



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

KODY H. KINSLEY • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

March 14, 2023

Kevin McLeod, President/CEO
kevin@carolinameadows.net

Exempt from Review

Record #: 4156
Date of Request: March 7, 2023
Facility Name: Carolina Meadows Health Center
FID #: 923065
Business Name: Carolina Meadows, Inc.
Business #: 379
Project Description: Replace the nursing facility on the same site with no change in the number of nursing care beds
County: Chatham

Dear Mr. McLeod:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that the above referenced proposal is exempt from certificate of need review in accordance with G.S. 131E-184(e). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need.

It should be noted that this determination is binding only for the facts represented by you. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by the Agency. Changes in a project include but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Cynthia Bradford, Project Analyst

Micheala Mitchell, Chief

Cc: Nursing Home Licensure and Certification Section, DHR

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.ncdhhs.gov/dhsr/> • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



March 7, 2023

Ms. Micheala Mitchell
Chief, Certificate of Need
NC Division of Health Service Regulation
Healthcare Planning and Certificate of Need Section
2704 Mail Service Center
Raleigh, NC 27699-2704

RE: Exemption Request for Replacement of Skilled Nursing Facility in Chatham County

Dear Ms. Mitchell:

Carolina Meadows, Inc. ("Carolina Meadows") is a continuing care retirement community ("CCRC") located in and serving Chatham County residents for over 38 years. This letter serves as notice of Carolina Meadows' desire and intention to replace the existing nursing facility and request an exemption from a certificate of need review.

Currently, Carolina Meadows has 90 licensed Nursing Facility ("NF") beds. The planned replacement facility will be a four-story, approximately 122,000 SF building located about 500 feet from the existing NF location on the same 166-acre CCRC campus and will also house a total of 90 licensed NF beds upon completion. The existing facility that houses the current 90 licensed NF beds was constructed through multiple phases from the 1980's to the mid-1990's in the traditional double-loaded corridors model that has long since become outdated. Continued operational and maintenance challenges resulting from an outdated facility, lack of aesthetic appeal and optimal space to provide innovative programs for our residents and their visitors necessitate replacement of the exiting NF.

Carolina Meadows has continued to grow its resident population with two independent living (IL) unit expansions since 2012 bringing its current number to 489 IL units which house over 650 residents. There are currently 800 residents living at Carolina Meadows. There are approximately 100 more IL units planned to be constructed over the next 5 years which could push our total resident population to approximately 950 residents, assuming 50% of the planned 100 units are couples.

The new NF facility is designed based on the small household model with neighborhoods of 12 – 13 beds in each neighborhood with social and activity spaces, outdoor gardening areas, PT and OT therapy areas, and spa/bathing facilities per floor as well as smaller finishing kitchens with

dining areas for each small household. Level one is proposed to house underbuilding parking, a reception lobby with administrative office spaces, a grab and go food area, central kitchen, staff center, and mechanical and storage areas. Level two will include a household of 12 beds and two households of 13 beds each configured in one (1) semi-private and eleven (11) private rooms, for a total of 38 (12+13+13) beds. Levels three and four will be identical with two households of 13 beds each for a total of 52 (26+26) beds. The larger semi-private rooms will most likely function as private rooms at an appropriate per diem but will be sized large enough for two beds at the semi-private per diem if needed to maintain our current 90 licensed beds and our increased resident population. All rooms will have private baths with the exception of the six larger semi-private rooms. Once the new building is complete, our existing NF residents will be transitioned from their existing homes to the new facility. The existing Nursing Facility will be demolished to make room for future expansion of additional independent living units for the community.

The project will not increase the number of licensed beds and is intended to be a bed for bed transfer to equate with our existing 90 licensed NF beds. In the future, if necessary, Carolina Meadows will file a certificate of need application for any additional new health services that would be desired to provide for its growing resident population.

It is anticipated that financing will be provided by a traditional bank loan rather than tax-exempt bonds.

We are requesting an exemption from a Certificate of Need review based on N.C.G.S. §131E-184(e), which states:

(e) *“The Department shall exempt from certificate of need review a capital expenditure that exceeds the two million dollar (\$2,000,000) threshold set forth in G.S. 131E-176(16)b. if all of the following conditions are met:*

- (1) *The proposed capital expenditure would meet all of the following requirements:*
 - a. *Be used solely for the purpose of renovating, replacing on the same site, or expanding any of the following existing facilities:*
 1. *Nursing home facility.*
 2. *Adult care home facility.*
 3. *Intermediate care facility for individuals with intellectual disabilities.*
 - b. *Not result in a change in bed capacity, as defined in G.S. 131E-176(5), or the addition of a health service facility or any other new institutional health service other than that allowed in G.S. 131E-176(16)b.*
- (2) *The entity proposing to incur the capital expenditure provides prior written notice to the Department, which notice includes documentation that demonstrates that the proposed capital expenditure would be used for one or more of the following purposes:*
 - a. *Conversion of semiprivate resident rooms to private rooms.*
 - b. *Providing innovative, homelike residential dining spaces, such as cafes, kitchenettes, or private dining areas to accommodate residents and their families or visitors.*

- c. *Renovating, replacing, or expanding residential living or common areas to improve the quality of life of residents."*

We believe our proposed project meets each applicable condition set forth above:

- The estimated capital cost of the project exceeds \$2,000,000 (see **Schedule A**)
- The sole purpose of the capital expenditure is to replace the existing licensed NF beds on the same campus site located at 500 Carolina Meadows, Chapel Hill, NC 27517
- The capital expenditure will not result in a change in bed capacity under G.S. 131E-176(5) or the addition of a health service facility or any other new institutional health service other than that allowed in G.S. 131E-176(16) b
- The letter constitutes the required prior written notice; and
- The proposed project will be used to provide innovative homelike residential dining spaces and will replace and expand residential living or common areas to improve the quality of life of residents

Based on the project as described above, we respectfully request that the CON section issue written concurrence that this project is exempt from Certificate of Need review under N.C.G.S. §131E-184(e). If you have any questions or require further information regarding this project, please contact me at 919-370-7123.

Sincerely,



Kevin McLeod
President and CEO
Carolina Meadows, Inc.

Schedule A
Estimated Capital Cost of Proposed Project
Carolina Meadows, Inc.
Nursing Facility Replacement

Site Preparation	\$4,500,000
Construction	46,500,000
Escalation Factor Estimate - 6%	6,303,600
Design Contingency – 7%	3,570,000
Owner's Contingency – 5%	2,550,000
Landscaping	700,000
Architectural/Engineering	3,000,000
Medical Equipment	50,000
Non-Medical Equipment	100,000
Furniture	2,600,000
Consultant Fees	400,000
Financing Costs	TBD
Legal	25,000
Debt Service Reserve Fund	n/a
Interest During Construction	TBD
Total Estimated Capital Cost w/Escalation & Contingency	\$70,298,600

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

Effective January 1, 2023, this license is issued to

Carolina Meadows Inc

to operate an Nursing facility known as

Carolina Meadows Health Center

*located at 500 Carolina Meadows
Chapel Hill, NC 27514
County: Chatham*

*This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall expire
midnight December 31, 2023*

Facility ID: 923065

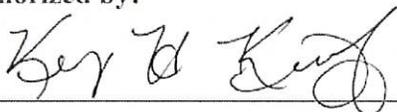
License Number: NH0490

Bed Capacity: 90

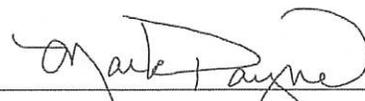
Nursing Facility Beds: 90

Adult Care Home Beds: 0

Authorized by:



Secretary, N.C. Department of Health and
Human Services



Director, Division of Health Service Regulation

From: [Mitchell, Micheala L](#)
To: [Stancil, Tiffany C](#)
Subject: Fw: [External] Exemption Request for Replacement of Skilled Nursing Facility in Chatham County
Date: Tuesday, March 7, 2023 4:33:45 PM
Attachments: [image001.png](#)
[Carolina Meadows Request for Exemption from Certificate of Need Review.pdf](#)
[Current NF License for Carolina Meadows.pdf](#)

Tiffany would you mind logging this and assigning to Cindy?

Thanks!

Micheala Mitchell, JD
[NC Department of Health and Human Services](#)
[Division of Health Service Regulation](#)
Section Chief, Healthcare Planning and CON Section
809 Ruggles Drive, Edgerton Building
2704 Mail Service Center
Raleigh, NC 27699-2704
Office: [919 855 3879](tel:9198553879)
Micheala.Mitchell@dhhs.nc.gov

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From: Kevin McLeod <kevin@carolinameadows.net>
Sent: Tuesday, March 7, 2023 3:16 PM
To: Mitchell, Micheala L <Micheala.Mitchell@dhhs.nc.gov>
Subject: [External] Exemption Request for Replacement of Skilled Nursing Facility in Chatham County

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to [Report Spam](#).

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Good afternoon,

I hope this email finds you well. Please see the attached Exemption Request from Carolina Meadows regarding replacement of its existing skilled nursing facility. Please contact me with any additional questions or need for information.

Thank you very much,

Kevin McLeod | President and CEO

Carolina Meadows, Inc.

919-370-7123 (direct)

919-418-4705 (mobile)

kevin@carolinameadows.net



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