



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor  
MANDY COHEN, MD, MPH • Secretary  
MARK PAYNE • Director, Division of Health Service Regulation

**RESPONSE REQUIRED**

June 14, 2019

Hunter Trefzger  
PO Box 2568  
Hickory, NC 28603

**Conditional Approval**

Project ID #: D-11693-19  
Facility: Mitchell House  
Project Description: Add no more than 20 ACH beds for a total of no more than 100 ACH beds pursuant to a need determination in the 2019 SMFP  
County: Mitchell  
FID #: 120180

Approved Capital Expenditure: \$4,375,000  
Conditions of Approval: See Attachment A  
Approved Timetable: See Attachment B  
Last Date to Appeal: July 15, 2019  
Required State Agency Findings: Enclosed

Dear Mr. Trefzger :

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) has conditionally approved the above referenced certificate of need application. This decision was made after review of the application or applications if the review was competitive, consideration of the Certificate of Need Law and regulations promulgated thereunder, the State Medical Facilities Plan, written comments if any, responses to comments if any, and other publicly applicable information.

The conditional approval is valid only for the approved capital expenditure shown above. If a cost overrun occurs that exceeds the approved capital expenditure amount, a new certificate of need may be required based on N.C. Gen. Stat. §131E-176(16)(e).

The applicant shall not proceed with the construction, offering or development of this project until the certificate of need is issued. Furthermore, the Agency shall not issue the certificate of need until all applicable conditions of approval have been met pursuant to N.C. Gen. Stat. §131E-187(a). **Response to the conditions in Attachment A should be submitted to the Agency no later than 35 days from the date of the decision. Failure to respond within this time period may result in the Agency making a determination not to issue a certificate of need for the project referenced above.**

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.

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

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

**Attachment A**  
**Conditions of Approval**

- 1. Mitchell House One, LLC and Spruce Pine Propco Holdings, LLC shall materially comply with all representations made in the certificate of need application.**
- 2. Mitchell House One, LLC and Spruce Pine Propco Holdings, LLC shall add no more than 20 adult care home beds for a total of no more than 100 adult care home beds at Mitchell House upon completion of the project.**
- 3. Mitchell House shall provide care to recipients of State/County Special Assistance with Medicaid, commensurate with representations made in the application.**
- 4. For the first two years of operation following completion of the project, Mitchell House One, LLC and Spruce Pine Propco Holdings, LLC 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 in the certificate of need application.**
- 5. No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, Mitchell House One, LLC and Spruce Pine Propco Holdings, LLC 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.**
- 6. Mitchell House One, LLC and Spruce Pine Propco Holdings, LLC 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**

1. **Financing Obtained** \_\_\_\_\_ **May 1, 2021**
2. **Construction/Renovation Contract(s) Executed** \_\_\_\_\_ **July 10, 2021**
3. **25% of Construction/Renovation Completed**  
**(25% of the cost is in place)** \_\_\_\_\_ **September 28, 2021**
4. **50% of Construction/Renovation Completed** \_\_\_\_\_ **December 17, 2021**
5. **75% of Construction/Renovation Completed** \_\_\_\_\_ **March 7, 2022**
6. **Construction/Renovation Completed** \_\_\_\_\_ **May 11, 2022**
7. **Equipment Ordered** \_\_\_\_\_ **April 11, 2022**
8. **Equipment Installed** \_\_\_\_\_ **April 26, 2022**
9. **Equipment Operational** \_\_\_\_\_ **July 10, 2022**
10. **Building/Space Occupied** \_\_\_\_\_ **August 25, 2022**
11. **Licensure Obtained** \_\_\_\_\_ **October 1, 2022**
12. **Services Offered** \_\_\_\_\_ **October 1, 2022**
13. **Medicare and/or Medicaid Certification Obtained** \_\_\_\_\_ **October 31, 2022**
14. **First Annual Report Due** \_\_\_\_\_ **December 30, 2022**