D H E C
PROMOTE PROTECT PROSPER
W. Marshall Taylor Jr., Acting Director
Promoting and protecting the health of the public and the environment

26 March 2015

Members
South Carolina Health Planning Committee

Re: Revised Proposal to Calculate Need for Home Health Agencies

Dear Members,

I apologize for the delay in providing you with a revised Home Health methodology per your instructions at the last Committee meeting, but there were several steps involved in arriving at a useful proposal. You will recall the Committee instructed the Staff to review and recommend changes to the threshold number to grant a home health agency and to consider establishing a bifurcated threshold level based on less populous/more populous counties and also to draft language for the Certificate of Need Standard that would give the applicant the flexibility to present an argument for need in a particular service area in the absence of a calculated need.

Since we last met, I have obtained billing data from South Carolina Revenue and Fiscal Affairs Office (RFA). The data includes the number of Home Health patients and patient visits (services) that were billed (all payors) in each of South Carolina's counties during the month of June from 2010 until 2014. I selected the month of June because the operation of the Department's Certificate of Need (CON) Program ceased July 1, 2013 and applications for new or expanded home health agencies without CON approval were filed shortly thereafter. June to June seemed to be the best snap shot of the impact of the agencies that were started or expanded without a CON. You will note the number of patients statewide and utilization were relatively constant until 2014 when the number of patients increased by almost 15%. This is not surprising given the antidotal evidence of unmet demand these new/expanded agencies discovered. What is a bit surprising is that the expansion of the patient base is not uniform throughout the State, but concentrated in certain counties while some counties actually experienced a decrease in the number of patients. Nevertheless, it was encouraging to find that the proposed HHA need methodology highly correlated with the increase of patients revealed by the billing data.

Staff therefore proposes the following Certificate of Needs Standards. I have also attached a revised HHA need chart based on the proposed changes to the methodology.

With Kindest Regards,

Robert B. (Sam) Phillips
Director
Certificate of Need (CON) Program

JUNE HOME HEALTH UTILIZATION
2010 - 2014

COUNTY	2010		2011		2012		2013		2014		2013-2014 Change		New
	PATIENTS	SERVICES	PATIENTS	SERVICES	PATIENTS	SERVICES	PATIENTS	SERVICES	PATIENTS	SERVICES	Patients	Services	Patients
ALL COUNTIES	14593	109068	14239	103199	14047	98498	14976	98147	17209	123516	14.9%	25.8%	2233
ABBEVILLE	255	2324	249	1950	312	1969	327	1844	350	2209	7.0%	19.8%	23
AIKEN	510	3899	503	3985	360	3659	415	3014	331	2531	-20.2%	-16.0%	-84
ALLENDALE	226	2117	31	181	27	178	37	196	33	195	-10.8%	-0.5%	-4
ANDERSON	819	5843	797	5632	732	5307	781	6855	650	5387	-16.8%	-21.4%	-131
BAMBERG	111	1723	121	1794	125	1619	119	1448	74	1237	-37.8%	-14.6%	-45
BARNWELL	96	554	100	703	98	1065	99	813	60	454	-39.4%	-44.2%	-39
BEAUFORT	339	3523	349	3903	335	3265	476	4852	639	5228	34.2%	7.7%	163
BERKELEY	292	1951	345	2502	370	2331	410	2528	501	3286	22.2%	30.0%	91
CALHOUN	52	580	33	382	36	334	30	188	27	178	-10.0%	-5.3%	-3
CHARLESTON	1096	8639	1042	7769	988	6809	1112	6593	1391	9157	25.1%	38.9%	279
CHEROKEE	222	1464	187	1195	141	690	187	870	104	461	-44.4%	-47.0%	-83
CHESTER	71	354	83	513	89	505	96	462	128	906	33.3%	96.1%	32
CHESTERFIELD	185	1219	205	1317	185	1107	166	918	195	1095	17.5%	19.3%	29
CLARENDON	135	805	138	855	106	558	77	419	209	1411	171.4%	236.8%	132
COLLETON	77	402	85	602	89	552	99	575	184	1375	85.9%	139.1%	85
DARLINGTON	292	2587	277	2455	306	2606	343	2772	334	2382	-2.6%	-14.1%	-9
DILLON	171	1192	158	1039	149	1024	148	1035	141	850	-4.7%	-17.9%	-7
DORCHESTER	255	1486	266	1449	285	1687	341	1852	377	2447	10.6%	32.1%	36
EDGEFIELD	60	507	54	391	24	294	33	255	117	1023	254.5%	301.2%	84
FAIRFIELD	65	545	81	613	73	482	84	621	103	933	22.6%	50.2%	19
FLORENCE	662	4768	616	4491	630	5980	654	4556	712	5102	8.9%	12.0%	58
GEORGETOWN	42	293	137	796	77	391	146	791	306	2258	109.6%	185.5%	160
GREENVILLE	1405	9478	1298	8207	1299	7124	1372	7821	1410	8627	2.8%	10.3%	38
GREENWOOD	604	5632	572	4963	572	5040	647	5164	648	5275	0.2%	2.1%	1
HAMPTON	63	343	75	439	78	423	68	398	73	446	7.4%	12.1%	5
HORRY	364	1855	418	2028	394	1901	423	1857	680	4658	60.8%	150.8%	257
JASPER	28	151	28	184	26	144	38	214	77	549	102.6%	156.5%	39
KERSHAW	256	1743	231	1780	246	1833	234	1675	269	2004	15.0%	19.6%	35
LANCASTER	452	3967	444	3571	433	5635	448	2741	363	2889	-19.0%	5.4%	-85
LAURENS	415	3612	387	3053	412	3123	445	3165	450	3484	1.1%	10.1%	5
LEE	88	546	82	436	71	459	65	304	112	718	72.3%	136.2%	47
LEXINGTON	478	3359	529	4057	495	3030	529	3067	736	5135	39.1%	67.4%	207
MCCORMICK	85	663	97	896	77	560	92	646	210	1357	128.3%	110.1%	118
MARION	163	967	142	1005	164	997	96	664	90	545	-6.3%	-17.9%	-6
MARLBORO	70	441	77	488	103	819	127	678	95	973	-25.2%	43.5%	-32
NEWBERRY	132	765	119	583	120	677	121	627	178	1183	47.1%	88.7%	57
OCONEE	273	1950	356	2811	355	1410	295	1387	326	1602	10.5%	15.5%	31
ORANGEBURG	489	4797	315	2691	320	2545	288	1850	408	3625	41.7%	95.9%	120
PICKENS	466	3207	419	2668	459	2564	527	3267	501	3531	-4.9%	8.1%	-26
RICHLAND	710	5318	708	5289	799	5354	806	5603	1011	7613	25.4%	35.9%	205
SALUDA	72	573	85	613	113	696	84	573	129	765	53.6%	33.5%	45
SPARTANBURG	980	7206	929	6124	934	5564	1027	6755	983	7153	-4.3%	5.9%	-44
SUMTER	381	2544	390	2770	351	2436	361	2280	466	3202	29.1%	40.4%	105
UNION	111	627	102	471	75	295	118	542	98	814	-16.9%	50.2%	-20
WILLIAMSBURG	58	268	76	428	87	410	81	386	246	1485	203.7%	284.7%	165
YORK	417	2281	503	3127	527	3047	504	3026	684	5778	35.7%	90.9%	180

CERTIFICATE OF NEED STANDARDS

1. An applicant must propose home health services to cover the geographic area of an entire county and agree to serve residents throughout the entire county.

2. A separate application is required for each county in which services are to be provided.

3. It is recommended that an application for a new home health agency should contain letters of support from physicians in the proposed service area.

4. The need methodology calculates the projected growth rate for two population cohorts, 0-64 and 65+, in each county through 2020. These growth rates are then applied to the projected number of patients in each county treated by an HHA in each cohort during 2013. 75% of the resulting patient projection for the 65+ cohort in each county through 2020 is used to determine if the increased number of patients justifies the addition of another HHA in a county. For non-rural counties, if there is a difference of 100 or more patients projected to be in need, then another agency could be approved for that county. For rural counties, if there is a difference of 50 or more patients projected to be in need, then another agency could be approved for that county.

5. For the purposes of this section, a rural county shall mean a county with a population of less than 50,000, according to the most recent projections of the South Carolina Revenue and Fiscal Affairs Office as of the time the current South Carolina Health Plan was adopted.

6. All home health agency services (Skilled Nursing, Physical Therapy, Occupational Therapy, Speech Therapy, Home Health Aide, and Medical Social Worker) should be available within a county. If there is no hospital in a county and the existing licensed home health agencies between them do not provide all of the services identified above, this may be cited as potential justification for the approval of an additional agency that intends to offer these services.

7. An exception to the need methodology may be made for a home health agency restricted to the provision of services such as breast prosthetics and wigs, massage therapy, home health aide and nutritional services for female oncology patients. Any such approved agency will not be counted in the county inventories for need projection purposes.

8. The applicant should have a track record that demonstrates a commitment to quality services. There should be no history of prosecution, consent order, or abandonment of patients in other business operations or loss of license. However, any consent orders or loss of licenses related to licenses that were obtained from the Department between July 1, 2013, and May 22, 2014, without a Certificate of Need shall not be grounds for denial of a Certificate of Need application pursuant to this section. The applicant must provide a list of all licensed home health agencies it operates and the state(s) where it operates them.

9. The applicant must demonstrate that it can serve at least 25 patients annually in each rural county for which it is licensed and 50 patients annually in each non-rural county for which it is licensed within two years of initiation of services. The applicant must assure the Department that, should they fail to reach this threshold number two years after initiation of services in a county, they will voluntarily relinquish the license for that county.

10. An exception to the need methodology may be made if an applicant obtained a license from the Department to provide home health services in a county on or after July 1, 2013, without first obtaining a Certificate of Need, and the applicant provides utilization data demonstrating that it served at least 100 patients (or, if in a rural county, at least 50 patients) within a twelve-month period.

HOME HEALTH METHODOLOGY
(Chapter XII)

County	Code	0-17 2015	0-17 2020	18-64 2015	18-64 2020	65-74 2015	65-74 2020	75+ 2015	75+ 2020	Growth 0-64	Growth 65+	2013 Patients	2013 0-64	2013 65+	2020 Proj. 0-64	2020 Proj. 65+	New HHA? 2014-2015	2020 Pop. < 50,000	Need?
Abbeville	1	5370	5020	14400	13320	2960	3350	1990	2240	-0.072	0.129	1435	373	1,062	-20	103		Yes	Add HHA
Aiken	2	36,640	37,050	100,450	101,350	17,750	20,770	12,060	14,280	0.010	0.176	2,827	735	2,092	5	276	Yes		Add HHA
Allendale	3	1,840	1,550	6,040	5,260	1,280	610	560	560	-0.136	-0.364	137	36	101	-4	-28		Yes	
Anderson	4	44,300	44,300	114,850	115,220	19,810	22,360	13,850	16,090	0.002	0.142	3,673	955	2,718	2	290			Add HHA
Bamberg	5	3,320	3,070	9,030	8,320	1,640	1,810	1,170	1,240	-0.078	0.085	430	112	318	-7	20		Yes	
Barnwell	6	5,480	5,370	12,790	11,830	2,180	2,450	1,410	1,530	-0.059	0.109	440	114	326	-5	27		Yes	
Beaufort	7	35,610	36,410	98,160	102,270	26,900	31,350	17,370	23,400	0.037	0.237	5,216	1,356	3,860	37	685			Add HHA
Berkeley	8	49,380	53,210	128,310	140,530	16,950	21,920	8,960	12,370	0.090	0.323	3,205	833	2,372	56	575			Add HHA
Calhoun	9	3,050	2,910	8,840	8,210	1,930	2,200	1,160	1,430	-0.065	0.175	296	77	219	-4	29		Yes	
Charleston	10	79,030	83,000	248,250	260,620	34,980	43,570	22,820	28,050	0.050	0.239	10,074	2,619	7,455	98	1,337			Add HHA
Cherokee *	11	13,400	13,420	34,020	33,530	5,380	6,010	3,390	3,890	-0.010	0.129	1,350	351	999	-3	97			
Chester	12	7,350	7,070	19,290	17,890	3,320	3,650	2,220	2,500	-0.063	0.110	1,135	295	840	-14	69		Yes	Add HHA
Chesterfield	13	10,310	9,690	28,210	27,160	4,760	5,420	2,880	3,340	-0.043	0.147	904	235	669	-8	74		Yes	Add HHA
Clarendon	14	6,980	6,520	20,180	18,940	4,340	4,850	2,630	3,130	-0.063	0.145	859	223	636	-10	69		Yes	Add HHA
Colleton	15	8,430	7,910	21,690	19,980	4,310	4,680	2,840	3,340	-0.074	0.122	799	208	591	-12	54		Yes	Add HHA
Darlington	16	15,430	14,700	40,510	38,340	7,060	8,050	4,510	5,200	-0.052	0.145	1,501	390	1,111	-15	121			Add HHA
Dillon	17	7,930	7,730	18,360	17,490	2,880	3,290	1,890	2,110	-0.041	0.132	713	185	528	-6	52		Yes	Add HHA
Dorchester	18	38,050	40,240	95,610	104,680	11,550	14,510	6,300	7,860	0.084	0.253	2,916	758	2,158	48	410			Add HHA
Edgefield	19	4,900	4,430	17,010	16,210	2,760	3,220	1,590	1,880	-0.058	0.172	434	113	321	-5	42		Yes	
Fairfield	20	4,620	4,140	13,800	12,500	2,680	3,160	1,610	1,840	-0.097	0.166	331	86	245	-6	30		Yes	
Florence	21	33,660	34,070	84,570	83,770	12,910	14,600	8,320	9,610	-0.003	0.140	3,253	846	2,407	-2	253			Add HHA
Georgetown	22	11,840	11,070	33,310	31,010	9,340	10,370	5,750	7,100	-0.068	0.158	2,340	608	1,732	-31	205			Add HHA
Greenville	23	114,630	120,170	302,380	318,350	42,560	51,160	28,910	34,690	0.052	0.201	7,674	1,995	5,679	77	857			Add HHA
Greenwood	24	16,360	16,320	41,630	40,900	6,710	7,420	5,280	5,850	-0.013	0.107	2,744	713	2,031	-7	163			Add HHA
Hampton	25	4,420	4,070	12,390	11,540	2,010	2,270	1,270	1,380	-0.071	0.113	535	139	396	-7	33		Yes	
Horry	26	58,200	61,270	179,990	189,760	40,820	51,590	22,920	30,500	0.054	0.288	7,695	2,001	5,694	81	1,229			Add HHA
Jasper	27	6,040	6,140	17,500	19,140	2,690	3,660	1,700	2,410	0.074	0.383	584	152	432	8	124		Yes	Add HHA
Kershaw	28	14,690	14,640	37,850	37,800	6,510	7,610	4,210	4,980	-0.002	0.174	1,507	392	1,115	-1	146			Add HHA
Lancaster	29	17,730	18,270	49,540	52,340	10,610	13,800	5,910	7,970	0.050	0.318	1,896	493	1,403	18	334			Add HHA
Laurens *	30	14,940	14,540	39,500	37,450	6,640	7,210	4,660	5,180	-0.045	0.096	2,206	574	1,632	-19	118			Add HHA
Lee	31	3,640	3,170	11,170	9,960	1,850	2,190	1,210	1,320	-0.113	0.147	393	102	291	-9	32		Yes	
Lexington	32	65,250	67,600	175,660	184,490	25,260	30,890	15,860	19,780	0.046	0.232	5,798	1,507	4,291	52	747			Add HHA
Marion	33	7,300	6,740	18,480	16,580	3,450	3,880	2,150	2,400	-0.095	0.121	783	204	579	-15	53		Yes	Add HHA
Marlboro	34	5,540	5,100	17,680	16,530	2,710	2,940	1,630	1,790	-0.068	0.090	590	153	437	-8	29		Yes	
McCormick	35	1,340	1,190	5,550	4,990	1,920	1,910	1,080	1,390	-0.103	0.100	395	103	292	-8	22		Yes	
Newberry	36	8,330	8,160	22,360	21,810	4,170	4,720	2,780	3,170	-0.023	0.135	1,105	287	818	-5	83		Yes	Add HHA
Oconee	37	15,300	15,430	43,800	42,980	10,010	10,950	6,560	7,720	-0.012	0.127	2,202	573	1,629	-5	155			Add HHA
Orangeburg	38	20,900	20,230	53,290	49,520	9,430	10,490	6,430	7,260	-0.060	0.119	3,031	788	2,243	-35	200			Add HHA
Pickens	39	25,910	25,850	75,870	74,650	11,100	12,400	7,770	9,090	-0.013	0.139	2,686	698	1,988	-7	207			Add HHA
Richland	40	94,690	98,490	268,210	281,180	28,710	35,380	18,510	21,850	0.046	0.212	6,732	1,750	4,982	61	792			Add HHA
Saluda *	41	4,520	4,540	12,010	11,880	2,210	2,490	1,580	1,890	-0.007	0.156	562	146	416	-1	49		Yes	
Spartanburg	42	69,900	71,040	179,790	181,730	27,180	31,180	18,340	21,560	0.012	0.159	6,868	1,786	5,082	17	605			Add HHA
Sumter	43	26,550	26,270	65,920	64,950	9,290	10,720	6,920	7,850	-0.014	0.146	2,775	722	2,054	-7	224			Add HHA
Union	44	5,820	5,420	16,430	15,150	3,080	3,390	2,220	2,360	-0.076	0.085	962	250	712	-14	45		Yes	
Williamsburg	45	6,970	6,300	19,330	17,270	3,600	4,050	2,360	2,630	-0.104	0.121	1,102	287	815	-22	74		Yes	Add HHA
York	46	60,880	63,790	153,650	164,230	20,880	26,020	12,760	16,390	0.063	0.261	4,578	1,190	3,388	56	662			Add HHA
Totals:		**1,096,770**	**1,117,620**	**2,987,660**	**3,053,610**	**481,070**	**570,520**	**308,300**	**374,400**			**109,671**	**28,514**	**81,157**	**297**	**11,775**	**1**	**22**	**33**

PSYCHIATRIC SERVICES
CHAPTER IV

CERTIFICATE OF NEED STANDARDS

1. Need projections are based on psychiatric service areas.

2. The bed need methodology takes the greater of the actual utilization of the facilities in the service area or 75% of the statewide average beds per 1,000 population to project need. Should the service area show a need for additional beds, a general acute hospital may be approved for the maximum of the actual projected bed need or up to 20 additional beds to establish an economical unit ("Unit"). Other hospitals are limited to applying for the maximum of the projected bed need. However, an applicant seeking more beds than are projected may not use such beds for the establishment of a specialty psychiatric unit. Any beds sought in excess of the projected bed need in the service area must be used for the provision of adult psychiatric services in order to address the growing number of psychiatric patients being held in hospital emergency departments. If a hospital already has licensed psychiatric beds they must have been used at a minimum of 70% occupancy rate for the most current year prior to applying for additional beds beyond those shown as needed in the Plan. The Department shall not approve an application for more beds than are shown as needed in the Plan unless the applicant meets the above criteria.

3. Any existing general acute care hospital with licensed and authorized adult psychiatric beds may apply to the Department's CON Program for permission to establish an economical unit ("Unit") of up to twenty (20) additional beds in areas without a calculated bed need upon a showing of a 70% occupancy rate for its existing psychiatric beds in the preceding Joint Annual Report (JAR). Use of this Unit is limited to provision of adult psychiatric services in order to address the growing number of psychiatric patients being held in hospital emergency departments, as set forth above. Hospitals who apply for beds pursuant to this procedure must satisfy all the other Certificate of Need Standards and the Relative Importance of Project Review Criteria set forth in this Chapter.

4. For service areas without existing psychiatric units and related utilization data, the statewide average beds per 1,000 population was used in the projections.

5. Priority should be given to excess general hospital beds that can be economically and cost effectively converted for use as a specialized psychiatric unit over the construction of new beds, if such beds will be accessible to the target population.