



North Carolina Department of Health and Human Services  
Division of Health Service Regulation  
Certificate of Need Section

2704 Mail Service Center • Raleigh, North Carolina 27699-2704  
<http://www.ncdhhs.gov/dhsr/>

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August 17, 2012

Susan K. Hackney  
Attorney at Law  
K&L Gates LLP  
Post Office Box 14210  
Research Triangle Park, NC 27709-4210

RE: Exempt from Review / Acquisition of Somerset Court of Newport by Newport Health Investors, LLC  
/ Name Change to Carteret House/Carteret County  
FID #: 945270

Dear Ms. Hackney:

In response to your letter August 9, 2012, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, Newport Health Investors, LLC may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact 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,

Jane Rhoe-Jones  
Project Analyst

Craig R. Smith, Chief  
Certificate of Need Section

cc: Construction Section, DHSR  
Adult Care Licensure Section, DHSR



*Jane*

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August 9, 2012

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



Re: Exemption Notice for Somerset Court of Newport (Adult Care Home in Carteret County)

Dear Craig:

Our client, Newport Health Investors, LLC is planning to acquire an adult care home in Newport, Carteret County, known as Somerset Court of Newport (hereafter “the Facility”). The Facility is located at 3020 Market Street, Newport, North Carolina. The Facility is listed in the “Inventory of Adult Care Home Beds” in the 2012 State Medical Facilities Plan as having 64 adult care home beds. See Exhibit A. The Facility also is listed in the Proposed 2013 State Medical Facilities Plan as having 64 adult care home beds. See Exhibit B.

Newport Health Investors, LLC 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”). Newport Health Investors, LLC 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 64 adult care home beds.

**I. THE PROPOSAL**

As of this date, NCAL Acquisition I, Inc. 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(7a) and Salem Senior Housing, Inc. is the licensee. Newport Health Investors, LLC will purchase the Facility, and the licensee will become Newport AL Holdings, LLC. The Facility will be known as Carteret 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”

Mr. Craig Smith, Chief  
August 9, 2012  
Page 2

includes a 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, Newport Health Investors, LLC will operate the Facility as an adult care home. Furthermore, Newport Health Investors, LLC'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(14o) 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 service facility, it is exempt from CON review.

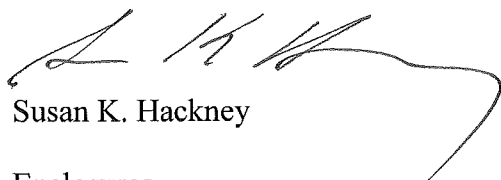
### III. CONCLUSION

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 Newport Health Investors, LLC 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. Additionally, financing of the transaction is contingent upon this confirmation.

If you require additional information to consider this request, please contact us at the above number as soon as possible. We thank you for your consideration of this request.

Sincerely,



Susan K. Hackney

Enclosures



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

County	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				
Burke	Burke Long Term Care	0	0	24	24	0	0	0	0	0	24	0	24
Burke	Cambridge House	0	0	60	60	0	0	0	0	0	60	0	60
Burke	Grace Ridge	47	0	0	47	0	0	0	0	0	47	24	23
Burke	High Country Home Care/Lomas Ridge	0	0	57	57	0	0	0	0	0	57	0	57
Burke	Longview Assisted Living	0	0	63	63	0	0	0	0	0	63	0	63
Burke	McAlpine Adult Care	0	0	60	60	0	0	0	0	0	60	0	60
Burke	Morganton Long Term Care Facility	0	0	20	20	0	0	0	0	0	20	0	20
Burke	Morganton Long Term Care Facility/Southview Facility	0	0	64	64	0	0	0	0	0	64	0	64
Burke	<b>Burke Totals</b>	<b>67</b>	<b>0</b>	<b>348</b>	<b>415</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>415</b>	<b>24</b>	<b>391</b>
Cabarrus	Carbridge Assisted Living Community	0	0	74	74	0	0	0	0	0	74	0	74
Cabarrus	Caremoor Retirement Center	0	0	30	30	0	0	0	0	0	30	0	30
Cabarrus	Carillon Assisted Living of Harrisburg	0	0	96	96	0	0	0	0	0	96	0	96
Cabarrus	Concord House	0	0	48	48	0	0	0	0	0	48	0	48
Cabarrus	Concord Place	0	0	112	112	0	0	0	0	0	112	0	112
Cabarrus	First Assembly Living Center	0	0	180	180	0	0	0	0	0	180	0	180
Cabarrus	Five Oaks Manor	24	0	0	24	0	0	0	0	0	24	0	24
Cabarrus	Horizon Bay Assisted Living at Concord	0	0	60	60	0	0	0	0	0	60	0	60
Cabarrus	Kannapolis Village	0	0	60	60	0	0	0	0	0	60	0	60
Cabarrus	Morningside of Concord	0	0	105	105	0	0	0	0	0	105	0	105
Cabarrus	Senior Housing Resources - St. Andrews (s) - Replacement	0	0	0	0	81	0	0	0	0	81	0	81
Cabarrus	St. Andrews Center - (closed)	0	0	25	25	-25	0	0	0	0	0	0	0
Cabarrus	St. Andrews Living Center	0	0	56	56	-56	0	0	0	0	0	0	0
Cabarrus	The Country Home	0	0	40	40	0	0	0	0	0	40	0	40
Cabarrus	The Gardens of Taylor Glen Retirement Community	24	0	0	24	0	0	0	0	0	24	12	12
Cabarrus	<b>Cabarrus Totals</b>	<b>48</b>	<b>0</b>	<b>886</b>	<b>934</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>934</b>	<b>12</b>	<b>922</b>
Caldwell	Camelot Manor - Brookford Inn	0	0	67	67	0	0	0	0	0	67	0	67
Caldwell	Carolina Oaks Enhanced Care Center	0	0	60	60	0	0	0	0	0	60	0	60
Caldwell	Gateway Rehabilitation and Healthcare	18	0	0	18	0	0	0	0	0	18	0	18
Caldwell	Grandview Villa Assisted Living	0	0	40	40	0	0	0	0	0	40	0	40
Caldwell	Lenoir Park	0	0	82	82	0	0	0	0	0	82	0	82
Caldwell	The Shaire Center	0	0	82	82	0	0	0	0	0	82	0	82
Caldwell	<b>Caldwell Totals</b>	<b>18</b>	<b>0</b>	<b>331</b>	<b>349</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>349</b>	<b>0</b>	<b>349</b>
Camden	Needham Adult Care Home	0	0	24	24	0	0	0	0	0	24	0	24
Camden	<b>Camden Totals</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>24</b>
Carteret	Carolina House of Morehead City	0	0	72	72	0	0	0	0	0	72	0	72
Carteret	Carteret Manor Assisted Living	0	0	0	0	110	0	0	0	0	110	0	110
Carteret	Snug Harbor on Nelson Bay	50	0	0	50	0	0	0	0	0	50	0	50
Carteret	Somerset Court of Newport	0	0	64	64	0	0	0	0	0	64	0	64
Carteret	<b>Carteret Totals</b>	<b>50</b>	<b>0</b>	<b>136</b>	<b>186</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>296</b>	<b>0</b>	<b>296</b>
Caswell	Caswell House	0	0	100	100	0	0	0	0	0	100	0	100
Caswell	Dogwood (s) - Replacement	0	0	0	0	64	0	0	0	0	64	0	64
Caswell	Dogwood - Blackwell Rest Home - (closed)	0	0	40	40	-40	0	0	0	0	0	0	0
Caswell	Dogwood - Forest #2 - (closed)	0	0	12	12	-12	0	0	0	0	0	0	0
Caswell	Dogwood - Ronald David Home - (closed)	0	0	12	12	-12	0	0	0	0	0	0	0
Caswell	G. Anthony Rucker Rest Home	0	0	12	12	0	0	0	0	0	12	0	12
Caswell	Jefferson Care Home	0	0	12	12	0	0	0	0	0	12	0	12
Caswell	Peole's Rest Home	0	0	19	19	0	0	0	0	0	19	0	19
Caswell	<b>Caswell Totals</b>	<b>0</b>	<b>0</b>	<b>207</b>	<b>207</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>207</b>	<b>0</b>	<b>207</b>
Catawba	Abernethy Laurels - (United Church)	18	0	0	18	0	0	0	0	0	18	0	18

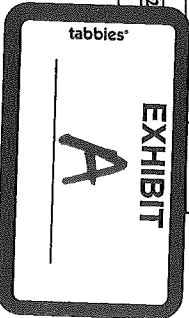




Table 11A: Inventory of Adult Care Homes (Assisted Living) Beds - Proposed 2013 Plan

County	Facility Name	Licensed Beds in Nursing Homes	Licensed Beds in Hospitals	Licensed Beds in Adult Care Facilities	Total Licensed Beds	CON Approved/ACH Exempt	ACH Pipeline	CON Bed Transfer	Available in SMFP	Total Available	Sum of Exclusions	Total Planning Inventory
Burke	Morganton Long Term Care Facility/Southview Facility	0	0	64	64	0	0	0	0	64	0	64
<b>Burke Totals</b>		<b>67</b>	<b>0</b>	<b>348</b>	<b>415</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>415</b>	<b>24</b>	<b>391</b>
Cabarrus	Cartridge Assisted Living Community	0	0	74	74	0	0	0	0	74	0	74
Cabarrus	Caremore Retirement Center	0	0	30	30	0	0	0	0	30	0	30
Cabarrus	Carlton Assisted Living of Harrisburg	0	0	96	96	0	0	0	0	96	0	96
Cabarrus	Concord House	0	0	48	48	0	0	0	0	48	0	48
Cabarrus	Concord Place	0	0	112	112	0	0	0	0	112	0	112
Cabarrus	First Assembly Living Center	0	0	180	180	0	0	0	0	180	0	180
Cabarrus	Five Oaks Manor	24	0	0	24	0	0	0	0	24	0	24
Cabarrus	Horizon Bay Assisted Living at Concord	0	0	60	60	0	0	0	0	60	0	60
Cabarrus	Kannapolis Village	0	0	60	60	0	0	0	0	60	0	60
Cabarrus	Morningside of Concord	0	0	105	105	0	0	0	0	105	0	105
Cabarrus	Senior Housing Resources - St. Andrews (s) - Replacement	0	0	0	0	0	0	81	0	81	0	81
Cabarrus	St. Andrews Center - (closed)	0	0	25	25	0	0	-25	0	0	0	0
Cabarrus	St. Andrews Living Center	0	0	56	56	0	0	-56	0	0	0	0
Cabarrus	The Country Home	0	0	40	40	0	0	0	0	40	0	40
Cabarrus	The Gardens of Taylor Glen Retirement Community	24	0	0	24	0	0	0	0	24	12	12
<b>Cabarrus Totals</b>		<b>48</b>	<b>0</b>	<b>886</b>	<b>934</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>934</b>	<b>12</b>	<b>922</b>
Caldwell	Camelot Manor - Brockford Inn	0	0	67	67	0	0	0	0	67	0	67
Caldwell	Carolina Oaks Enhanced Care Center	0	0	60	60	0	0	0	0	60	0	60
Caldwell	Gateway Rehabilitation and Healthcare	18	0	0	18	0	0	0	0	18	0	18
Caldwell	Grandview Villa Assisted Living	0	0	40	40	0	0	0	0	40	0	40
Caldwell	Lenoir Park	0	0	82	82	0	0	0	0	82	0	82
Caldwell	The Share Center	0	0	82	82	0	0	0	0	82	0	82
<b>Caldwell Totals</b>		<b>18</b>	<b>0</b>	<b>331</b>	<b>349</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>349</b>	<b>0</b>	<b>349</b>
Canden	Needham Adult Care Home	0	0	24	24	0	0	0	0	24	0	24
<b>Canden Totals</b>		<b>0</b>	<b>0</b>	<b>24</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>24</b>
Carteret	Carolina House of Morehead City	0	0	72	72	0	0	0	0	72	0	72
Carteret	Carteret Manor Assisted Living	0	0	0	0	110	0	0	0	110	0	110
Carteret	Sing Harbor on Nelson Bay	50	0	0	50	0	0	0	0	50	0	50
Carteret	Somerset Court of Newport	0	0	64	64	0	0	0	0	64	0	64
<b>Carteret Totals</b>		<b>50</b>	<b>0</b>	<b>136</b>	<b>186</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>296</b>	<b>0</b>	<b>296</b>
Caswell	Caswell House	0	0	100	100	0	0	0	0	100	0	100
Caswell	Dogwood - Blackwell Rest Home - (closed)	0	0	40	40	0	0	-40	0	0	0	0
Caswell	Dogwood - Forest #2 - (closed)	0	0	12	12	0	0	-12	0	0	0	0
Caswell	Dogwood - Ronald David Home - (closed)	0	0	12	12	0	0	-12	0	0	0	0
Caswell	Dogwood (s) - Replacement	0	0	0	0	0	0	64	0	64	0	64
Caswell	G. Anthony Rucker Rest Home	0	0	12	12	0	0	0	0	12	0	12
Caswell	Jefferson Care Home	0	0	12	12	0	0	0	0	12	0	12
Caswell	Peole's Rest Home	0	0	19	19	0	0	0	0	19	0	19
<b>Caswell Totals</b>		<b>0</b>	<b>0</b>	<b>207</b>	<b>207</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>207</b>	<b>0</b>	<b>207</b>
Catawba	Abernethy Laurels - (United Church)	18	0	0	18	0	0	0	0	18	9	9
Catawba	Austin Adult Care Home	0	0	29	29	0	0	0	0	29	0	29
Catawba	Brian Center Health & Rehabilitation/Hickory E.	20	0	0	20	0	0	0	0	20	0	20
Catawba	Carlton Assisted Living of Newton	0	0	96	96	0	0	0	0	96	0	96
Catawba	Catawba Valley Living at Rock Barn	0	0	80	80	0	0	0	0	80	0	80
Catawba	Heritage Care of Conover	0	0	60	60	0	0	0	0	60	0	60
Catawba	Hickory Manor	0	0	88	88	0	0	0	0	88	0	88
Catawba	Hickory Village	0	0	56	56	0	0	0	0	56	0	56
Catawba	Lutheran Home/Hickory	90	0	0	90	0	0	0	0	90	0	90
Catawba	Piedmont Village at Newton	0	0	40	40	0	0	0	0	40	0	40
Catawba	Springs of Catawba	0	0	66	66	0	0	0	0	66	0	66

