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Home Health Care

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Applicant's Completeness Review

November 2018

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Home Health Care

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November 7, 2018

Ruby Potter, Administrator
Maryland Health Care Commission
Center for Health Care Facilities
4160 Patterson Avenue
Baltimore, MD 21215

RE: CON Application to Expand a Home Health Agency in Upper Eastern Shore-Matter # 18-R1-2425

Dear Ms. Potter:

Enclosed please find four copies of Applicant's responses to the Completeness Questions dated October 12, 2018 for filing in the above matter.

Please reach out with any additional questions.

Respectfully,

JoAnn Saxby, RN
Administrator
Bayada Home Health Care

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I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.

Signature

11/8/2018
Date

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Part II: Consistency with Review Criteria at COMAR 10.24.01.08G(3)

Populations and Services

1. Please describe services that you intend to provide that are outside of standard Home Health Services, including Wound Ostomy Consultation, Medication Management, Pain Management, and Infusion Therapies.

Applicant response:

Wound Ostomy Consultation - The Towson provider number currently employs two full time WOCN's (Wound Ostomy Certified Nurse) to oversee all wound care services provided within the markets we serve. They are responsible to review and monitor all wound care treatment plans in collaboration with ordering physician and case manager, providing telephonic/video and on site consultation on an as needed basis.

Medication Management – The client's ability to independently manage oral medications is an important safety factor and can influence the effectiveness of the entire treatment regimen.
BAYADA's Medication Management provides assessment of all client's medications, education for the client/caregiver in the medications actions, side effects, drug/food interactions and self- administration of medications along with adherence monitoring.

Pain Management - BAYADA honors and protects the rights of a client to have an assessment and appropriate management of pain throughout service. An ongoing pain assessment, development, implementation and evaluation of a therapeutic pain management plan is implemented for any client with pain management as a component of the plan of care.
Pain management is a collaborative effort between the client and/or caregiver, the physician and the clinical team to reach the goals of optimal comfort, safety, alertness and dignity.

Infusion Therapies – BAYADA in collaboration with identified infusion pharmacy partners has the ability to provide appropriate infusion services in the safety and comfort of the client's home. BAYADA has adopted the VNAA's (Visiting Nurses Association of America) infusion policies and procedures to ensure safe provision of infusion therapy utilizing nationally accepted standards of infusion therapy.

Financial Accessibility

2. Please cite the sources for the chart on page 11 of your CON application.

Applicant response:

The Payer Mix table on page 11. reflects information retrieved from BAYADA's internal financial recording system which reflects the 2016 and 2017 revenue breakdown.

Charity Care and Sliding Fee Scale

3. Please cite the sources for Chart 1 within your CON application.

   Applicant response:

   Charity care information on the charity care was pulled from the Home Health Raw Data section of the Public Use files provided by Maryland in the hh_year_jur_data file. This information was used to complete the charity care sections of chart 1 and 2.

4. Please cite the sources for Chart 2 within your CON application.

   Applicant response:

   The total clients and visits by year by agency were pulled from tables 13 and 14 from the MD Department of Health public use files.

5. Please describe how the notices and policies will be disseminated to your service area. Make sure that your charity care and reduced fee policies are consistent with your notices and all forms, applications, and requests for documentation.

   Applicant response:

   Upon approval of the certificate of need for the Upper Eastern Shore Jurisdiction, Cecil County, BAYADA will annually publish the public notice via publications/newspapers in the greatest circulation within the service area regarding BAYADA Charity Care, the sliding fee pay scale and time payment plans. The Maryland Notice of Charity Care and Reduced Fees, #0-7657 will be provided to all prospective clients prior to the provision of care, provided to local health departments and other social service agencies in applicant's service area. In addition, the applicant will also provide a notice at least annually to each of its referral sources (hospitals, nursing homes) and any local nonprofit agencies that the applicant will partner with to provide charity care.

6. Your charity care track record (<0.01%) does not indicate that it will be able to meet the jurisdiction average, as you have projected. If you are granted a CON, compliance with the jurisdictional average of 0.80% will be required as a condition of your CON. What plans do you have for seeking out patients that could benefit from charity care?

   Applicant response:

   BAYADA understands the need to identify and establish ongoing charity care referral relationships with local nonprofit and social service agencies servicing the indigent and dis-advantaged persons in Cecil County. In addition to the plan included in our original application, which indicates the commitment to meet the average of 0.80% charity care over the course of the next four years, BAYADA's outreach plan (some connections all ready in process) will include but is not limited to the following local organizations; Elkton Department of Social Services, Cecil County Department of Aging, Veteran's Outreach Ministries, Maryland Food Pantries and Soup kitchens, Ray of Hope Mission, servicing western Cecil county and The Western Cecil Health Center. The applicant plans to leverage the current full time MSW (Medical Social Worker) position from the Harford county market to extend into Cecil county to deepen the familiarity with

the Cecil County public and private programs that are potential referral sources for Charity Care. This role will be responsible to identify and educate these potential referral sources about BAYADA's commitment to the acceptance and care of clients regardless of ability to pay and BAYADA's charity care policy. Additionally, this role will be held accountable for the ongoing relationship, keeping in regular contact with these organizations while maintaining an updated listing of new potential charity care referral organizations. The ability to have a dedicated resource familiar, focused and responsible to work with the public and private organizations within Cecil County provides the confidence that BAYADA will meet and exceed the minimum charity care commitment in this county.

Financial Feasibility

7. Your total client visits projections for FYs 2019-2021 are unusually high for this jurisdiction. The total number of client visits for 2014 was 30,808. How do they justify such high volume projections?

   Applicant response:

   Please refer to the projections in Table 2A. For FYs 2018 -2021 in applicant's application, which reflects the total provider and includes all current jurisdictions served under the Towson provider number. Table 2B. indicates the projection of growth for the new jurisdiction, with assumption of an unduplicated total of 194 client count in yr.1. with 3,239 client visits, increasing over a 4 year period to an unduplicated total of 868 client count with 14,593 client visits.

8. Please provide a statement containing the assumptions used to develop projections for your operating revenues and costs.

   Applicant response:

   The Applicant's projected revenue assumptions are based on the following; revenue/visit, visits/episode, cost per visit and episodic mix based on projected census growth. Additional revenue assumptions included; current charge levels, reimbursement rates, contractual adjustments, bad debt and charity care. The Applicant's staffing, support and overall general and administrative operational projections are based on its utilization projections and current expenditure level realized in adjacent Maryland service areas. All projections are based on this applicant's experience as an existing HHA.

9. Please provide an explanation for basis of your financial projections in Table 3 and 4. A HHA's Projected Revenue should be based on its experience in providing HHA services to other jurisdictions it serves.

   Applicant response:

   The Applicant's projections in Table 3 and 4. are assumptions based on the following; revenue/visit, visits/episode, cost per visit and episodic mix based on projected census growth. Additional revenue assumptions included are; current charge levels, reimbursement rates, contractual adjustments, discounts , bad debt and charity care. The Applicant's staffing projections costs are based upon experiential cost of labor data specific to the area. General and Administrative expense projections such as rent, collections, billing, and IT costs were derived from actual experience with these costs in adjacent Maryland markets.

10. According to Table 5, you currently have 216.79 employees and you project that you will increase your FTEs by 43.25 to a total of 260.04 FTEs. When will these FTE increases take place? Please provide a statement that discusses the factors used to project these FTE increases and that justifies the number of FTEs you have decided to add.

    Applicant response:

    Please find corrected Table 5. as **Attachment A.,** the current number of FTE's indicating 226.71 FTE's with a projected change in FTE's of 21.92 for a total of 248.63 FTE's. The increase in 21.92 FTE's will take place over the 4 year new jurisdiction expansion plan. The projections are based on anticipated visit growth and expected productivity of a full time staff member in each discipline in consideration of current calculations and ratios of current staffing with visit/episode and episodic mix to determine the necessary staffing to meet the needs (increase) of the market demands.

Staffing

11. Please explain from where you intend to recruit your projected new FTEs?

    Applicant response:

    BAYADA's recruiting managers source positions to support planned growth in a variety of ways including; offering existing employees in the Harford county market opportunities to expand their current service areas, the use of recruitment mailers, social media, cold calls, internet sites along with BAYADA's strong internal employee referral program (Talent Scout).All open positions are automatically posted to BAYADA's career site, Indeed, Glassdoor, Tweet My Jobs, NAHC, state job boards, and 600 + diversity sites. They are also searchable by major search engines like Google, Bing, and Yahoo and are manually added by our recruitment team on to Facebook and LinkedIn.

Financial Solvency

12. As requested in the guidance provided at the pre-application conference, please describe your ability to meet this requirement by showing the agency's ability to sustain operating expenses prior to being able to bill Medicare while awaiting Medicare certification. (Is this for New HHAs only?)

Applicant Response – N/A, as Bayada Home Health Care is not a new HHA.

Data Collection and Submission

13. As requested in the guidance provided at the pre-application conference, please demonstrate your understanding of budgetary commitment required to comply with these federal and state data collection and reporting requirements by discussing their cost to your operation.

    Applicant response:

    The applicant has in place a centralized support team with the responsibility of ensuring data pertaining to the Commission's Home Health Annual Survey, OASIS and HHCAPS are submitted timely and accurately. Total costs for oversight of data collection and submission, electronic medical records and HHCAPS surveys are included as a portion of the expense categorized in Table 3. "Other Expenses" representing approximately 1.5% of revenue.

Proven Track Record in Serving all Payor Types, the Indigent and Low Income Persons.

14. In Attachment H, which payor type on your "Visits by Payer Type" charts accounts for charity care patients?

    Applicant response:

    Please find corrected Attachment I, from our original application as **Attachment B.** of this document. Charity Care is reported within the "other" category.

Proven Track Record in Providing a Comprehensive Array of Services.

15. Are there any specialized programs that you have offered in the past or are planning to offer if you are authorized to operate as a Home Health Agency in this region?

    Applicant response:

    Please refer to the Project description (Part 2, 10.24.16.08B) which describes the comprehensive array of services that the applicant provides. As described, the applicant provides all of the core home health services for patients recovering from an illness or injury to regain independence in the comfort of their homes. In addition to this listing, please note the description of Specialized Evidenced Based Clinical Care Programs, including the following: Comprehensive Joint Program, Heart Failure, COPD, and Readmission Reduction Program.

Need

16. As requested in the Criterion, please discuss Cecil County's projected home health services utilization.

Applicant response:

As exhibited in Chart 3 above "Historic Utilization Trends" of Home Health services there is a decrease in Cecil county home health utilization in years 2013 and 2014 compared to 2011 and 2012. Simultaneously, the 65+ grew 18.1% from 2010-2016 as exhibited in Chart 4, "Cecil County Population". This may indicate that current skilled home health services are not meeting the demand. If this is indeed the case, it could potentially compound a current shortage of the most economical post-acute care setting available today. In alignment with Maryland's Total Cost of Care (TCOC) model launching in January of 2019, it is reasonable to expect an increase in demand and utilization of Home Health services in Cecil County. The TCOC model is designed to improve clinical outcomes and patient experience, improve population health, and lower the overall cost of care. The three components of the TCOC model (MD Primary Care Program, Hospital Care Improvement Program, and Episode Care Improvement Plan) are designed to achieve those goals. The home is the most economical setting to receive post-acute skilled care. Home is also where primary care interventions will increasingly be implemented to avoid costly hospital admissions and Emergency Department (ED) visits. Primary Care Practices will be collaborating with "Care Transformation Organizations" (CTO's) to manage population health in the MDPCP. Minimizing ED utilization and Acute Care Hospitalization (ACH) admissions are two quality metrics being implemented to measure performance in the MDPCP. The Hospital Care Improvement Program will incentivize hospitals to seek lower cost solutions for discharged patients. The average Medicare expenditure for a Home Health episode (post inpatient stay) in Maryland (Q1-Q3 2017)* is $3006 with a 14.63% 30 day readmission rate. In comparison, the average Medicare expenditure for a Skilled Nursing Facility stay (post inpatient stay) in Maryland in the same time period is $11,023 with a 19.25% 30 day readmission rate. In the Episode Care Improvement Program hospitals will again be seeking a direct route home for patients when appropriate to be stabilized and rehabilitated in their own home versus a facility setting. Bayada Home Health, as described in this application, is well positioned to contribute to Maryland's strategy to lower cost while improving outcomes and patient experience in Cecil County.

Source *Advisory Board –"State Average and National Trended Downstream PAC Outcomes through 2017"

Availability of More Cost-Effective Alternatives

17. As you did not completely answer all parts of the standard, please:
    a) Provide a clear statement of this project's objectives;
    b) Describe alternative approaches to meeting these objectives;
    c) Estimate the cost of each alternative;
    d) Evaluate the effectiveness of each alternative;

Applicant response:

a) Provide a clear statement of this project's objectives;

Bayada Home Health will provide skilled Home Health services in Cecil County to improve access to care that can effectively and safely be provided at home. The services will be utilized in a post-acute manner for those recently discharged from an acute care hospital. Services will also be utilized in a preventive "pre-acute" fashion to minimize avoidable hospital admissions in collaboration with Primary Care Providers. As a byproduct, cost of care will be reduced in Cecil County. Bayada Home Health will seek to integrate services with Maryland health systems that serve Cecil County's population. Bayada is experienced with this approach working closely with Health Systems across the country including Accountable Care Organizations and Bundled Payment Holders. Establishing new lines of communication, sharing data and outcomes, and piloting innovative delivery models with hospitals, other post-acute care providers, and primary care providers is already common practice at Bayada. Sharing a common strategy and investing in the interpretation of its effectiveness alongside community partners is critical to achieving the objectives.

b) Describe alternative approaches to meeting these objectives;

The alternative approach to home based care is facility based care. The challenge would continue to be comparatively higher costs of care, longer inpatient stays and more treatment being provided outside the home. Please see item C. and D. below in consideration of these alternatives.

c) Estimate the cost of each alternative;

The average Medicare expenditure for a Home Health episode (post inpatient stay) in Maryland (Q1-Q4 2017)* is **$3028**. Here are other alternatives and associated costs.

Time Frame	Alternative Setting	Average Cost (Medicare Expenditure) per stay in Maryland post Inpatient Stay
Q1 –Q4 2017*	Skilled Nursing Facility (SNF)	$11,012.00
Q1 –Q4 2017*	Inpatient Rehab Facility (IRF)	$19,539.00

Source *Advisory Board –"State Average and National Trended Downstream PAC Outcomes through 2017"

d) Evaluate the effectiveness of each alternative;

Readmission rates are measured by CMS to assess quality of PAC providers. Lower rates indicate reduced total cost of care spending. Optimizing care coordination and communication with upstream and downstream providers including Primary Care Providers (PCP's) may contribute to lower readmission rates. The Home Health 30-Day Readmission rate in the state of Maryland is **14.67%** for Q1-Q4 2017* for patients with traditional Medicare discharged post inpatient stay from an Acute Care Hospital (ACH).

Time Frame	Alternative Setting	Average SNF 30-Day readmission rate in Maryland
Q1 –Q4 2017*	Skilled Nursing Facility (SNF)	19.26%
Q1 –Q4 2017*	Inpatient Rehab Facility (IRF)	16.44%

Source *Advisory Board –"State Average and National Trended Downstream PAC Outcomes through 2017"

Viability of the Proposal

18. Please discuss the probable impact of the project on the cost for services provided by other home health agencies in the area. In your response, you referred to the impact on charges only.

Applicant response:

The applicant is not anticipating that the current project will have any material impact on the cost of services provided by other home health agencies in the area.

19. What is your current percentage of unfilled staff positions?

Applicant response:

The applicant's % of unfilled staff positions is 8%.

Impact

20. Please provide source(s) and discuss logic used to make the prediction that there will be no impact to the health care delivery system.

Applicant response:

In expanding on the previous response, it is likely that there will be no *negative* impact to the health care delivery system. It is probable that by adding an additional skilled home health agency will have *positive* impact. Central to our application is the assumption that there will continue to be increased demand for skilled home health services because:

The over 65 population of Cecil County is growing. As cited earlier from 2010 to 2016 this segment grew by over 18%. An older population is likely to utilize more health care services.

Maryland's Total Cost of Care Model (TCOC) is set to begin January 1st, 2019. This new model will incentivize the health care delivery system to utilize the most economical health care setting (Home Health) as frequently as possible to manage the post-acute and pre-acute needs of populations. It is likely that health systems will increase their focus on quality home health providers as they seek to avoid more expensive utilization of facility based care. Skilled Home Health costs and outcomes will now be connected to the financial performance of hospitals and primary care providers in new population health strategies. It is likely that new partnerships will form amongst health systems in Maryland and HHA's to enhance care coordination, share in risk and resources, and provide an optimal experience for beneficiaries receiving interventions. Quality and patient experience measures are embedded into each new model in the TCOC to hold health systems accountable for more than just reducing cost. The end result and vision for Cecil County is a healthier aging population receiving high quality care in lower cost settings, increased access to wellness and prevention interventions, and avoiding expensive facility stays as appropriate. Based on the growth of the population, other Acute and Post-Acute settings should continue to flourish and innovate caring for those that will rely on their expertise and resources providing care that cannot safely be executed at home.

21. As you are an existing provider, please submit a summary description of the impact of the proposed project on the applicant's costs and charges, consistent with the information provided in the Project Budget, the projections of revenues and expenses, and the work force information.

Applicant response:

The applicant does not expect to realize a change in service charges as they are determined predominantly by insurance contracts and CMS. There will be an anticipated increase in personnel costs as outlined in Table 5.to support projected census growth over the 4 year plan. Additionally, there will be no capital costs incurred as the current existing office space will be utilized without need of renovation. There will be no office equipment costs as existing equipment (copier, phones, etc.) will be utilized.

Table 5.

Position Title	Current No. of FTEs		Change in FTEs (+/-)		Average Salary		Total Salary Expense	
	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff
Administrative Personnel	54.57		5.28		76,340		4,568,953	120,000
Skilled Nursing	80.21		7.76		67,472		5,935,486	
Licensed Practical Nurse	included in SN							
Physical Therapist	45.54	5.21	4.41	0.50	80,338	72,086	4,012,329	412,108
Occupational Therapist	28.35		2.74		88,126		2,739,842	
Speech Therapist	2.64		0.26		77,955		226,069	
Home Health Aide	7.92		0.77		19,279		167,539	
Medical Social Worker	2.28		0.22		97,419		243,548	
Other (Please specify)								
						Benefits	3,944,454	
						TOTAL	21,838,219	532,108

*** Indicate method of calculating benefits cost**
Benefits cost are based on our historical cost of benefits as a percent of pay for employees.

BAYADA does not pay home health staff in hours. FTEs are calculated based on the expected productivity for a full-time staff member in each discipline.

Current No. of FTEs was determined based on the projected number of FTEs for current operations without geographic expansion at the end of Year 4.

Contractors are used in Senior Living practice as required by building. We forecast based on historical %.
Contractors column for administrative includes professional fees.

In order to match earlier schedules, benefits includes workers compensation, payroll taxes, liability insurance, and other personnel related expenses in addition to benefits. Benefits only expenses are estimated to be $1,712,731

	Salaries and wages	17,893,765	Employees	21,838,219
	Benefits	1,712,731	Contractors	532,108
	Other personnel expenses	2,231,723	Total	22,370,326
	Subtotal	21,838,219		
	Contractors	412,108		
	Professional Fees	120,000		
	Total	22,370,326		
Table 3 and 4:		21,958,219		
		412,108		
	Total	22,370,326		

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Visits by Discipline Percentage

2017

Visits by Discipline	Percent
SKILLED NURSE	39.8%
HOME HEALTH AIDE	2.4%
OCCUPATIONAL THERAPIST	15.2%
PHYSICAL THERAPIST	38.1%
SPEECH THERAPIST	3.5%
MEDICAL SOCIAL WORKER	0.9%

2016

Discipline	Percent
SKILLED NURSE	42.2%
HOME HEALTH AIDE	2.2%
OCCUPATIONAL THERAPIST	13.5%
PHYSICAL THERAPIST	36.9%
SPEECH THERAPIST	3.9%
MEDICAL SOCIAL WORKER	1.1%

2015

Discipline	Percent
SKILLED NURSE	43.6%
HOME HEALTH AIDE	2.9%
OCCUPATIONAL THERAPIST	13.6%
PHYSICAL THERAPIST	35.1%
SPEECH THERAPIST	3.6%
MEDICAL SOCIAL WORKER	1.0%

2014

Discipline	Percent
SKILLED NURSE	45.5%
HOME HEALTH AIDE	3.8%
OCCUPATIONAL THERAPIST	12.7%
PHYSICAL THERAPIST	34.0%
SPEECH THERAPIST	2.8%
MEDICAL SOCIAL WORKER	1.2%

2013

Discipline	Percent
SKILLED NURSE	46.0%
HOME HEALTH AIDE	3.5%
OCCUPATIONAL THERAPIST	12.4%
PHYSICAL THERAPIST	33.7%
SPEECH THERAPIST	3.1%
MEDICAL SOCIAL WORKER	1.3%

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Visits by Payer Type

2017

Visits by Payer Type	Percent
COMMERCIAL INSURANCE	13.0%
BLUE CROSS	10.0%
MEDICAID	0.8%
MEDICARE	74.0%
OTHER (Charity Care/contracts)	1.7%
SELF PAY - HOME HEALTH	0.4%

2016

Discipline	Percent
COMMERCIAL INSURANCE	12.9%
BLUE CROSS	9.9%
MEDICAID	0.8%
MEDICARE	74.2%
OTHER (Charity Care/contracts)	1.9%
SELF PAY - HOME HEALTH	0.3%

2015

Discipline	Percent
COMMERCIAL INSURANCE	6.9%
BLUE CROSS	8.1%
MEDICAID	1.4%
MEDICARE	81.8%
OTHER (Charity Care/contracts)	0.9%
SELF PAY - HOME HEALTH	0.1%

2014

Discipline	Percent
COMMERCIAL INSURANCE	10.0%
BLUE CROSS	7.7%
MEDICAID	1.6%
MEDICARE	78.1%
OTHER (Charity care/contracts)	1.9%
SELF PAY - HOME HEALTH	0.7%

2013

Discipline	Percent
COMMERCIAL INSURANCE	9.5%
BLUE CROSS	7.6%
MEDICAID	0.6%
MEDICARE	78.0%
OTHER (Charity care/contracts)	3.7%
SELF PAY - HOME HEALTH	0.6%