



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

KODY H. KINSLEY • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

RESPONSE REQUIRED

March 23, 2023

Francisco Morales
101 S Stratford Road
Suite 210
Winston-Salem, NC 27104

Conditional Approval

Project ID #: G-12288-22
Facility: The Waverly at Oak Hollow
Project Description: Relocate no more than 25 ACH beds from Holden Heights to The Waverly Oak Hollow which is a change of scope to Project ID# G-11965-20 (relocate 29 ACH beds from Guilford House and 11 ACH beds from Holden Heights) for a total of no more than 65 ACH beds
County: Guilford
FID #: 200746

Approved Capital Expenditure: \$4,807,045
Conditions of Approval: See Attachment A
Approved Timetable: See Attachment B
Last Date to Appeal: April 24, 2023
Required State Agency Findings: Enclosed

Dear Mr. Morales:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) has conditionally approved the above referenced certificate of need application. The conditional approval is valid only for the approved capital expenditure shown above. If the capital cost will exceed the approved capital expenditure amount by more than 115%, the applicant must first obtain a new certificate of need.

Response to the conditions in Attachment A should be attached to an email addressed to the Project Analyst and the Co-signer no later than 35 days from the date of the decision. The certificate of need will not be issued if the response to the conditions in Attachment A has not been received by the Agency.

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 approved timetable for this project is found in Attachment B.

The applicant shall not begin developing this project until after the certificate of need has been issued and the certificate of need will not be issued until the applicant has documented that all conditions that must be met prior to issuance of the certificate of need have been met.

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: 2704 Mail Service Center, Raleigh, NC 27699-2704
<https://info.ncdhhs.gov/dhsr/> • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

The Certificate of Need law provides that any affected person has thirty (30) days after the date of the decision to file a petition for a contested case on this approval. Further, if you are aggrieved by any of the conditions you may file a petition for a contested case hearing in accordance with G.S.150B, Article 3. 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. Effective October 1, 2009, OAH requires a filing fee with submittal of petitions for contested cases. Please direct all questions regarding this fee to the 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:

Julie Cronin
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 thirty-day appeal period which ends on the date shown above. If a contested case petition is filed with OAH within the thirty-day appeal period, the certificate will not be issued until the appeal is resolved.

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,



Micheala Mitchell
on behalf of Donna Donihi
Project Analyst
Micheala.mitchell@dhhs.nc.gov



Gloria C. Hale
Team Leader
Gloria.hale@dhhs.nc.gov

Enclosures:

- Attachment A: Conditions of Approval
- Attachment B: Approved Timetable
- Required State Agency Findings

cc: Adult Care Licensure Section, DHSR
Construction Section, DHSR

Attachment A
Conditions of Approval

1. High Point Opco, LLC and High Point Propco, LLC (hereinafter the certificate holders) shall materially comply with the representations made in this application and the representations in project ID# G-11965-20. Where representations conflict, the certificate holders shall material comply with the last made representation.
2. The certificate holders shall relocate no more than 25 ACH beds from Holden Heights to The Waverly at Oak Hollow which is a change of scope to Project ID# G-11965-20. Upon completion of this project and project ID# G-11965-20, The Waverly at Oak Hollow shall be licensed for no more than 65 ACH beds, including the relocation of 29 ACH beds from Guilford House and 36 ACH beds from Holden Heights.
3. The total capital expenditure for this project and Project ID# G-11965-20 is \$10,749,920 an increase of 4,807,045 over the capital expenditure of \$5,942,875 previously approved in Project ID# G-11965-20.
4. Upon completion of this project, Guilford Senior Living shall be licensed for no more than 31 ACH beds.
5. Upon completion of this project, Holden Heights shall be licensed for no more than 85 ACH beds.
6. The certificate holders shall certify at least 12.3% of the total number of licensed adult care home beds in the facility for recipients of State/County Special Assistance with Medicaid and provide care to those recipients commensurate with representations made in this application and Project ID# G-11965-20.
7. For the first two years of operation following completion of the project, The Waverly at Oak Hollow shall not increase private pay charges more than 5% of the projected private pay charges provided in Section Q 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. Progress Reports:
 - a. Pursuant to G.S. 131E-189(a), the certificate holders shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need

Section. The form is available online at:

<https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.

- b. The certificate holders shall complete all sections of the Progress Report form.
 - c. The certificate holders shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
 - d. The first progress report shall be due on September 1, 2023.
9. No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holders 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.
10. The certificate holders 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.

**Attachment B
Approved Timetable**

Milestone		Date <i>mm/dd/yyyy</i>
1	Financing Obtained	9/1/2024
2	Drawings Completed	9/1/2024
3	Land Acquired	3/1/2024
4	Construction / Renovation Contract(s) Executed	9/1/2024
5	25% of Construction / Renovation Completed (25% of the cost is in place)	2/1/2025
6	50% of Construction / Renovation Completed	7/1/2025
7	75% of Construction / Renovation Completed	12/1/2025
8	Construction / Renovation Completed	5/1/2026
9	Equipment Ordered	4/1/2026
10	Equipment Installed	6/1/2026
11	Equipment Operational	7/1/2026
12	Licensure Obtained	8/1/2026
13	Services Offered	8/1/2026
14	Medicare and / or Medicaid Certification Obtained	9/1/2026
15	First Annual Report Due	11/1/2027