



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

September 25, 2019

Debbie Johnson  
1700 Bent Creek Blvd  
Suite 140  
Mechanicsburg, PA 17050

**Exempt from Review – Acquisition of Facility**

**Record #:** 3036  
**Facility Name:** LifeCare Hospitals of North Carolina  
**Type of Facility:** Hospital  
**FID #:** 923113  
**Acquisition by:** PAM Specialty Hospital of Rocky Mount, LLC  
**Business #:** 3096  
**County:** Nash

Dear Ms. Johnson:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your representations, the above referenced proposal is exempt from certificate of need (CON) review in accordance with N.C. Gen. Stat. §131E-184(a)(8). Therefore, the above referenced business may proceed to acquire the health service facility identified above without first obtaining a CON. The Agency's determination is limited to the question of whether or not the above referenced business would have to obtain a CON if the current owners of the health service facility do in fact sell it to the business listed above. Note that pursuant to N.C. Gen. Stat. §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.*"

In the event that the business listed above does acquire the facility, you should contact the Agency's Acute and Home Care Licensure and Certification Section, to obtain instructions for changing ownership of the existing facility.

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 regarding whether or not a certificate of need would be required. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

  
Gregory F. Yakaboski  
Project Analyst

  
Martha J. Frisone  
Chief

cc: Acute and Home Care Licensure and Certification Section, DHSR

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

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

## Yakaboski, Greg

---

**From:** Deb Johnson <DJohnson@ldylaw.com>  
**Sent:** Tuesday, September 24, 2019 10:27 AM  
**To:** Yakaboski, Greg  
**Subject:** RE: [External] Change of Ownership- New LifeCare Hospital/CON will be relinquished

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Since I can email this to you, I might be able to get this to you today and then mail the original tomorrow.

Thanks

*Debbie Johnson*  
Paralegal  
Latsha Davis & Marshall, P.C.  
1700 Bent Creek Blvd  
Suite 140  
Mechanicsburg, PA 17050  
Phone: 717-620-2424  
Fax: 717-620-2444  
[djohnson@ldylaw.com](mailto:djohnson@ldylaw.com)



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---

**From:** Yakaboski, Greg <greg.yakaboski@dhhs.nc.gov>  
**Sent:** Tuesday, September 24, 2019 10:24 AM  
**To:** Deb Johnson <DJohnson@ldylaw.com>  
**Subject:** RE: [External] Change of Ownership- New LifeCare Hospital/CON will be relinquished

Good Morning Deb,

Thank you for your response. When you return to the office on Wednesday please email me a copy of the letter (including a copy of the certificate) in which you state that the Certificate Project L-11197-16 (Develop the 40 NF beds in the 2016 SMFP) at LifeCare Hospitals of North Carolina (LifeCare) "is being relinquished" and that the original certificate is being transmitted with the letter.



The letter relinquishing the Certificate can be directed to me.

The address you have is correct.

Any questions just let me know.

As soon as I have the letter I will send over the exemption letter.

Thanks,  
Greg

**From:** Deb Johnson <[DJohnson@ldylaw.com](mailto:DJohnson@ldylaw.com)>  
**Sent:** Monday, September 23, 2019 8:01 PM  
**To:** Yakaboski, Greg <[greg.yakaboski@dhhs.nc.gov](mailto:greg.yakaboski@dhhs.nc.gov)>  
**Subject:** RE: [External] Change of Ownership- New LifeCare Hospital/CON will be relinquished  
**Importance:** High

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Please email a copy of the exemption letter to my attention and confirm whether the change of ownership may occur if there is a delay in issuing the exemption letter. This transaction is part of a larger transaction that includes 10 hospitals all of which are being bought out of bankruptcy and are subject to a bankruptcy court order.

Also, please confirm that the original CON should be directed to you and mailed to the same address that the attached letter was directed to. We will plan to overnight it so that you have it by Thursday.

Thanks

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**Subject:** RE: [External] RE: Change of Ownership- New LifeCare Hospital

Hi Deb,

Spoke to the Section Chief re: your request. Prior to us issuing an Exemption Letter we need your team to address the undeveloped CON Project L-11197-16 (Develop the 40 NF beds in the 2016 SMFP) at LifeCare Hospitals of North Carolina (LifeCare). This a conditionally approved project for which a Certificate of Need has been issued. If LifeCare (or your client, PAM Specialty Hospital of Rocky Mount, LLC) no longer intends to move forward with the project we do require the Certificate to be relinquished.

This involves a letter stating that the Certificate for the project is being relinquished and a return of the original Certificate of Need (if available).

Please advise if LifeCare or your client will be relinquishing the Certificate for this project.

OR

If your client intends to develop this project then we need a request for a Transfer for Good Cause.... Which basically would put the CON Project in your clients name.

Please let me know which course of action your client intends to pursue.

Thanks,  
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Hi Greg:



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*Debbie Johnson*

Paralegal

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**From:** Yakaboski, Greg <[greg.yakaboski@dhhs.nc.gov](mailto:greg.yakaboski@dhhs.nc.gov)>  
**Sent:** Tuesday, September 3, 2019 10:11 AM  
**To:** Deb Johnson <[DJohnson@ldylaw.com](mailto:DJohnson@ldylaw.com)>  
**Subject:** Re: Change of Ownership- New LifeCare Hospital

Good Morning Deb,

With respect to the Buyer: PAM Specialty Hospital of Rocky Mount, LLC d/b/a PAM Specialty Hospital of Rocky Mount

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Also, just confirming – Is the Buyer “buying” the entire facility LifeCare Hospitals of North Carolina, LLC, d/b/a LifeCare Hospitals of North Carolina? In other words is the buyer “buying” the real estate, building etc. OR just taking over the operations of the facility and someone else owns the land and buildings?

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**Gregory F. Yakaboski**

Project Analyst

[Division of Health Service Regulation](#), Certificate of Need  
[NC Department of Health and Human Services](#)

Office: 919-855-3873

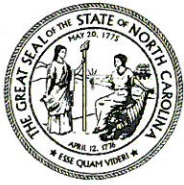
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September 26, 2019

Debbie Johnson  
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cc: Acute and Home Care Licensure and Certification Section, DHSR

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HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

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**Attachments:** CON Notice.PDF

**Importance:** High

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*Debbie Johnson*

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Phone: 717-620-2424

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**To:** Deb Johnson <[DJohnson@ldylaw.com](mailto:DJohnson@ldylaw.com)>  
**Subject:** Re: Change of Ownership- New LifeCare Hospital

Good Morning Deb,

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Also, just confirming – Is the Buyer “buying” the entire facility LifeCare Hospitals of North Carolina, LLC, d/b/a LifeCare Hospitals of North Carolina? In other words is the buyer “buying” the real estate, building etc. OR just taking over the operations of the facility and someone else owns the land and buildings?

Thanks,  
Greg

Sincerely,

*Gregory F. Yakaboski*

**Gregory F. Yakaboski**



Project Analyst  
[Division of Health Service Regulation, Certificate of Need](#)  
[NC Department of Health and Human Services](#)

Office: 919-855-3873  
[Greg.Yakaboski@dhhs.nc.gov](mailto:Greg.Yakaboski@dhhs.nc.gov)

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LATSHA DAVIS & MARSHALL



ATTORNEYS AT LAW

PLEASE REPLY TO: Mechanicsburg  
WRITER'S E-MAIL: djohnson@ldylaw.com

August 28, 2019

**Via Email: [MarthaFrisone@dhhs.nc.gov](mailto:MarthaFrisone@dhhs.nc.gov)**

Martha Frisone  
Chief, Healthcare Planning and Certificate of Need  
North Carolina Department of Health and Human Services  
Division of Health Service Regulation  
809 Ruggles Drive  
Raleigh, NC 27603

**Re: Change of Ownership**

Seller: New LifeCare Hospitals of North Carolina, LLC, d/b/a LifeCare Hospitals of North Carolina

Buyer: PAM Specialty Hospital of Rocky Mount, LLC d/b/a PAM Specialty Hospital of Rocky Mount

Current License No: H0242

Our File No.: 391-19

Dear Sir/Madam:

This correspondence serves as notice to the North Carolina Department of Health and Human Services, Certificate of Need Section ("CON"), of a planned change of ownership for the long term care hospital currently known as LifeCare Hospitals of North Carolina, located at 1051 Noell Lane, Rocky Mount, NC 27804 (the "Facility"). A detailed description of this change of ownership is set forth below.

The current operator of the Facility has filed a Chapter 11 Bankruptcy Petition in the United States Bankruptcy Court for the District of Delaware. Following receipt of an Order of the Bankruptcy Court, approving the sale of the Facility, New LifeCare Hospitals of North Carolina, LLC will transfer the operational responsibilities for the Facility to PAM Specialty Hospital of Rocky Mount, LLC, which will become the new operator/provider, doing business as "PAM Specialty Hospital of Rocky Mount." This sale is expected to be effective on or about October 13, 2019 (the tentative "Target Closing Date"),

It is our understanding that there is one (1) pending CON project (Project L-11197-16) which is a project involving the development of 40 nursing home beds. Please know that the



Martha Frisone  
Chief, Healthcare Planning and Certificate of Need  
North Carolina Department of Health and Human Services  
August 28, 2019  
Page 2

proposed new owner will not be taking on this project. It is also our understanding that the Facility is not subject to the CON review and that this notice is sufficient to meet CON requirements.

Please contact our office immediately if you have any questions or require additional information.

Sincerely,



Debbie L. Johnson  
Paralegal

Enclosures

cc: Erin Bosley, Esq. (w/enc. *via electronic mail*)

## Yakaboski, Greg

---

**From:** Deb Johnson <DJohnson@ldylaw.com>  
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[Division of Health Service Regulation](#), Certificate of Need  
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[Greg.Yakaboski@dhhs.nc.gov](mailto:Greg.Yakaboski@dhhs.nc.gov)

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**From:** Yakaboski, Greg  
**Sent:** Thursday, August 29, 2019 10:03 AM  
**To:** djohnson@ldylaw.com  
**Subject:** Change of Ownership dated 8-28-19 Re New Life Specialty Hospital

Ms. Johnson,

We have received the Change of Ownership letter re: PAM Specialty Hospital of Rocky Mounty, LLC acquiring New LifeCare Hospitals of North Carolina, LLC.

Question- Re: CON Project L-11197-16 (Develop the 40 NF beds in the 2016 SMFP) at LifeCare Hospitals of North Carolina (LifeCare). This a conditionally approved project for which a Certificate of Need has been issued. If LifeCare (or your client, PAM Specialty Hospital of Rocky Mount, LLC) no longer intends to move forward with the project we do require the Certificate to be relinquished.

This involves a letter stating that the Certificate for the project is being relinquished and a return of the original Certificate of Need (if available).

Please advise if LifeCare or your client will be relinquishing the Certificate for this project.

Please call or email with any questions. My direct line is 919-855-4664.

Thanks,  
Greg

Sincerely,

*Gregory F. Yakaboski*

**Gregory F. Yakaboski**  
Project Analyst  
[Division of Health Service Regulation](#), Certificate of Need  
[NC Department of Health and Human Services](#)

Office: 919-855-3873  
[Greg.Yakaboski@dhhs.nc.gov](mailto:Greg.Yakaboski@dhhs.nc.gov)

809 Ruggles Drive, Edgerton Building  
2704 Mail Service Center  
Raleigh, NC 27699-2704

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## Waller, Martha K

---

**From:** Frisone, Martha  
**Sent:** Wednesday, August 28, 2019 1:37 PM  
**To:** Waller, Martha K  
**Subject:** FW: [External] FW: CON Notice of Change of Ownership  
**Attachments:** CON Notice.PDF

### Martha J. Frisone

Chief

[Division of Health Service Regulation](#), Healthcare Planning and Certificate of Need  
[NC Department of Health and Human Services](#)

Office: 919-855-3879  
[martha.frisone@dhhs.nc.gov](mailto:martha.frisone@dhhs.nc.gov)

809 Ruggles, Edgerton  
2704 Mail Service Center  
Raleigh, NC 27699-2704

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**From:** Deb Johnson <DJohnson@ldylaw.com>  
**Sent:** Wednesday, August 28, 2019 1:00 PM  
**To:** Frisone, Martha <martha.frisone@dhhs.nc.gov>  
**Subject:** [External] FW: CON Notice of Change of Ownership

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Hi Ms. Frisone:

Per the below emails with our Law Clerk, Chelsea Bashi, attached please find a notice of change of ownership for a long-term care hospital currently known as LifeCare Hospitals of North Carolina, located at 1051 Noell Lane, Rocky Mount, NC. After review of the letter, please let me know if this is sufficient or if other information is required. A new hospital licensure application is being filed today.

Thanks

*Debbie Johnson*

Paralegal  
Latsha Davis & Marshall, P.C.  
1700 Bent Creek Blvd  
Suite 140  
Mechanicsburg, PA 17050  
Phone: 717-620-2424  
Fax: 717-620-2444



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**From:** Frisone, Martha <[martha.frisone@dhhs.nc.gov](mailto:martha.frisone@dhhs.nc.gov)>  
**Sent:** Wednesday, August 14, 2019 5:29 PM  
**To:** Chelsea D. Bashi <[CBashi@ldylaw.com](mailto:CBashi@ldylaw.com)>  
**Cc:** Pittman, Lisa <[lisa.pittman@dhhs.nc.gov](mailto:lisa.pittman@dhhs.nc.gov)>; Wilson, Fatimah <[fatimah.wilson@dhhs.nc.gov](mailto:fatimah.wilson@dhhs.nc.gov)>; Hale, Gloria <[gloria.hale@dhhs.nc.gov](mailto:gloria.hale@dhhs.nc.gov)>; Craddock, Amy D <[amy.craddock@dhhs.nc.gov](mailto:amy.craddock@dhhs.nc.gov)>  
**Subject:** RE: [External] Change of Ownership & CON requirements

I have to know the name of the hospital so I can determine if there are any CON projects currently under development. See G.S. 131E-189(c). We will also have to determine if the hospital currently meets the definition of a "legacy medical care facility. See G.S. 131E-176(14f) and G.S. 131E-184(h).

Transfer of a CON during development of a project requires a showing of good cause for the transfer before the transfer can take place. There is no form. A letter will suffice and you can email it as an attachment. There is no statutory timeframe, but we would like to have at least 20 business days to review the correspondence.

Transfer of a CON once a project is complete does not require a good cause showing but the buyer is required to provide prior written notice of the intent to acquire the existing health service facility. See G.S. 131E-184(a)(8). Again, there is no form, a letter will suffice and you may email it as an attachment. Again, there is no statutory timeframe, but we would like to have at least 10 business days to review the correspondence.

**Martha J. Frisone**

Chief

[Division of Health Service Regulation](#), Healthcare Planning and Certificate of Need  
[NC Department of Health and Human Services](#)

Office: 919-855-3879  
[martha.frisone@dhhs.nc.gov](mailto:martha.frisone@dhhs.nc.gov)

809 Ruggles, Edgerton  
2704 Mail Service Center  
Raleigh, NC 27699-2704

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**From:** Chelsea D. Bashi <[CBashi@ldylaw.com](mailto:CBashi@ldylaw.com)>  
**Sent:** Wednesday, August 14, 2019 2:44 PM  
**To:** Frisone, Martha <[martha.frisone@dhhs.nc.gov](mailto:martha.frisone@dhhs.nc.gov)>  
**Subject:** [External] Change of Ownership & CON requirements

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Hi Martha,

I am writing to you on behalf of a client who is in the process of purchasing a hospital in North Carolina. I was wondering what the requirements are with respect to a Certificate of Need when we are in the process of changing ownership? How many days in advance of the changing of ownership does DHHS need? If there is an application that we have to fill out, is it a paper or online application? And if it's a paper application, can it be emailed to me or mailed to me? Please let me know the answers to these questions at your earliest convenience.

Best regards,  
Chelsea D. Bashi  
Law Clerk | Latsha Davis & Marshall, P.C.

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LATSHA DAVIS & MARSHALL



ATTORNEYS AT LAW



PLEASE REPLY TO: Mechanicsburg  
WRITER'S E-MAIL: djohnson@ldylaw.com

August 28, 2019

**Via Email: MarthaFrisone@dhhs.nc.gov**

Martha Frisone  
Chief, Healthcare Planning and Certificate of Need  
North Carolina Department of Health and Human Services  
Division of Health Service Regulation  
809 Ruggles Drive  
Raleigh, NC 27603

**Re: Change of Ownership**

Seller: New LifeCare Hospitals of North Carolina, LLC, d/b/a LifeCare Hospitals of North Carolina  
Buyer: PAM Specialty Hospital of Rocky Mount, LLC d/b/a PAM Specialty Hospital of Rocky Mount  
Current License No: H0242  
Our File No.: 391-19

Dear Sir/Madam:

This correspondence serves as notice to the North Carolina Department of Health and Human Services, Certificate of Need Section ("CON"), of a planned change of ownership for the long term care hospital currently known as LifeCare Hospitals of North Carolina, located at 1051 Noell Lane, Rocky Mount, NC 27804 (the "Facility"). A detailed description of this change of ownership is set forth below.

The current operator of the Facility has filed a Chapter 11 Bankruptcy Petition in the United States Bankruptcy Court for the District of Delaware. Following receipt of an Order of the Bankruptcy Court, approving the sale of the Facility, New LifeCare Hospitals of North Carolina, LLC will transfer the operational responsibilities for the Facility to PAM Specialty Hospital of Rocky Mount, LLC, which will become the new operator/provider, doing business as "PAM Specialty Hospital of Rocky Mount." This sale is expected to be effective on or about October 13, 2019 (the tentative "Target Closing Date"),

It is our understanding that there is one (1) pending CON project (Project L-11197-16) which is a project involving the development of 40 nursing home beds. Please know that the

Martha Frisone  
Chief, Healthcare Planning and Certificate of Need  
North Carolina Department of Health and Human Services  
August 28, 2019  
Page 2

proposed new owner will not be taking on this project. It is also our understanding that the Facility is not subject to the CON review and that this notice is sufficient to meet CON requirements.

Please contact our office immediately if you have any questions or require additional information.

Sincerely,



Debbie L. Johnson  
Paralegal

Enclosures

cc: Erin Bosley, Esq. (w/enc. via electronic mail)

## Yakaboski, Greg

---

**From:** Yakaboski, Greg  
**Sent:** Monday, September 23, 2019 5:38 PM  
**To:** 'Deb Johnson'  
**Subject:** RE: [External] RE: Change of Ownership- New LifeCare Hospital

Hi Deb,

Spoke to the Section Chief re: your request. Prior to us issuing an Exemption Letter we need your team to address the undeveloped CON Project L-11197-16 (Develop the 40 NF beds in the 2016 SMFP) at LifeCare Hospitals of North Carolina (LifeCare). This a conditionally approved project for which a Certificate of Need has been issued. If LifeCare (or your client, PAM Specialty Hospital of Rocky Mount, LLC) no longer intends to move forward with the project we do require the Certificate to be relinquished.

This involves a letter stating that the Certificate for the project is being relinquished and a return of the original Certificate of Need (if available).

Please advise if LifeCare or your client will be relinquishing the Certificate for this project.

OR

If your client intends to develop this project then we need a request for a Transfer for Good Cause.... Which basically would put the CON Project in your clients name.

Please let me know which course of action your client intends to pursue.

Thanks,  
Greg

**From:** Deb Johnson <DJohnson@ldylaw.com>  
**Sent:** Wednesday, September 04, 2019 2:33 PM  
**To:** Yakaboski, Greg <greg.yakaboski@dhhs.nc.gov>  
**Subject:** [External] RE: Change of Ownership- New LifeCare Hospital

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Hi Greg:

Use me as the contact, using the information below. Our client, PAM Specialty Hospital of Rocky Mount, is merely taking over the operations of the facility, someone else owns the land and buildings. The target date for this transaction is 10/13/19. Let me know if you need any additional information.

Thanks



*Debbie Johnson*  
Paralegal  
Latsha Davis & Marshall, P.C.  
1700 Bent Creek Blvd  
Suite 140  
Mechanicsburg, PA 17050  
Phone: 717-620-2424  
Fax: 717-620-2444  
[djohnson@ldylaw.com](mailto:djohnson@ldylaw.com)



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**From:** Yakaboski, Greg <[greg.yakaboski@dhhs.nc.gov](mailto:greg.yakaboski@dhhs.nc.gov)>  
**Sent:** Tuesday, September 3, 2019 10:11 AM  
**To:** Deb Johnson <[DJohnson@ldylaw.com](mailto:DJohnson@ldylaw.com)>  
**Subject:** Re: Change of Ownership- New LifeCare Hospital

Good Morning Deb,

With respect to the Buyer: PAM Specialty Hospital of Rocky Mount, LLC d/b/a PAM Specialty Hospital of Rocky Mount

Could you please provide the address, phone number and contact person (could be yourself) for the Buyer so I could finish up on your exemption request (Change of Ownership).

Also, just confirming – Is the Buyer “buying” the entire facility LifeCare Hospitals of North Carolina, LLC, d/b/a LifeCare Hospitals of North Carolina? In other words is the buyer “buying” the real estate, building etc. OR just taking over the operations of the facility and someone else owns the land and buildings?

Thanks,  
Greg

Sincerely,

*Gregory F. Yakaboski*

**Gregory F. Yakaboski**  
Project Analyst  
[Division of Health Service Regulation](#), Certificate of Need  
[NC Department of Health and Human Services](#)

Office: 919-855-3873  
[Greg.Yakaboski@dhhs.nc.gov](mailto:Greg.Yakaboski@dhhs.nc.gov)

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