75+ Patients	75+ Pop	65+ Patients	65+ Pop	65+ Use Rate
Henderson	23.5%	670	13,069	1,628	11,763	2,298	24,832	92.54
Carteret	20.4%	337	7,844	800	5,485	1,137	13,329	85.30
Transylvania	27.7%	194	4,835	553	4,052	747	8,887	84.06
Haywood	22.4%	288	7,256	738	5,680	1,026	12,936	79.31
Moore	23.7%	482	10,463	1,153	10,223	1,635	20,686	79.04
Clay	26.0%	57	1,495	145	1,111	202	2,606	77.51
Perquimans	23.3%	91	1,824	143	1,221	234	3,045	76.85
Alleghany	22.3%	50	1,334	132	1,044	182	2,378	76.53
Cherokee	25.1%	181	3,948	306	2,613	487	6,561	74.23
Ashe	21.5%	98	3,233	312	2,462	410	5,695	71.99
Polk	25.7%	99	2,567	256	2,525	355	5,092	69.72
Chatham	20.1%	208	6,768	572	5,626	780	12,394	62.93
Macon	25.3%	139	4,719	392	3,737	531	8,456	62.80
Pamlico	23.8%	43	1,736	96	1,271	139	3,007	46.23
Graham	20.8%	27	1,026	48	788	75	1,814	41.35

In this comparison, Brunswick County has the fifth highest age 65 and older use rate of the 21 North Carolina counties in which the population age 65 and older represents at least 20 percent of the total population. Brunswick County's use rate (95.2) is also very consistent with the national age 65 and older use rate cited in HealthKeeperz' petition (96). The juxtaposition of this analysis with HealthKeeperz' analysis using only counties with an age 65 and older population of 25,000 or greater suggests that comparing counties based on size of the age 65 and older population may not be as reflective of characteristics of the actual population as comparing those counties with similar percentages of persons age 65 and older. For example, the age 65 and older population in a large, urban county such as Wake County might act quite differently from the age 65 and older population in smaller, but predominantly retirement communities (e.g., Brunswick, Henderson, Polk, Transylvania, Moore, etc.).

Additionally, when the two population cohorts that comprise the age 65 and older population are segregated as shown below, it is clear that among counties with a similar percentage of persons age 65 and older, Brunswick County has the third highest use rate in the age 65 to 74 cohort, and the fourth highest in the age 75 and older cohort. Of further note, Brunswick County's use rate is only 0.51 lower than the North Carolina use rate for the age 75 and older population, and only 4.7 lower for the age 65 to 74 population.

County	Age 65-74 Use Rate	Age 75+ Use Rate
Mitchell	73.99	200.27
Yancey	63.32	222.49
Brunswick	58.55	169.06
Chowan	56.58	138.71
Warren	54.20	171.80
Henderson	51.27	138.40

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<b>County</b>	<b>Age 65-74 Use Rate</b>	<b>Age 75+ Use Rate</b>
Northampton	50.96	152.85
Perquimans	49.89	117.12
Moore	46.07	112.78
Cherokee	45.85	117.11
Carteret	42.96	145.85
Transylvania	40.12	136.48
Haywood	39.69	129.93
Polk	38.57	101.39
Clay	38.13	130.51
Alleghany	37.48	126.44
Chatham	30.73	101.67
Ashe	30.31	126.73
Macon	29.46	104.09
Graham	26.32	60.91
Pamlico	24.77	75.53
<b>North Carolina</b>	<b>63.25</b>	<b>169.57</b>

Following the rationale presented in the HealthKeeperz petition would suggest that if a special need exists in Brunswick County due to what HealthKeeperz inappropriately determined to be a low use rate, all of the counties included in the analysis above that have use rates lower than Brunswick County, the North Carolina average, or the national average, would also indicate a special need for an additional home health agency.

For that matter, each of the following counties has a use rate in the age 65 to 74 cohort and/or the age 75 and older cohort that is lower than the North Carolina use rate. Following the rationale in HealthKeeperz' petition, each of the 66 distinct counties listed in the tables below with use rates lower than the North Carolina average use rate should also generate a special need for an additional home health agency.

<b>County</b>	<b>Age 65-74 Use Rate</b>	<b>County</b>	<b>Age 75+ Use Rate</b>
Mecklenburg	62.57	Sampson	169.50
Richmond	61.64	Brunswick	169.06
Anson	61.59	Mecklenburg	167.54
Montgomery	61.15	Yadkin	166.61
Greene	60.49	Guilford	166.32
Stokes	60.12	Davidson	166.20
Davie	59.41	Rutherford	162.22
Burke	59.35	Nash	160.13
Halifax	59.30	Pender	158.95
Currituck	59.15	Hertford	158.83
Wilkes	58.96	Alamance	158.49
Brunswick	58.55	Lee	157.37
Buncombe	58.35	Greene	157.25
Union	57.68	Burke	154.66
Chowan	56.58	Wayne	154.35
McDowell	55.81	Pasquotank	153.48

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Alexander	55.79	Northampton	152.85
Nash	55.31	Anson	150.48
Warren	54.20	Buncombe	148.14
Vance	53.09	Pitt	147.26
Cumberland	52.96	Richmond	146.41
Pasquotank	51.69	Carteret	145.85
Henderson	51.27	McDowell	145.27
Northampton	50.96	Chowan	138.71
Craven	50.55	Henderson	138.40
Perquimans	49.89	Currituck	137.44
Edgecombe	49.45	Cumberland	136.96
Camden	49.08	Transylvania	136.48
Granville	46.49	Granville	135.09
Moore	46.07	Duplin	134.89
Cherokee	45.85	Jones	132.35
Orange	45.47	Tyrrell	131.58
Dare	45.02	Clay	130.51
Tyrrell	45.00	Edgecombe	128.00
Beaufort	43.88	Ashe	126.73
Carteret	42.96	Alleghany	126.44
Transylvania	40.12	Gates	124.36
Haywood	39.69	Hyde	120.99
Washington	39.64	Craven	117.94
Polk	38.57	Camden	117.87
Clay	38.13	Perquimans	117.12
Alleghany	37.48	Cherokee	117.11
Duplin	37.37	Vance	116.81
Hyde	36.44	Halifax	116.09
Swain	31.34	Beaufort	115.88
Chatham	30.73	Washington	114.44
Ashe	30.31	Moore	112.78
Watauga	29.86	Watauga	107.66
Macon	29.46	Dare	106.53
Graham	26.32	Macon	104.90
Jackson	25.32	Chatham	101.67
Pamlico	24.77	Polk	101.39
<b>North Carolina</b>	<b>63.25</b>	Jackson	79.09
		Pamlico	75.53
		Swain	70.64
		Graham	60.91
		<b>North Carolina</b>	<b>169.57</b>

**Brunswick County Provider Volume Growth Exceeds County Population Growth**

In addition to the lack of any special circumstances in Brunswick County that would indicate a need for another home health agency, the growth in number of patients served by existing providers indicates the very opposite. Over the past three years, existing Brunswick County home health providers have increased the number of home health patients served each year by a compound annual growth rate (CAGR) of 4.1 percent. During the same time period, the population of Brunswick County has only grown by a compound annual growth rate of 1.4 percent. As such, it is clear that the deficit generated by the standard methodology was not driven by population growth. See the table below.

<b>Brunswick County Home Health Patients</b>	<b>Age 0-18</b>	<b>Age 18-64</b>	<b>Age 65-74</b>	<b>Age 75+</b>	<b>Total</b>
Home Health Patients in 2009	88	937	889	1,351	3,265
Home Health Patients in 2010	89	963	955	1,372	3,379
Home Health Patients in 2011	109	1,031	987	1,414	3,541
2-Year Increase in HH Patients Served	21	94	98	63	276
CAGR	11.3%	4.9%	5.4%	2.3%	4.1%
<b>Brunswick County Population</b>					
<b>Brunswick County Population</b>	<b>Age 0-18</b>	<b>Age 18-64</b>	<b>Age 65-74</b>	<b>Age 75+</b>	<b>Total</b>
2009 Population	19,082	63,657	15,934	8,462	107,135
2010 Population	19,398	65,102	16,625	9,154	110,279
2011 Population	20,298	64,622	16,856	8,364	110,140
2-Year Increase in Population	1,216	965	922	(98)	3,005
CAGR	3.1%	0.8%	2.9%	-0.6%	1.4%

In other words, existing Brunswick County providers are increasing the number of patients served at four times the population growth, which AssistedCare believes is clearly further evidence that Brunswick County does not have a demonstrated need for an additional home health agency at this time.

**Home Health Supply Exceeds Demand**

Not only are existing providers outpacing population growth in Brunswick County, the growth in the number of patients served is generally higher than the growth in home health use rates. As shown in the table below, in each age group other than the age 75 and older cohort for Brunswick County, the average annual rate of change in patients served is higher (or a lower negative) than the rate of change in use rates. As such, the “supply” of home health services in Brunswick County (as measured by the rate of change in patients served by existing agencies) is growing at a faster rate than the demand for home health services (as measured by the rate of change in use rates).

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<b>Average Annual Rate of Change in Number of Patients</b>	<b>Age 0-18</b>	<b>Age 18-64</b>	<b>Age 65-74</b>	<b>Age 75+</b>
Brunswick County	11.8041%	4.9180%	5.3874%	2.3078%
<b>Average Annual Rate of Change in Use Rates per 1000</b>	<b>Age 0-18</b>	<b>Age 18-64</b>	<b>Age 65-74</b>	<b>Age 75+</b>
Brunswick County	8.2652%	4.1751%	2.4468%	3.3365%

The focus of AssistedCare’s comments to this point has been on Brunswick County specifically. However, in determining potential home health patients, and subsequently the deficit or surplus of home health patients by county, the standard methodology applies the overall average annual rate of change in number of patients and average annual rate of change in use rates for the COG (rather than the actual rates of change experienced by an individual county) to each county’s population. As such, it is necessary to also consider the overall COG performance.

As shown in the table below, in each age group for Region O, the average annual rate of change in patients served is higher (or a lower negative) than the rate of change in use rates. Therefore, just as was demonstrated above for Brunswick County, the “supply” of home health services in Region O is growing at a faster rate than the demand for home health services.

<b>Average Annual Rate of Change in Number of Patients</b>	<b>Age 0-18</b>	<b>Age 18-64</b>	<b>Age 65-74</b>	<b>Age 75+</b>
COG	-2.9208%	0.4090%	1.0218%	0.6457%
<b>Average Annual Rate of Change in Use Rates per 1000</b>	<b>Age 0-18</b>	<b>Age 18-64</b>	<b>Age 65-74</b>	<b>Age 75+</b>
COG	-4.9676%	-1.6615%	-2.1264%	0.1255%

With supply growth exceeding demand growth both in Brunswick County and the COG as a whole, AssistedCare believes this to be further evidence that there exists no need at the present time for an additional home health agency in Brunswick County, or anywhere in Region O.

**Summary**

In summary, AssistedCare contends that there are several compelling reasons for the SHCC to deny the HealthKeeperz petition:

- Any change to the standard methodology, such as the introduction of a rounding factor, should be considered in a Spring petition for comment during the public comment period.
- There are no use rate disparities to demonstrate special circumstances exist in Brunswick County that do not exist elsewhere in North Carolina. In fact, at least 66 counties have home health use rates lower than the state average.

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- Patients served by existing Brunswick County providers have grown at a rate four times the County's population growth, demonstrating that existing providers are more than keeping pace with population growth.
- Home health supply (as measured by rate of change in patients) is growing faster than demand (as measured by rate of change in use rates) in both the county and the COG as a whole, indicating no present need for an additional home health agency in Brunswick County or in Region O.

Based on these factors, AssistedCare believes that HealthKeeperz has failed to demonstrate any compelling reason that patients in Brunswick County need an additional home health agency at this time.