



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

Pat McCrory
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Division Director

March 5, 2015

Susan M. Fradenburg
Smith, Moore, Leatherwood, LLP
300 N. Greene Street, Suite 1400
Greensboro NC 27401

Exempt from Review – Acquisition of Facility


Facility: Crabtree Valley Rehab Center
Type of Facility: Nursing Facility
Acquisition by: Hillcrest Raleigh at Crabtree
County: Wake
FID #: 923281


Dear Ms. Fradenburg:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of February 20, 2015, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, Hillcrest Raleigh at Crabtree may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Agency’s Nursing Home Licensure and Certification Section to obtain instructions for changing ownership of the existing facility. Note that pursuant to 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,


Michael J. McKillip
Project Analyst


Martha J. Frisone,
Assistant Chief, Certificate of Need

cc: Nursing Home Licensure and Certification Section, DHHS
Assistant Chief, Healthcare Planning



Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

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

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

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February 20, 2015

Received by
the CDM Section
FEB 25 2015

Via E-Mail and U.S. Mail

Martha Frisone, Assistant Section Chief
North Carolina Division of Health Service Regulation
Healthcare Planning and Certificate of Need Section
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Acquisition of Crabtree Valley Rehab

Dear Martha:

On behalf of our client, Hillcrest Raleigh at Crabtree, we are providing written notice of Hillcrest Raleigh at Crabtree's intention to acquire the nursing facility known as Crabtree Valley Rehab Center, license number NH0428, located at 3830 Blue Ridge Road, Raleigh, North Carolina, Wake County (the "Facility"). Hillcrest Raleigh at Crabtree will acquire the Facility and the land upon which the Facility is located from Raleigh HCP Partners, LLC. The Facility is an existing health service facility consisting of 134 nursing beds.

As you know, N.C. Gen. Stat. § 131E-184(a)(8) provides that the Certificate of Need Section shall, upon receipt of prior written notice, exempt from review the acquisition of "an existing health service facility." "Health service facility" is defined to include "nursing home facility." See N.C. Gen. Stat. § 131E-176(9)(b). Raleigh HCP Partners, LLC owns the land upon which the Facility is located and the Facility pursuant to a notice of exemption that it received January 27, 2014. Raleigh HCP Partners, LLC currently leases the facility to Raleigh Regional Rehab Center, LLC.

Under the terms of the acquisition agreement, Hillcrest Raleigh at Crabtree will acquire all of the assets of Raleigh HCP Partners, LLC. The acquisition includes: (a) the land upon which the Facility is located, (b) any improvements that have been made to the land, (c) the physical facility itself, (d) personal property pertaining to the operations of the Facility, (e) intangible property owned by Raleigh HCP Partners, LLC, and (f) the nursing home operations related to the Facility.

Upon completion of the acquisition, Hillcrest Raleigh at Crabtree will own and operate the facility currently known as Crabtree Valley Rehab as well as the land upon which it is located and the building out of which the Facility operates. Hillcrest Raleigh at Crabtree will not be adding any health services or health service facility beds as part of this acquisition. All

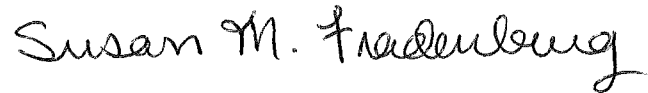
Martha Frisone, Assistant Chief
February 20, 2015
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services and the number of beds will remain the same as currently being provided and reflected on Crabtree Valley Rehab Center's current license.

The parties are planning to close the acquisition by April 1, 2014. Hillcrest Raleigh at Crabtree would appreciate receiving, as soon as possible, your written confirmation that their anticipated acquisition of the assets and operations of Crabtree Valley Rehab is exempt under the CON Act. Please let us know if you have any questions or need any other information. We appreciate your consideration and prompt attention.

Very truly yours,

SMITH MOORE LEATHERWOOD LLP

A handwritten signature in cursive script that reads "Susan M. Fradenburg".

Susan M. Fradenburg