

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/

Drexdal Pratt, Director

Beverly Eaves Perdue, Governor Albert A. Delia, Acting Secretary Craig R. Smith, Section Chief Phone: (919) 855-3873 Fax: (919) 733-8139

March 1, 2012

William W. Stewart K & L Gates, LLP Post Office Box 14210 Research Triangle Park, NC 27709-4210

Dear Mr. Stewart:

RE: Exempt from Review / Raeford Health Holdings, LLC / Acquisition of Raeford Manor adult care

home / Hoke County

Dear Mr. Stewart:

In response to your letter of December 1, 2011, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, Raeford Health Holdings, LLC ("Raeford Health") may proceed to acquire Raeford Manor Adult Care Home without first obtaining a certificate of need:

However, you need to contact the Adult Care Home 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,

Tanya S. Rupp, Project Analyst

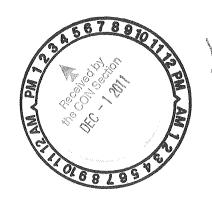
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Certificate of Need Section

Adult Care Home Licensure Section, Division of Health Service Regulation



cc:



K&L Gates LLP Post Office Box 14210 Research Triangle Park, NC 27709-4210

430 Davis Drive, Suite 400 Morrisville, NC 27560

т 919.466.1190

www.klgates.com

December 1, 2011

William W. Stewart D 919.466.1112 F 919.516.2112 bill.stewart@klgates.com

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 Raeford Manor (Adult Care Home in Hoke County)

Dear Craig:

Our client, Raeford Health Holdings, LLC ("Raeford Health") is attempting to acquire an adult care home in Raeford, Hoke County, known as Raeford Manor (hereafter "the Facility"). The Facility is located at 110 Campus Avenue, in Raeford. The Facility is listed in the "Inventory of Adult Care Home Beds" in the 2011 State Medical Facilities Plan as having 75 adult care home beds. See Exhibit A. The Facility also is listed in the Proposed 2012 State Medical Facilities Plan as having 75 adult care home beds. See Exhibit B.

Raeford Health 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"). Raeford Health 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 75 adult care home beds.

I. THE PROPOSAL

As of this date, Raeford Holdings, LLC (a different LLC from Raeford Health), 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(9b), and Raeford Living Center, LLC is the licensee. Raeford Health will purchase the Facility and become the licensee of the Facility. The name of the Facility will not change.

Craig Smith December 1, 2011 Page 2

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" 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, Raeford Health will continue to operate the Facility as an adult care home. Furthermore, Raeford Health'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(140) 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 Raeford Health 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 <u>expedited</u> <u>basis</u> because the parties wish to proceed with this transaction as soon as possible, and financing of the transaction is contingent upon this confirmation.

Craig Smith December 1, 2011 Page 3

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,

William W. Stewart

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STATE MEDICAL PLAN

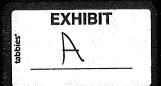




Table 11A: Inventory of Adult Care Home Bed (Fall 2010)

					INVENTORY	X						
COUNTY		Lic. Beds in	Lic. Beds in	Adult Care	Total		License Pending	ing	Available	Total	Sum of	TOTAL
	Facility Name	Nursing	Hospitals	Нотеѕ	Licensed Beds	CON	ACH (Exempt)	ACH (Pipeline)	SMFP	Available	Exclusions	- 1
T. 4.1.		20	0		593		0	0	0		30	
Lottord	Aboskie House	0	0				0	0			0	- Company
	Pinewood Manor	0	0				0	Ç	0		0	
	Twin Oaks Adult Home	0	0	21	21	0	0		0	21	0	21
Totals	Annual An	0	0				0					
Hoke	Autumn Care of Raeford	8	0				٥					
	Open Arms Retirement Center	0	0				٥			06		
	Raeford Manor	0	0				0	0				9/
Totale		8	0				0		0			
redell	Aurora of Statesville	0	0				0	0			0	
	Autum Cara of Statesvilla	10	0							10		10
	Crown Colony at Mooresville	0	0				0		0			
	Logical Disco Adult Light Center		0								0	
	Inmay's Accieted Living Comes							0	0	09	0	9
	Manie I and Houlth Care	œ							0			
	Mooresville Center	30							0			
	Rosewood Assisted Living	0					0		0			
-	Southland Homes, Inc. /Olin Village	0					0		0		0	
	Statesville Manor on East Broad	0										
	Statestille Blace on Dearbitee	0										
-	Summit Diana of Moorasvilla	0					0		0			
	The Object of Wild Control String											
	The Clare Bridge at Statesville Diace				40		0	-	0			40
	The Cardens of Statesville	0										
177	THE CALLERY OF STATES WITH	48					9					
Lotton	Meminester of facken 11 C dh/a Mominester						0					į
Jackson	Worlingston of secretary, the card morningston											90
Totale	Crystal Control	0					0		0			
lohoston	Authimp Home Care of Johnston County, Inc. 1	0										
	Authing Home Care of Johnston County Inc. II	0				0	0					12
	Autumn Home Care of Johnston County, Inc. III	0	0	12	12				0	0 12	0	
	Autumn Wind Assisted Living											20
	Cardinal Care Assisted Living Village, LLC #1	0									0	
	Cardinal Care Assisted Living Village, LLC #2	0				0	0		0			12
	Cardinal Care Assisted Living Village, LLC #3	0									0	
	Cardinal Care Assisted Living Village, LLC #4	0										
	Cardinal Care Assisted Living Village, LLC #5	0									0	12
	Cardinal Care Assisted Living Village, LLC #6	0									0	
	Carolina House of Smithfield	0	0								0	
	Classic Care Homes	0									0	12
	Classic Care Homes 103	0		1:						0 12		12
	Classic Care Homes 105	0	0	.1.								0 12
	Clayton House	0		9			٠	0	0			90
	Liberty Commons Nursing and Rehab	90							C	09 0		09
	McLamb's Rest Home	0		1				0	0			12

PROPOSED STATE MEDICAL HACILITIES

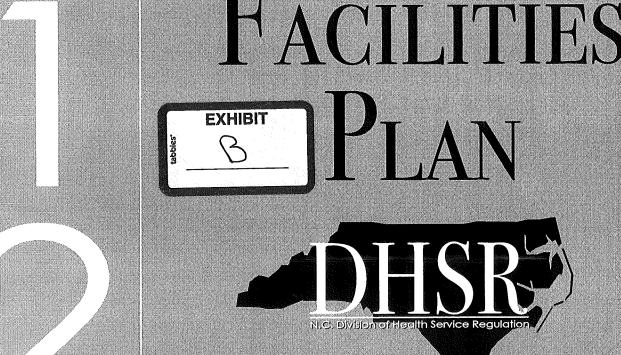
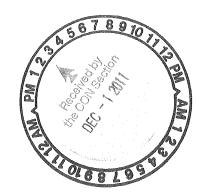




	Table 11.	A: Invent	Table 11A: Inventory of Adult Care Home (Assisted Living) Beds - Proposed 2012	ilt Care	Home (As	sisted	l Living)	Beds - P	roposed	2012 Plan			
				Inv	entory								
į		Licensed Beds	Licensed		Total		Licens	License Pending			F	Sum	Total
County	Facility Name	in Nursing Homes	Beds in Hospitals	Adult Care Home	Licensed	CON	ACH Exempt	ACH Pipeline	CON Bed Transfer	Available in SMFP	Total Available	Exclusions	Inventory
Harnett	Primrose Villa Retirement Home II	0	0	12	12		0	0	0	0	12	0	12
Harnett	Primrose Villa Retirement Home III	0		12	12		0	0	0	0	12		12
Hamett	Primrose Villa Retirement Home IV	0		12	12		0	0	0	0	12		12
Натен	Senior Citizens Village	0		65	65		0	0	0	0			
Harnett	Senter's Rest Home	0	0	50	50	0	0 0			0 0	50	0	50
Натец	Stage Coach Manor	901		0	106			0					
Harnett	Universal neglinale Limigion			12			0	0	0	0			12
namen	Compression Carlo Harnett Totals	114	0	576	069	0	0	0	0	0			969
Havwood	Ann Davis Rest Home	0	0	10		0	0	0	-10	0			0
Haywood	Autumn Care of Waynesville	10		0		0	0	0	0	0	10		10
Haywood	Chestnut Park Rest Home #1	0	0	10	01	0	0	0	0	0	10		
Haywood	Chestnut Park Retirement Center	0	0	20	20	0	o	0	0	0		0	20
Haywood	Community Care of Haywood #1	0	0	20	20	0	0	0	0	0	20		
	Haywood House-(50 Beds SMFP 2008 CON Awarded												
Havwood	project completion/licensing).	0		0		99	0	0	0	0			
Haywood	Haywood Lodge and Retirement Center	0	0	89				0	0	0	68	0	
Haywood	Loving Way Retreat 1	0		20			0	0	0	0	20		20
Haywood	Loving Way Retreat 2	0		20			0	0	0	0	20		
Haywood	McCracken Rest Home	0		22		0	0	0	٥	0	22		
Haywood	Pigeon Valley Rest Home	0	0	29	29		0			0 0			
Haywood	Queen Retirement Home	0	0	07			5 6						
Haywood	Richland Community Care #2	0 5	0 0	11		5 6					13		11
Haywood	Silver Bluff H	61		250			5 6	0 6	01-		868		473
Henderson	Blue Ridge Retirement			43	43	0	0	0	°	0	43	0	
Henderson	Cardinal Care Center-Hendersonville	0		09			0	0	0	0	09		
Henderson	Carillon Assisted Living of Hendersonville	0	i.	96			0	0	0	0	96		
Henderson	Carolina Village	0	0	09			0	0	0	0			30
Henderson	Cherry Springs Village	.0		09			0	0	٥	0			
Henderson	Country Meadow Rest Home	0		15			0	0		0			
Henderson	Emeritus at Heritage Lodge	0		24		0	0	0		0			
Henderson	Hampton House #1	0		30									30
Henderson	Henderson's Assisted Living	0		26			0	0		0			
Henderson	McCullough's Rest Home	0		13			0	0	0	0			
Henderson	Mountain View Assisted Living	0		27			0	0	0	0			
Henderson	Spring Arbar of Hendersonville II	0		19			0	0		0			
Henderson	Spring Arbor West	0		48			0	0	٩	0			
Henderson	The Laurels of Hendersonville	20		0			0			0	20	0	20
YY C 1	Henderson Totals	7	3 0	616		5 0	0	5 0			09		
Hermord	Anoskie nouse			8 6						9	92		92
Herfford	Turin Oake Adult Home			21			0	0	0	0	21	0	21
promoti	Hertford Tetals			173			0	0	0	0	173		173
Hoke	Autumn Care of Raeford	8	0	0		0	o	0	0	0	8		8
Hoke	Open Arms Retirement Center	0	0	06	06	0	0	0	°	0	06	0	06
Hoke	Raeford Manor		Ö	75	000 160-20-30-00 1000 1000 1000 1000	0	0	0	0	0	75		75
1.7.	Hoke Totals	60 0	Φ C	165	173		0 0			0	6/1		1/3
нуае	(INO Deas) Hyde Torals	1717		0	0	0	0	0		0	0	0	0
Iredell	Aurora of Statesville		0	80	80	0	0	0	0	0	80	0	80



December 1, 2011

т 919.466.1190

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Research Triangle Park, NC 27709-4210

William W. Stewart D 919.466.1112 F 919.516.2112 bill.stewart@klgates.com

430 Davis Drive, Suite 400 Morrisville, NC 27560

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STATE MEDICAL PACILITIES PLAN

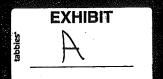






Table 11A: Inventory of Adult Care Home Bed (Fall 2010)

COUNTY											
		Lic. Beds in	Lic. Beds in	Adult Care	Total	- Li	ending	Available	Total	Sum of	TOTAL
	Facility Name	Nursing Homes	Hospitals	Homes	Licensed Beds	CON ACH (Exempt)	pt) (Pipeline)			Exclusions	Planning Inventory
Totals		20	0			0	0			30	
Hertford	Ahoskie House	0	0				0		09 0	1	
	Pinewood Manor	0	0				0			~	6
	Twin Oaks Adult Home	0	0				0				
Totals		0	0				0			~	
Hoke	Autumn Care of Raeford	8	0				0				
	Open Arms Retirement Center	0	0				0				
	Raeford Manor	0	0				0				
Totals		89	0				0				
Iredell	Aurora of Statesville	0	0				0				
	Autumn Care of Statesville	10	o				0				
	Crown Colony at Mooresville	0	o				0				
	Heritage Place Adult Living Center	0	O				0				
	Jurney's Assisted Living	0	0				0				
	Maple Leaf Health Care	8	ő				0			The state of the s	
	Mooresville Center	30	O				0				
	Rosewood Assisted Living	0	O				0				
	Southland Homes, Inc./Olin Village	0	0				0				
	Statesville Manor on East Broad	0	0				0				
	Statesville Place on Peachtree	0	0				0				
	Summit Place of Mooresville	0	0				0				
	The Churchill Senior Living Community	0	o				0				
-	The Clare Bridge at Statesville Place	0	0				0				
	The Gardens of Statesville	0	o								
Totals		48	0				0				
Jackson	Morningstar of Jackson, LLC d/b/a Momingstar	0	O				0				
	Skyland House	0	0	06	06	0	0	0	06		06
Totals		0	0				0				-
Johnston	Autumn Home Care of Johnston County, Inc. I	0	0				0				
	Autumn Home Care of Johnston County, Inc. II	0	0				0				
	Autumn Home Care of Johnston County, Inc. III	0	0				0				
	Autumn Wind Assisted Living	0	o	:			0		•		
	Cardinal Care Assisted Living Village, LLC #1	0	0				0				
	Cardinal Care Assisted Living Village, LLC #2	0	0				0		0 12		
	Cardinal Care Assisted Living Village, LLC #3	٥	0				0				
	Cardinal Care Assisted Living Village, LLC #4	0	0				0				
	Cardinal Care Assisted Living Village, LLC #5	0	О				0				
	Cardinal Care Assisted Living Village, LLC #6	0	o ·				0				
	Carolina House of Smithfield	0	0				0	0			
,	Classic Care Homes	0	0				0				
	Classic Care Homes 103	0	o				0				
	Classic Care Homes 105	0	٥				0				
	Clayton House	٥	0				0				
	Liberty Commons Nursing and Rehab	9	0				0	0			
	McLamb's Rest Home	0	0				0				

PROPOSED STATE MEDICAL H'ACILITIES EXHIBIT

1011SR

Nic. Division of Health Service Regulation

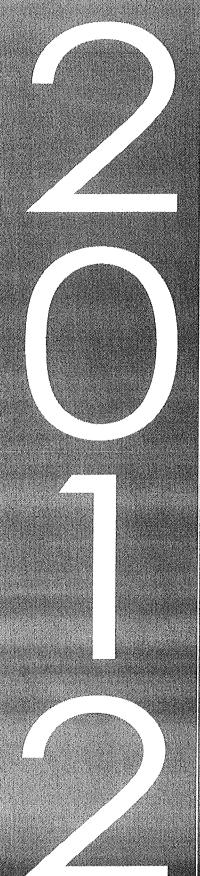


	Table 11.	Table 11A: Inventory		Ilt Care	of Adult Care Home (Assisted Living) Beds - Proposed 2012 Plan	sisted	Living)	Beds - P	roposed	2012 Plan	!		
				Inv	entory								
County		Licensed Beds		2	Total		License	License Pending			·	Sum	Total
	Facility Name	m Nursing Homes	Beds in Hospitals	Adult Care Home	Licensed Beds	CON	ACH Exempt	ACH Pipeline	CON Bed Transfer	Available in SMFP	Total Available	Exclusions	Inventory
Harnett	Primrose Villa Retirement Home II	0	0	12		0	0	0	0)		0	12
Harnett	Primrose Villa Retirement Home III	0		12		0		0			0 12	0	12
Hamett	Primrose Villa Retirement Home IV	0	0	12		0	0					0	12
Hamett	Senor Citizens Village	0	0	65		0	0	0	0			0	65
Hamen	Senter's Kest Home	0	5	20		0	0 0					0	50
Harnett	Universal Healthcare Lillington	106	0	0	106	0	0			0	106		106
Harnett	Unprecedented Care	0	0	12	,	0	0	0	0			0	12
	Harnett Totals	114	0	576		0	0	0))		0	069
Haywood	Ann Davis Rest Home	0	0	10		0	0	0	01-			0	Ö
Haywood	Autumn Care of Waynesville	10		0		0	0	0	D	0		0	10
Haywood	Chestnut Park Rest Home #1	0	0	10			0	٥	0			0	10
Haywood	Chesmut Park Retirement Center	0	0	20	T, market	0	0				0 20	0	20
Haywood	Community Care of Haywood #1	0	0	20		1	0		0			0	20
	Haywood House-(50 Beds SMFP 2008 CON Awarded + 10 Bed Transfer from Ann Davis Rest Home after												
Haywood	project completion/licensing).	0		0		9	-	0				0	09
Haywood	Haywood Lodge and Retirement Center	0	0	89		0	0	°	0		0 0	0	89
Haywood	Loving Way Retreat 1	0		20		0	0	0	0			0	20
Haywood	Loving Way Retreat 2	0		20		0	0	0	0			0	20
Haywood	McCracken Rest Home	0		22		0	0	0	0)		0	22
Haywood	Pigeon Valley Rest Home	0	0	29	29	٥	0	٥	0			o	29
Haywood	Queen Retirement Home	0	0	20		1	0	0				0	20
Haywood	Richland Community Care #2	0	0	11		0	0	٥				0	11
Haywood	Silver Bluff	13	0	0		0	0		0			0	13
Underson	Haywood Lotals	5	5	DQ CV	273	8	5 0		0.7		323	0	323
Trenderson	blue Klage Kettrement		0.	45		7	5 0					5	43
Henderson	Cardinal Care Center-Hendersonville	0	0	09		0	5					0	9
Henderson	Carillon Assisted Living of Hendersonville	0	0 0	8 8		5	5 0	1				0	96
Henderson	Chemic Springs	5 6	0	00		5 0	5 6					30	30
Henderson	Country Meadow Rest Home			20		5 6	5					5 0	90
Henderson	Emerins at Heritage Lodge			24		1							77
Henderson	Hampton House #1		0	101		10	0						01
Henderson	Hampton House #2			30		0	0		0			0	30
Henderson	Henderson's Assisted Living			26		0	0					0	26
Henderson	McCullough's Rest Home			13		0	0	0	0			0	13
Henderson	Mountain View Assisted Living		0	27		0	0	0	0			0	27
Henderson	Spring Arbor of Hendersonville II	0	0	19		0	0	0	0)		0	19
Henderson	Spring Arbor West	0	0	48		0	0	0	0	0		0	48
Henderson	The Laurels of Hendersonville	20	0	0		0	0	0		J		0	20
	Hencerson Totals	X		573		O	ð	0	O			30	563
Hertford	Ahoskie House		0	09		٥	0	٥	0			0	09
Hertford	Pinewood Manor		0	92		٥	0		0	0		0	92
Hertford	Twin Oaks Adult Home		0	21		0	0		0			0	21
	Hertford Totals		0	621		0	٥	ω,	9		173	0	173
Hoke	Autumn Care of Raeford			٥		0	0		0			0	8
Hoke	Open Arms Retirement Center		0	8	-	٥	0	°	٥	0		0	06
Hoke	Raeford Manor	0	0	75	75	0	0		0		0 75	0	75
Trade	Hoke Totals			619		3 0	3 6		3		1758	5 0	173
Hyde	((No Beds)	0	5 6	> C	5 6	5 6	5 6	5 5	2		5 6	5 6	5 6
Tendall				2 0	, 00	,	5 0				3 8	7	2 0
nanarri	Aurora of Statesville		,	3	Inq	5	7	2	,		0.01	5	ine in

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