



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

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Division Director

June 12, 2013

Charles E. Trefzger, Jr., Manager
WP-Clayton Health Holdings, LLC
P.O. Box 2568
Hickory NC 28603-2568

Exempt from Review – Acquisition of Facility

Facility: Clayton House
Acquisition by: NC4 Clayton, LLC
County: Johnston
FID #: 920228

Dear Mr. Trefzger:

In response to your letter of May 31, 2013, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, NC4 Clayton, 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,

Michael J. McKillip
Project Analyst

Craig R. Smith, Chief
Certificate of Need Section

cc: Adult Care Licensure Section, DHSR



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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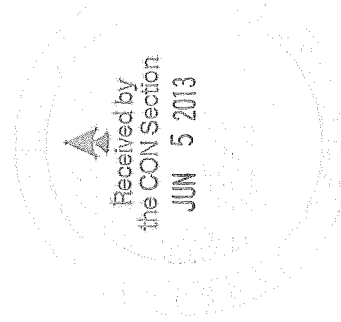
WP-Clayton Health Holdings, LLC

Post Office Box 2568
Hickory, North Carolina 28603-2568

note

920228

May 31, 2013



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

Re: Exemption Notice for Clayton House (Adult Care Home in Johnston County)

Dear Mr. Smith:

NC4 Clayton, LLC ("NC4 Clayton") is planning to acquire an adult care home in Johnston County, currently known as Clayton House (hereafter "the Facility"). The Facility is located at 145 Dairy Road in Clayton, North Carolina. The Facility is listed in the "Inventory of Adult Care Home Beds" in the 2013 State Medical Facilities Plan as having 60 adult care home beds (see Exhibit A).

NC4 Clayton 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"). NC4 Clayton 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 60 adult care beds.

I. THE PROPOSAL

As of this date, AA Holdings-Clayton, 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(9)(b), and Clayton Health Holdings, LLC is the Licensee. NC4 Clayton will purchase the Facility, and the Licensee will be WP-Clayton Health Holdings, LLC. The Facility will still be known as Clayton House.

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" includes a

Mr. Craig Smith, Chief
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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, the Licensee, WP-Clayton Health Holdings, LLC, will operate the Facility as an adult care home. Furthermore, NC4 Clayton'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(14)(o) 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 services 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 NC4 Clayton 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. If you require additional information to consider this request, please contact us at (828) 261-7312 as soon as possible. We thank you for your consideration of this request.

Sincerely,



Charles E. Trefzger, Jr.
Manager

Enclosure

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

Country	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	CON Bed Transfer				
	Hertford Totals	0	0	173	173	0	0	0	0	0	173	0	173
Hoke	Autumn Care of Raeford	8	0	0	8	0	0	0	0	0	8	0	8
Hoke	Open Arms Retirement Center	0	0	90	90	0	0	0	0	0	90	0	90
	Hoke Totals	8	0	90	98	0	0	0	0	0	98	0	98
Hyde-Tyrell	Hyde combined service area with Tyrell. Separate county beds no longer counted.	0	0	0	0	0	0	0	0	0	0	0	0
	Hyde-Tyrell Totals	0	0	0	0	0	0	0	0	0	0	0	0
Iredell	Aurora of Statesville	0	0	80	80	0	0	0	0	0	80	0	80
Iredell	Autumn Care of Statesville	10	0	0	10	0	0	0	0	0	10	0	10
Iredell	Crown Colony at Mooresville	0	0	60	60	0	0	0	0	0	60	0	60
Iredell	Emeritus at Churchill	0	0	120	120	0	0	0	0	0	120	0	120
Iredell	Heritage Place Adult Living Center	0	0	40	40	0	0	0	0	0	40	0	40
Iredell	Jurney's Assisted Living	0	0	60	60	0	0	0	0	0	60	0	60
Iredell	Maple Leaf Health Care	8	0	0	8	0	0	0	0	0	8	0	8
Iredell	Mooresville Center	30	0	0	30	0	0	0	0	0	30	0	30
Iredell	Olin Village - (Southland Homes)	0	0	64	64	0	0	0	0	0	64	0	64
Iredell	Rosewood Assisted Living	0	0	54	54	0	0	0	0	0	54	0	54
Iredell	Statesville Manor on East Broad	0	0	58	58	0	0	0	0	0	58	0	58
Iredell	Statesville Place on Peachtree	0	0	87	87	0	0	0	0	0	87	0	87
Iredell	Sunmit Place of Mooresville	0	0	60	60	0	0	0	0	0	60	0	60
Iredell	The Clare Bridge at Statesville Place	0	0	40	40	0	0	0	0	0	40	0	40
Iredell	The Gardens of Statesville	0	0	67	67	0	0	0	0	0	67	0	67
	Iredell Totals	48	0	790	838	0	0	0	0	0	838	0	838
Jackson	Morningstar of Jackson Assisted Living	0	0	55	55	0	0	0	0	0	55	0	55
Jackson	The Hermitage (Skyland)	0	0	90	90	0	0	0	0	0	90	0	90
	Jackson Totals	0	0	145	145	0	0	0	0	0	145	0	145
Johnston	Autumn Home Care of Johnston County I	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	Autumn Home Care of Johnston County II	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	Autumn Home Care of Johnston County III	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	Autumn Wind Assisted Living	0	0	20	20	0	0	0	0	0	20	0	20
Johnston	Cardinal Care Assisted Living #1	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	Cardinal Care Assisted Living #2	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	Cardinal Care Assisted Living #3	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	Cardinal Care Assisted Living #4	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	Cardinal Care Assisted Living #5	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	Cardinal Care Assisted Living #6	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	Carolina House of Smithfield	0	0	74	74	0	0	0	0	0	74	0	74
Johnston	Classic Care Homes	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	Classic Care Homes 103	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	Classic Care Homes 105	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	Clayton House	0	0	60	60	0	0	0	0	0	60	0	60
Johnston	Liberty Commons Nursing and Rehab Ctr.	60	0	0	60	0	0	0	0	0	60	0	60
Johnston	McLamb's Rest Home	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	McLamb's Rest Home #2	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	Meadowview Assisted Living Center	0	0	60	60	0	0	0	0	0	60	0	60
Johnston	Oakview Commons	0	0	96	96	0	0	0	0	0	96	0	96
Johnston	Progressive Care	0	0	12	12	0	0	0	0	0	12	0	12
Johnston	Smithfield House East (closed)	0	0	77	77	0	0	0	-77	0	0	0	0
Johnston	Smithfield House East - Replacement	0	0	0	0	0	0	0	77	0	77	0	77
Johnston	Smithfield House West	0	0	60	60	0	0	0	0	0	60	0	60
Johnston	Smithfield Manor	20	0	0	20	0	0	0	0	0	20	0	20
	Johnston Totals	80	0	627	707	0	0	0	0	0	707	0	707
Jones	Brook Stone Living Center	0	0	20	20	0	0	0	0	0	20	0	20