



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**

December 2, 2020

Andy Daunhauer  
One North Wacker Drive  
Suite 875  
Chicago, IL 60606

**Conditional Approval**

Project ID #: P-11958-20  
Facility: The Embassy at Morehead City  
Project Description: Develop a 92-bed replacement nursing facility by relocating 42 NF beds and 50 ACH beds from Snug Harbor on Nelson Bay. The 50 ACH beds will include a 24-bed SCU  
County: Carteret  
FID #: 200738  
Approved Capital Expenditure: \$16,137,054  
Conditions of Approval: See Attachment A  
Approved Timetable: See Attachment B  
Last Date to Appeal: January 4, 2021  
Required State Agency Findings: Enclosed

Dear Mr. Daunhauer:

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 the capital cost will exceed the approved capital expenditure amount by more than 115%, the applicant must first obtain a new certificate of need.

**Response to the conditions in Attachment A should be attached to emails addressed to the Project Analyst and the Co-signer no later than 35 days from the date of the decision. Failure to respond within this time period may result in the Agency determining 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.

**Note: The applicant shall not begin developing this project until after the certificate of need has been issued and the certificate of need will not be issued until the applicant has documented that all conditions that must be met prior to issuance of the certificate of need have been met.**

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

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**Furthermore, if the project requires that plans be submitted to the Construction Section, those plans will not be reviewed or approved until after the certificate of need has been issued.**

The Certificate of Need law provides that any affected person has thirty (30) days after the date of the decision to file a petition for a contested case on this approval. Further, if you are aggrieved by any of the conditions you may file a petition for a contested case hearing in accordance with N.C. Gen. Stat. §150B, Article 3. This petition must be filed with the Office of Administrative Hearings, 6714 Mail Service Center, Raleigh, North Carolina 27699-6714 within thirty (30) days of the date of this decision. Effective October 1, 2009, OAH requires a filing fee with submittal of petitions for contested cases. Please direct all questions regarding this fee to the OAH Clerk's Office (919-431-3000).

G.S. 150B-23 provides that a party filing a petition must also serve a copy of the petition on all parties to the petition. Therefore, if you file a petition for a contested case hearing, you must serve a copy of the petition on the Department of Health and Human Services by mailing a copy of your petition to:

Lisa G. Corbett  
Department of Health and Human Services,  
Office of Legal Affairs,  
Adams Building – Room 154  
2001 Mail Service Center  
Raleigh, North Carolina, 27699-2001

It is requested that a copy of the petition also be served on the Agency.

The certificate of need will not be issued before the completion of the thirty-day appeal period which ends on the date shown above. If a contested case petition is filed with OAH within the thirty-day appeal period, the certificate will not be issued until the appeal is resolved.

If the decision is appealed, the timetable set forth in this letter will be adjusted accordingly before the certificate of need is issued. Please contact this office if any clarification of this decision is required.

Please refer to the Project ID # and Facility ID # (FID) in all correspondence.

Sincerely,



Misty Piekaar-McWilliams  
Project Analyst  
Misty.Piekaar@dhhs.nc.gov



Fatimah Wilson  
Team Leader  
Fatimah.Wilson@dhhs.nc.gov

Enclosures:

- Attachment A: Conditions of Approval
- Attachment B: Approved Timetable
- Required State Agency Findings

cc: Construction Section, DHSR

Andy Daunhauer  
December 2, 2020  
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Nursing Home Licensure & Certification Section, DHSR

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

- 1. Embassy Snug Harbor LLC and HPG NC Morehead City LLC (certificate holders) shall materially comply with all representations made in the certificate of need application and any clarifying responses.**
- 2. The certificate holders shall develop a 92-bed replacement nursing facility by relocating 42 NF beds and 50 ACH beds from Snug Harbor on Nelson Bay in Carteret County to a new replacement facility in Carteret County.**
- 3. Upon completion of the project, The Embassy at Morehead City shall be licensed for no more than 42 NF beds and 50 ACH beds. The 50 ACH beds shall include a 24-bed SCU.**
- 4. Upon completion of the project, Snug Harbor on Nelson Bay shall relinquish their certificate of need for Project ID# P-008191-08.**
- 5. For the first two years of operation following completion of the project, the certificate holders shall not increase private pay charges more than five percent 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.**
- 6. The certificate holders shall provide care to recipients of State/County Special Assistance with Medicaid, commensurate with representations made in the application.**
- 7. The certificate holders shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
- 8. 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, the certificate holders 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.**
- 9. The certificate holders 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**

<b>Milestone</b>		<b>Date mm/dd/yyyy</b>
1	Financing Obtained	05/01/2021
2	Drawings Completed	06/15/2021
3	Land Acquired	03/01/2021
4	Construction / Renovation Contract(s) Executed	07/01/2021
5	25% of Construction / Renovation Completed (25% of the cost is in place)	10/15/2021
6	50% of Construction / Renovation Completed	01/15/2022
7	75% of Construction / Renovation Completed	05/01/2022
8	Construction / Renovation Completed	09/01/2022
9	Equipment Ordered	04/01/2022
10	Equipment Installed	09/15/2022
11	Equipment Operational	09/20/2022
12	Building / Space Occupied	09/01/2022
13	Licensure Obtained	10/01/2022
<b>14</b>	<b>Services Offered</b>	10/01/2022
15	Medicare and / or Medicaid Certification Obtained	11/01/2022
16	Facility or Service Accredited	10/01/2023
17	First Annual Report Due*	01/01/2025