



**North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section**

2704 Mail Service Center • Raleigh, North Carolina 27699-2704
<http://www.ncdhhs.gov/dhsr/>

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Phone: (919) 855-3873
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November 29, 2012

Susan K. Hackney
430 Davis Drive, Suite 400
Morrisville, NC 27560

Exempt from Review – Acquisition of 18 Adult Care Home Facilities

Facility: See Exhibit A for list of facilities
Acquisition by: The owners listed in Exhibit A
County: See Exhibit A
FID #: See Exhibit A

Dear Ms. Hackney:

In response to your letter of November 20, 2012, the above referenced proposals are exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, the entities listed in Exhibit A may proceed to acquire the above referenced health service facilities without first obtaining a certificate of need. However, you need to contact the Adult Care Section of the Division of Health Service Regulation to obtain instructions for changing ownership of the existing facility. Note that pursuant to N.C.G.S. §131E-181(b): *“A recipient of a certificate of need, or any person who may subsequently acquire, in any manner whatsoever permitted by law, the service for which that certificate of need was issued, is required to materially comply with the representations made in its application for that certificate of need.”*

It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Julie Halatek

Julie Halatek
Project Analyst

Craig R. Smith

Craig R. Smith, Chief
Certificate of Need Section

cc: Barbara Ryan, Adult Care Licensure Section, DHSR



EXHIBIT 1

Current Name and Address of Facility	County	Current Facility Owner	New Facility Owner
Albemarle House 16 Goodhaven Court Albemarle, NC 28001-6309	Stanley	Albemarle HCRE, LLC	NC4 Albemarle, LLC
The Canterbury House 1284 Leasburg Road Roxboro, NC 27574-8485	Person	Roxboro HCRE, LLC	NC4 Canterbury, LLC
Caswell House 535 US Highway 158 West Yanceyville, NC 27379-8305	Caswell	Yanceyville HCRE, LLC	NC4 Caswell, LLC
Cedar Mountain House 11 Sherwood Ridge Road Brevard, NC 28712-6558	Transylvania	Brevard South HCRE, LLC	NC4 Cedarmtn, LLC
Cherry Springs Village 358 Clear Creek Road Hendersonville, NC 28792-2595	Henderson	Hendersonville HCRE, LLC	NC4 Cherryspr, LLC
The Covington 4510 Duraleigh Road Raleigh, NC 27612-3534	Wake	Raleigh HCRE, LLC	NC4 Covington, LLC
Cranberry House 6215 N. US 19 E Highway Newland, NC 28657-9447	Avery	Newland HCRE, LLC	NC4 Cranberry, LLC
Edenton House 323 Medical Arts Drive Edenton, NC 27932-8608	Chowan	Edenton HCRE, LLC	NC4 Edenton, LLC
Hayesville House 48 [redacted] 64 West Hayesville, NC 28904-7268	Clay	Hayesville HCRE, LLC	NC4 Hayesville, LLC
Kingsbridge House 10 Sugar Loaf Road Brevard, NC 28712	Transylvania	Brevard North HCRE, LLC	NC4 Kingsbridge, LLC
The Magnolia 213 Forest Trail Clinton, NC 28328-3353	Sampson	Clinton HCRE, LLC	NC4 Magnolia, LLC
Magnolia Creek Assisted Living 2560 Willard Road Winston-Salem, NC 27107-5543	Forsyth	Winston-Salem HCRE, LLC	NC4 Magcreek, LLC
Oliver House 4230 Wendell Boulevard Wendell, NC 27591-8412	Wake	Wendell HCRE, LLC	NC4 Oliver, LLC
The Parc at Sharon Amity 4025 N. Sharon Amity Drive Charlotte, NC 28205	Mecklenburg	Charlotte HCRE, LLC	NC4 Sharon, LLC
Wellington House 850 Majestic Court Gastonia, NC 28054-5131	Gaston	Gastonia HCRE, LLC	NC4 Wellington, LLC
Williamston House 160 Santree Drive Williamston, NC 27892-1466	Martin	Williamston HCRE, LLC	NC4 Williamston, LLC
Windsor House 37 [redacted] th Rhodes Avenue Windsor, NC 27983-9611	Bertie	Windsor HCRE, LLC	NC4 Windsor, LLC
Yancey House 6 Cooper Lane Burnsville, NC 28714-2959	Yancey	Burnsville HCRE, LLC	NC4 Yancey, LLC

VIA HAND DELIVERY

November 20, 2012

Mr. Craig Smith, Chief
Certificate of Need Section
Division of Health Service Regulation
Department of Health and Human Services
809 Ruggles Drive
Raleigh, North Carolina 27603



Re: Exemption Notice Acquisition for eighteen Existing Adult Care Homes

Dear Craig:

Our clients, described in Exhibit 1 as the various "New Facility Owners," are acquiring the ownership of eighteen (18) adult care homes in various parts of the State (hereinafter "the Facilities"). In the chart attached as Exhibit 1, we have set forth: (1) the name and property location of each facility; (2) the county in which each Facility is located; (3) the name of the seller of the Facility in each instance; and (4) the name of the buyer (our client) in each transaction. The purpose of this letter is to provide notice of these impending acquisitions, all of which are exempt from certificate of need ("CON") review, to the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Certificate of Need Section (the "Agency"). Our clients seek confirmation that they are permitted to acquire the Facilities without CON review.

I. THE PROPOSAL

These transactions are occurring as part of a business transaction in which the Facilities owned and operated by related entities are being sold by the Current Facility Owners to the New Facility Owners listed in Exhibit 1. The Current Facility Owners of the eighteen Facilities plan to convey the ownership interests in these Facilities to the New Facility Owners on or about December 21, 2012. All of these Facilities are currently operating as existing adult care home facilities.

II. EXEMPTION NOTICE

Under North Carolina law, a CON is required only prior to offering or developing a "new institutional health service." "New institutional health service" includes a variety of services and activities, including a capital expenditure exceeding \$2 million. N.C. Gen. Stat. § 131E-176(16) (b).

Mr. Craig Smith, Chief
November 20, 2012
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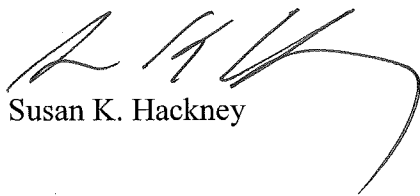
The North Carolina General Assembly saw fit to exempt certain types of services or proposals from CON review, pursuant to N.C. Gen. Stat. § 131E-184. One such exempt service or proposal includes the acquisition of an existing health service facility, "including equipment owned by the health service facility at the time of acquisition." N.C. Gen. Stat. § 131E-184(a) (8).

This transaction involves only the acquisition of existing adult care homes, which falls within the purview of the statutory definition of "health service facility." After acquisition, the Facilities will continue to operate as adult care homes. Furthermore, New Facility Owners' acquisition of the Facilities will not entail the purchase of any major medical equipment or any *per se* reviewable equipment, as defined in N.C. Gen. Stat. §§ 131E-176(14)(o) and (16)(fl). Likewise, the acquisition does not include the offering of any *per se* reviewable services. N.C. Gen. Stat. § 131E-176(16)(f). Thus, given that the transaction involves only the acquisition of existing health service facilities, it is exempt from CON review.

III. CONCLUSION

Based on the foregoing information, we hereby request the Agency's confirmation that the proposed acquisitions described above are exempt from CON review, pursuant to N.C. Gen. Stat. § 131E-184(a)(8). If you require additional information to consider this request, please contact us at the above number as soon as possible. We thank you for your consideration of this request.

Best regards,



Susan K. Hackney

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