



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

**RESPONSE REQUIRED**

September 27, 2018

Craig Taylor  
235 N. Edgeworth Street  
Greensboro, NC 27401

**Conditional Approval**

Project ID #: J-11504-18  
Facility: The Cardinal at North Hills  
Project Description: Develop 51 additional adult care home beds pursuant to SMFP Policy LTC-1 for a total of 15 NF beds and 106 ACH beds.  
County: Wake  
FID #: 080413

Dear Mr. Taylor:

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, N.C. Gen. Stat. §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 N.C. Gen. Stat. §131E-187(a). The conditions are as follows:

- 1. The Cardinal at North Hills Healthcare, LLC and KSL Toledo Tenant, LLC shall materially comply with all representations made in the certificate of need application.**
- 2. The Cardinal at North Hills Healthcare, LLC and KSL Toledo Tenant, LLC shall develop no more than 51 adult care home beds pursuant to Policy LTC-1 for a total of no more than 106 licensed adult care home beds and 15 licensed nursing facility beds upon completion of the project.**

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION

HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

LOCATION: 809 Ruggles Drive, Edgerton Building, Raleigh, NC 27603  
MAILING ADDRESS: 2701 Mail Service Center, Raleigh, NC 27699-2701  
www.ncdhhs.gov/dhsr/ • TEL: 919-855-3750 • FAX: 919-733-2757

3. **The 51 additional Policy LTC-1 adult care home beds shall not participate in the Medicaid program or serve State-County Special Assistance recipients.**
4. **The 51 additional Policy LTC-1 adult care home 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 or adult care 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 adult care home unit at the time the other spouse or sibling moves into a non-nursing or adult care unit, or when the medical condition requiring nursing or adult care home care was not known to exist or be imminent when the individual became a party to the continuing care contract.**
5. **The 51 additional Policy LTC-1 adult care home beds shall be developed on the same site with the independent living units.**
6. **The Cardinal at North Hills Healthcare, LLC and KSL Toledo Tenant, LLC shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
7. **No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, the Cardinal at North Hills Healthcare, LLC and KSL Toledo Tenant, LLC shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
  - a. **Payor mix for the services authorized in this certificate of need.**
  - b. **Utilization of the services authorized in this certificate of need.**
  - c. **Revenues and operating costs for the services authorized in this certificate of need.**
  - d. **Average gross revenue per unit of service.**
  - e. **Average net revenue per unit of service.**
  - f. **Average operating cost per unit of service.**
8. **The Cardinal at North Hills Healthcare, LLC and KSL Toledo Tenant, LLC shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency 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 **\$25,482,542**. If a cost overrun occurs that exceeds the approved capital expenditure amount, a new certificate of need may be required as determined by N.C. Gen. Stat. §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 N.C. Gen. Stat. §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 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).]

N.C. Gen. Stat. §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 **October 29, 2018**. 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:

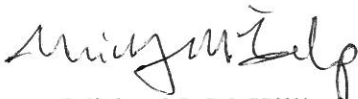
1. Financing Obtained \_\_\_\_\_ December 1, 2018
2. Drawings Completed \_\_\_\_\_ February 1, 2019
3. Land Acquired \_\_\_\_\_ September 27, 2017
4. Construction/Renovation Contract(s) Executed \_\_\_\_\_ March 1, 2019
5. 25% of Construction/Renovation Completed  
(25% of the cost is in place) \_\_\_\_\_ August 1, 2019
6. 50% of Construction/Renovation Completed \_\_\_\_\_ February 1, 2020
7. 75% of Construction/Renovation Completed \_\_\_\_\_ July 1, 2020
8. Construction/Renovation Completed \_\_\_\_\_ December 1, 2020
9. Equipment Ordered \_\_\_\_\_ April 1, 2020

10. Equipment Installed \_\_\_\_\_ December 1, 2020
11. Equipment Operational \_\_\_\_\_ December 15, 2020
12. Building/Space Occupied \_\_\_\_\_ December 1, 2020
13. Licensure Obtained \_\_\_\_\_ December 15, 2020
14. Services Offered \_\_\_\_\_ January 1, 2021
15. Medicare and/or Medicaid Certification Obtained \_\_\_\_\_ January 1, 2021
16. Final Annual Report Due \_\_\_\_\_ April 1, 2024

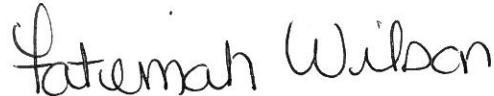
If the decision is appealed, the timetable set forth in this letter will be adjusted accordingly before the Certificate of Need is issued. Please contact this office if any clarification of this decision is required.

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

Sincerely,



Michael J. McKillip  
Project Analyst



Fatimah Wilson  
Team Leader

Attachment

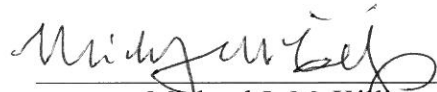
cc: Nursing Home Licensure and Certification Section, DHSR  
Melinda Boyette, Administrative Assistant, Healthcare Planning, DHSR

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:

Craig Taylor  
235 N. Edgeworth Street  
Greensboro, NC 27401

This the 27<sup>th</sup> day of September, 2018.

  
\_\_\_\_\_  
Michael J. McKillop  
Project Analyst, Certificate of Need