



North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

RESPONSE REQUIRED

August 2, 2016

Kesha L. Smith
PO Box 947
Salisbury, NC 28145

Conditional Approval

Project ID #: F-11177-16
Facility: Lutheran Retirement Center-Salisbury
Project Description: Relocate 13 adult care home beds from Lutheran Home at Trinity Oaks, Inc. and develop five adult care home beds pursuant to Policy LTC-1 for a total of 38 adult care home beds upon project completion
County: Rowan
FID #: 931257

Dear Ms. Smith:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) has conditionally approved the above referenced certificate of need application. This decision was made after a review of the applications submitted for this cycle and after consideration of the Certificate of Need Law, G.S. 131E-175 et. seq. and regulations promulgated there under, the State Medical Facilities Plan, and other applicable information. Attached to this letter are the required findings made with respect to your application. The applicant shall not proceed with the construction, offering or development of this project until the certificate of need is issued. Further, the Agency shall not issue the certificate of need until all applicable conditions of approval have been met pursuant to G.S. 131E-187(a). The conditions are as follows:

1. Lutheran Retirement Center-Salisbury, Inc. shall materially comply with all representations made in the certificate of need application.
2. Lutheran Retirement Center-Salisbury, Inc. shall relocate 13 adult care home beds from Lutheran Home at Trinity Oaks, Inc. to Lutheran Retirement Center-Salisbury, Inc. and add



Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

Telephone 919-855-3873 • Fax 919-715-4413

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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five adult care home beds, pursuant to Policy LTC-1, for a total of 38 adult care home beds at Lutheran Retirement Center-Salisbury upon project completion.

3. Lutheran Home at Trinity Oaks, Inc. shall take steps to delicense 13 adult care home beds for a total of 12 licensed ACH beds at Lutheran Home at Trinity Oaks upon project completion.
4. The five new ACH beds shall not be certified for participation in the Medicaid program or participate in the state or county special assistance programs.
5. The five new ACH beds shall be used exclusively to meet the needs of persons with whom the facility has continuing care contracts (in compliance with the Department of Insurance statutes and regulations) who have lived in a non-nursing unit of the continuing care facility for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the nursing unit at the time the other spouse or sibling moves into a non-nursing unit, or when the medical condition requiring nursing care was not known to exist or be imminent when the individual became a party to the continuing care contract.
6. The five new ACH beds shall be developed on the same site with the independent living units.
7. For the first two years of operation following completion of the project, Lutheran Retirement Center-Salisbury, Inc. shall not increase actual private pay charges more than 5% of the projected private pay charges provided in Section IX of the application without first obtaining a determination from the Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations made in the certificate of need application.
8. Lutheran Retirement Center-Salisbury, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Healthcare Planning and Certificate of Need Section in writing prior to issuance of the certificate of need.

Response to the above conditions should be submitted to the Agency no later than 35 days from the date of the decision. Failure to respond within this time period may result in the Agency making a determination not to issue a certificate of need for the project referenced above.

The conditional approval is valid only for a capital expenditure of \$2,691,280. If a cost overrun occurs that exceeds the approved capital expenditure amount, a new certificate of need may be required as determined by G.S. 131E-176(16)(e).

The applicant should be aware that according to the Certificate of Need law any affected person shall have thirty (30) days after the date of decision to file a petition for a contested case on this approval. Further, if you are aggrieved by the conditions of the decision you may file a petition for a contested case hearing in accordance with G.S. 150B, Article 3, as amended. This petition must be filed with the Office of Administrative Hearings, 6714 Mail Service Center, Raleigh, North Carolina 27699-6714 within thirty (30) days of the date of this decision. [Note: Effective

Kesha L. Smith
August 2, 2016
Page 3

October 1, 2009, OAH requires a filing fee with submittal of petitions for contested cases. Please direct all questions regarding this fee to OAH Clerk's Office (919-431-3000).]

G.S. 150B-23 provides that a party filing a petition must also serve a copy of the petition on all parties to the petition. Therefore, if you file a petition for a contested case hearing, you must serve a copy of the petition on the Department of Health and Human Services by mailing a copy of your petition to:

Lisa G. Corbett
Department of Health and Human Services,
Office of Legal Affairs,
Adams Building – Room 154
2001 Mail Service Center
Raleigh, North Carolina, 27699-2001

It is requested that a copy of the petition also be served on the Agency.

The certificate of need will not be issued before the completion of this 30 day period ending September 1, 2016. If a contested case request is received within the thirty (30) day period, the certificate will not be issued until the appeal is resolved (10A NCAC 14C .0208).

The timetable for completion of the project is the timetable outlined in the certificate of need application, unless an adjustment has been made by the Agency because the review period was extended. The timetable for this project is as follows:

Approval of Final Drawings by the Construction Section, DHSR _____	September 15, 2016
25% Completion of Construction _____	March 1, 2017
50% Completion of Construction _____	May 1, 2017
75% Completion of Construction _____	July 1, 2017
Completion of Construction _____	September 1, 2017
Licensure of Facility _____	October 1, 2017

If the decision is appealed, the timetable set forth in this letter will be adjusted accordingly before the Certificate of Need is issued. Please contact this office if any clarification of this decision is required.

Please refer to the Project ID # and Facility ID # (FID) in all correspondence.

Sincerely,

Celia C. Inman
Project Analyst

Fatimah Wilson
Team Leader, Certificate of Need

Attachment

Kesha L. Smith
August 2, 2016
Page 4

cc: Adult Care Licensure Section, DHSR
Construction Section, DHSR
Paige Bennett, Assistant Chief, Healthcare Planning, DHSR
Nursing Home Licensure and Certification Section, DHSR

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing notice of **conditional approval** on the following person by placing a copy in an official depository of the United States Postal Service in a postage-paid, first class envelope addressed as follows:

Kesha L. Smith
Lutheran Services Carolinas
PO Box 947
Salisbury, NC 28145

Project ID #: F-11177-16
FID #: 931257

This the 2nd day of August, 2016.

Celia C. Inman
Project Analyst, Certificate of Need