



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

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<http://www.ncdhhs.gov/dhst/>

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August 16, 2012

Susan K. Hackney
K&L Gates
PO Box 14210
Research Triangle Park, NC 27709

RE: Exempt from Review / Acquisition of Springs of Catawba adult care home / Catawba County
FID #: 960659

Dear Ms. Hackney:

In response to your letter of August 9, 2012, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, Hickory Health Holdings, LLC may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Adult Care Licensure 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,

Les Brown
Project Analyst

Craig R. Smith, Chief
Certificate of Need Section

cc: Adult Care Licensure Section, DHSR

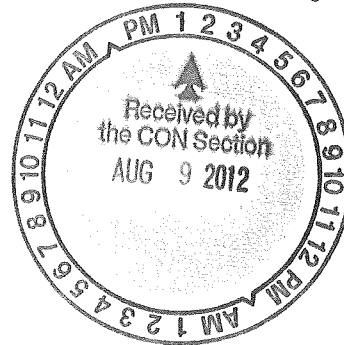


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August 9, 2012

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



Re: Exemption Notice for the Springs of Catawba (Adult Care Home in Catawba County)

Dear Craig:

Our client, Hickory Health Holdings, LLC is planning to acquire an adult care home in Hickory, Catawba County, known as the Springs of Catawba (hereafter "the Facility"). The Facility is located at 2010 29th Avenue Drive, NE; Hickory, North Carolina. The Facility is listed in the "Inventory of Adult Care Home Beds" in the 2012 State Medical Facilities Plan as having 66 adult care home beds. See Exhibit A. The Facility also is listed in the Proposed 2013 State Medical Facilities Plan as having 66 adult care home beds. See Exhibit B.

Hickory Health Holdings, LLC is seeking to purchase the Facility through a purchase and sale agreement. The purpose of this letter is to provide prior notice of this acquisition, which is 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"). Hickory Health Holdings, LLC seeks confirmation that it is permitted to acquire the Facility as described herein without CON Review, thus acquiring the Facility's existing CON rights to own that existing health service facility (as defined in the CON statute) with 66 adult care home beds.

I. THE PROPOSAL

As of this date, Hickory AL Investors, LLC owns the property and building comprising the Facility, which is an existing "health service facility," as that term is defined in N.C. Gen. Stat. § 131E-176(7a) and Hickory Health Investors, LLC is the licensee. Hickory Health Holdings, LLC will purchase the Facility and Hickory Health Investors, LLC will remain the licensee. The Facility will still be known as Springs of Catawba.

II. EXEMPTION NOTICE

Under North Carolina law, a certificate of need ("CON") is required only prior to offering or developing a "new institutional health service." "New institutional health service"

Mr. Craig Smith, Chief
August 9, 2012
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includes a variety of services and activities, including a capital expenditure exceeding \$2 million. N.C. Gen. Stat. § 131E-176(16)(b).

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 project involves only the acquisition of an existing adult care home, which falls within the purview of the statutory definition of "health service facility." After acquisition, Hickory Health Holdings, LLC will operate the Facility as an adult care home. Furthermore, Hickory Health Holdings, LLC's acquisition of the Facility does not entail the purchase of any major medical equipment or any *per se* reviewable equipment as defined in N.C. Gen. Stat. §§ 131E-176(14o) and (16)(f1). 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 an existing health service facility, it is exempt from CON review.

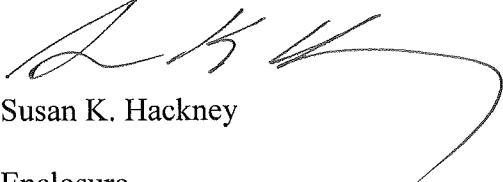
III. CONCLUSION

Based on the foregoing information, we hereby request the Agency's confirmation that the proposal described above is exempt from CON review, pursuant to N.C. Gen. Stat. § 131E-184(a)(8), and thus Hickory Health Holdings, LLC may acquire the Facility with all its existing CON rights without a CON.

In addition, we respectfully request that this request be considered on an **expedited basis** because the parties wish to proceed with this transaction as soon as possible. Additionally, financing of the transaction is contingent upon this confirmation.

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.

Sincerely,



Susan K. Hackney

Enclosure



Table 11A: Inventory of Adult Care Home (Assisted Living) Beds

County	Facility Name	Licensed Beds in Nursing Homes	Licensed Beds in Hospitals	Licensed Beds in Adult Care Facilities	Total Licensed Beds	CON Approved/License Pending			Available in SMFP	Total Available	Sum of Exclusions	Total Planning Inventory
						CON	ACH Exempt	ACH Pipeline				
Catawba	Austin Adult Care Home	0	0	29	29	0	0	0	0	29	0	29
Catawba	Brian Center Health & Rehabilitation/Hickory E.	20	0	0	20	0	0	0	0	20	0	20
Catawba	Carlton Assisted Living of Newton	0	0	96	96	0	0	0	0	96	0	96
Catawba	Catawba Valley Living at Rock Barn	0	0	80	80	0	0	0	0	80	0	80
Catawba	Heritage Care of Conover	0	0	60	60	0	0	0	0	60	0	60
Catawba	Hickory Manor	0	0	88	88	0	0	0	0	88	0	88
Catawba	Hickory Village	0	0	56	56	0	0	0	0	56	0	56
Catawba	Lutheran Home/Hickory	90	0	0	90	0	0	0	0	90	0	90
Catawba	Piedmont Village at Newton	0	0	40	40	0	0	0	0	40	0	40
Catawba	Springs of Catawba	0	0	66	66	0	0	0	0	66	0	66
Catawba	Sterling House of Hickory	0	0	60	60	0	0	0	0	60	0	60
Catawba	The Alberta House	0	0	20	20	0	0	0	0	20	0	20
	Catawba Totals	128	0	595	723	0	0	0	0	723	0	723
Chatham	Cambridge Hills of Pitsboro	0	0	90	90	0	0	0	0	90	0	90
Chatham	Carview Rest Home	0	0	20	20	0	0	0	0	20	0	20
Chatham	Carolina Meadows - Fairways	0	0	95	95	0	0	0	0	95	48	47
Chatham	Coventry House of Silver City	0	0	52	52	0	0	0	0	52	0	52
Chatham	The Arbor - (Bed Counts per CON project conditions)	23	0	0	23	28	0	0	0	51	26	25
Chatham	Hill Forest Rest Home	0	0	40	40	0	0	0	0	40	0	40
Chatham	Pitsboro Christian Village	0	0	40	40	0	0	0	0	40	20	20
	Chatham Totals	23	0	337	360	28	0	0	0	388	94	294
Cherokee	2011 SMFP - Need Determination	0	0	0	0	0	0	0	0	0	0	0
Cherokee	Carolina Care Home #1	0	0	12	12	0	0	0	0	12	0	12
Cherokee	Carolina Care Home #2	0	0	12	12	0	0	0	0	12	0	12
Cherokee	Murphy House	0	0	0	0	70	0	0	0	70	0	70
	Cherokee Totals	0	0	24	24	70	0	0	0	174	0	174
Chowan	Edenton House	0	0	60	60	0	0	0	0	60	0	60
Chowan	Edenton Prime Time Retirement Village	0	0	60	60	0	0	0	0	60	0	60
	Chowan Totals	0	0	120	120	0	0	0	0	120	0	120
Clay	Clay County Care Center	10	0	0	10	0	0	0	0	10	0	10
Clay	Hayesville House	0	0	60	60	0	0	0	0	60	0	60
	Clay Totals	10	0	60	70	0	0	0	0	70	0	70
Cleveland	Carlton Assisted Living of Shelby	0	0	96	96	0	0	0	0	96	0	96
Cleveland	Golden Years Rest Home	0	0	12	12	0	0	0	0	12	0	12
Cleveland	Kings Mountain Care Center	0	0	20	20	0	0	0	0	20	0	20
Cleveland	Openview Retirement Home	0	0	24	24	0	0	0	0	24	0	24
Cleveland	Shelby Manor	0	0	74	74	0	0	0	0	74	0	74
Cleveland	Somerset Court of Shelby	0	0	72	72	0	0	0	0	72	0	72
Cleveland	Sterling House of Shelby	0	0	60	60	0	0	0	0	60	0	60
Cleveland	Summit Place of Kings Mountain	0	0	65	65	0	0	0	0	65	0	65
	Cleveland Totals	0	0	423	423	0	0	0	0	423	0	423
Columbus	Lake Pointe Assisted Living	0	0	80	80	0	0	0	0	80	0	80
Columbus	Liberty Commons Nursing & Rehab Center	40	0	0	40	10	0	0	0	50	0	50
Columbus	Premier Living and Rehab Center	15	0	0	15	0	0	0	0	15	0	15
Columbus	Shoreland Health Care & Retirement Center	10	0	0	10	-10	0	0	0	0	0	0
Columbus	Waterbrooke Assisted Living	0	0	80	80	0	0	0	0	80	0	80
	Columbus Totals	65	0	160	225	0	0	0	0	225	0	225
Craven	Bayview Nursing and Rehabilitation	20	0	0	20	0	0	0	0	20	0	20
Craven	Carbridge Assisted Living Community	0	0	108	108	0	0	0	0	108	0	108
Craven	Croutan Village	0	0	72	72	0	0	0	0	72	0	72

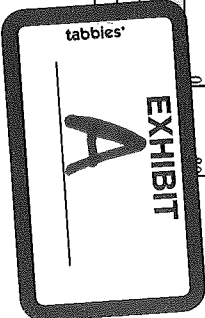




Table 11A: Inventory of Adult Care Homes (Assisted Living) Beds - Proposed 2013 Plan

County	Facility Name	Licensed Beds in Nursing Homes	Licensed Beds in Hospitals	Licensed Beds in Adult Care Facilities	Total Licensed Beds	CON Approved/ACH Exempt	ACH License Pending Pipeline	CON Bed Transfer	Available in SMFP	Total Available	Sum of Exclusions	Total Planning Inventory
Burke	Morganston Long Term Care Facility/Southview Facility	0	0	64	64	0	0	0	0	64	0	64
Burke Totals		0	0	64	64	0	0	0	0	64	0	64
Cabarrus	Cambridge Assisted Living Community	0	0	74	74	0	0	0	0	74	0	74
Cabarrus	Caremore Retirement Center	0	0	30	30	0	0	0	0	30	0	30
Cabarrus	Carlton Assisted Living of Harrisburg	0	0	96	96	0	0	0	0	96	0	96
Cabarrus	Concord House	0	0	48	48	0	0	0	0	48	0	48
Cabarrus	Concord Place	0	0	112	112	0	0	0	0	112	0	112
Cabarrus	First Assembly Living Center	0	0	180	180	0	0	0	0	180	0	180
Cabarrus	Five Oaks Manor	24	0	24	24	0	0	0	0	24	0	24
Cabarrus	Horizon Bay Assisted Living at Concord	0	0	60	60	0	0	0	0	60	0	60
Cabarrus	Kannapolis Village	0	0	60	60	0	0	0	0	60	0	60
Cabarrus	Morningside of Concord	0	0	105	105	0	0	0	0	105	0	105
Cabarrus	Senior Housing Resources - St. Andrews (s) - Replacement	0	0	0	0	0	0	81	0	81	0	81
Cabarrus	St. Andrews Center - (closed)	0	0	25	25	0	0	-25	0	0	0	0
Cabarrus	St. Andrews Living Center	0	0	56	56	0	0	-56	0	0	0	0
Cabarrus	The Country Home	0	0	40	40	0	0	0	0	40	0	40
Cabarrus	The Gardens of Taylor Glen Retirement Community	24	0	0	24	0	0	0	0	24	12	12
Cabarrus Totals		48	0	886	934	0	0	0	0	934	12	922
Caldwell	Camelot Manor - Brockford Inn	0	0	67	67	0	0	0	0	67	0	67
Caldwell	Carolina Oaks Enhanced Care Center	0	0	60	60	0	0	0	0	60	0	60
Caldwell	Gateway Rehabilitation and Healthcare	18	0	0	18	0	0	0	0	18	0	18
Caldwell	Grandview Villa Assisted Living	0	0	40	40	0	0	0	0	40	0	40
Caldwell	Lenoir Park	0	0	82	82	0	0	0	0	82	0	82
Caldwell	The Share Center	0	0	82	82	0	0	0	0	82	0	82
Caldwell Totals		18	0	331	349	0	0	0	0	349	0	349
Canden	Needham Adult Care Home	0	0	24	24	0	0	0	0	24	0	24
Canden Totals		0	0	24	24	0	0	0	0	24	0	24
Carteret	Carolina House of Morehead City	0	0	72	72	0	0	0	0	72	0	72
Carteret	Carteret Manor Assisted Living	0	0	0	0	110	0	0	0	110	0	110
Carteret	Saug Harbor on Nelson Bay	50	0	0	50	0	0	0	0	50	0	50
Carteret	Somersset Court of Newport	0	0	64	64	0	0	0	0	64	0	64
Carteret Totals		50	0	136	186	110	0	0	0	296	0	296
Caswell	Caswell House	0	0	100	100	0	0	0	0	100	0	100
Caswell	Dogwood - Blackwell Rest Home - (closed)	0	0	40	40	0	0	-40	0	0	0	0
Caswell	Dogwood - Forest #2 - (closed)	0	0	12	12	0	0	-12	0	0	0	0
Caswell	Dogwood - Ronald David Home - (closed)	0	0	12	12	0	0	-12	0	0	0	0
Caswell	Dogwood (s) - Replacement	0	0	0	0	0	0	64	0	64	0	64
Caswell	G. Anthony Rucker Rest Home	0	0	12	12	0	0	0	0	12	0	12
Caswell	Jefferson Care Home	0	0	12	12	0	0	0	0	12	0	12
Caswell	Pooler's Rest Home	0	0	19	19	0	0	0	0	19	0	19
Caswell Totals		0	0	207	207	0	0	0	0	207	0	207
Catawba	Abernethy Laurels - (United Church)	18	0	0	18	0	0	0	0	18	9	9
Catawba	Austin Adult Care Home	0	0	29	29	0	0	0	0	29	0	29
Catawba	Brian Center Health & Rehabilitation/Hickory E.	20	0	0	20	0	0	0	0	20	0	20
Catawba	Canillon Assisted Living of Newton	0	0	96	96	0	0	0	0	96	0	96
Catawba	Catawba Valley Living at Rock Barn	0	0	80	80	0	0	0	0	80	0	80
Catawba	Heritage Care of Conover	0	0	60	60	0	0	0	0	60	0	60
Catawba	Hickory Manor	0	0	88	88	0	0	0	0	88	0	88
Catawba	Hickory Village	0	0	56	56	0	0	0	0	56	0	56
Catawba	Lutheran Home/Hickory	90	0	0	90	0	0	0	0	90	0	90
Catawba	Piedmont Village at Newton	0	0	40	40	0	0	0	0	40	0	40
Catawba	Springs of Catawba	0	0	66	66	0	0	0	0	66	0	66

EXHIBIT

B

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