



North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Drexdal Pratt
Division Director

November 12, 2015

Gary S. Qualls
K&L Gates LLP
430 Davis Drive, Suite 400
Morrisville, NC 27560

Exempt from Review – Acquisition of Facility

Record #: 1786
Facility Name: Home Care of the Carolinas
Type of Facility: Home Health Agency
FID #: 030795
Acquisition by: Carolinas Medical Center at Home, LLC
Business #: 1772
County: Montgomery

Dear Mr. Qualls:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of October 8, 2015, the above referenced proposal is exempt from certificate of need review in accordance with G.S. 131E-184(a)(8). Therefore, Carolinas Medical Center at Home, LLC may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Agency's Acute and Home Care Licensure and Certification Section to obtain instructions for changing ownership of the existing facility. Note that pursuant to 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,

Gloria C. Hale
Project Analyst

Martha J. Frisone,
Assistant Chief, Certificate of Need



Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-715-4413

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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Mr. Gary S. Qualls
November 12, 2015
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cc: Acute and Home Care Licensure and Certification Section, DHSR
Kelli Fisk, Program Assistant, Healthcare Planning

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Received by
the CON Section
10/7/15

October 8, 2015

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Via Hand Delivery

Martha Frisone
Assistant Chief, Certificate of Need
Department of Health and Human Services
Division of Health Service Regulation
Health Planning and Certificate of Need Section
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Raleigh, North Carolina 27603

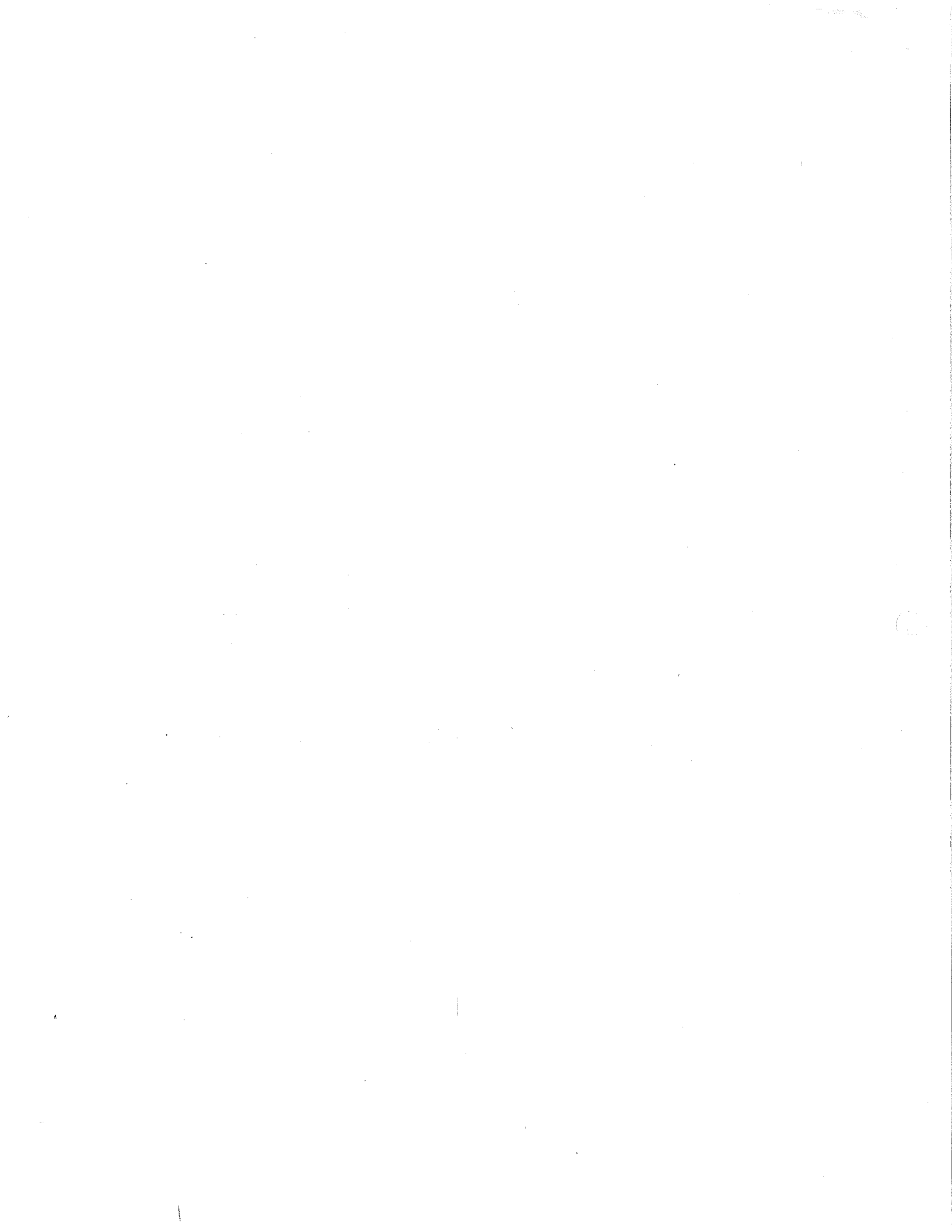
Re: No Review Request and, Alternatively, Exemption Notice regarding Merger of Stanlex, Inc. into Carolinas Medical Center at Home, LLC

Dear Ms. Frisone:

We are writing to notify you concerning an upcoming transaction between Stanlex, Inc. d/b/a Home Care of the Carolinas (“Stanlex”) and Carolinas Medical Center at Home, LLC d/b/a Healthy@Home (“Healthy@Home”). The purpose of this letter is to provide notice to the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Health Planning and Certificate of Need Section (the “CON Section”) of Healthy@Home’s acquisition, via merger, of Stanlex’s home health agency offices in Stanly and Montgomery Counties, to the extent such acquisition requires notice of exemption under N.C. Gen. Stat. § 131E-184(a)(8).

Stanlex is the licensed operator of two Medicare certified home health agencies (“HHAs”) doing business as Home Care of the Carolinas (the “Facilities”). The Parent office is located in Albemarle, Stanly County (HHA License #HC0308) and the subunit office is located in Troy, Montgomery County (HHA License #HC2404).

The sole member of Stanlex is Stanly Regional Medical Center, whose sole member is Stanly Health Services, Inc., whose sole member is The Charlotte-Mecklenburg Hospital Authority (“CMHA”). CMHA is also the sole member of Healthy@Home. As such, the Facilities are already operated as a part of the CMHA system. Pursuant to a corporate reorganization, on or about January 1, 2016, Stanlex will be merged into Healthy@Home, with



Healthy@Home being the surviving entity. After the merger, Healthy@Home will be the licensed operator of the Facilities.

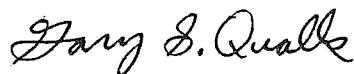
Under North Carolina law, a CON is required only prior to offering or developing a “new institutional health service.” “New institutional health service[s]” include a variety of services and activities, including a home health agency office.¹ Furthermore, the North Carolina General Assembly has exempted certain types of services or proposals from CON review under N.C. Gen. Stat. § 131E-184, including the acquisition of an existing health service facility, including equipment owned at the time of acquisition.

This transaction involves only the acquisition, via merger, of the two HHA offices, along with any rights, title and interests. After the merger, the Facilities will continue to operate as HHA offices with Healthy@Home as the new licensee for each. Furthermore, the transaction does not entail the offering of any new *per se* reviewable services² or the purchase of any major medical equipment or *per se* reviewable equipment as defined in N.C. Gen. Stat. §§ 131E-176(14)(o) and (16)(f1).

Given that the transaction involves only the reorganization of existing health service facilities ultimately owned by CMHA, the transaction is not CON reviewable because it does not constitute a new institutional health service. However, if you decide that the transaction does constitute a new institutional health service, then please confirm that the transaction is nevertheless exempt from CON review under N.C. Gen. Stat. § 131E-184.

If you require additional information, please contact us at the above number. Thank you in advance for your review of this notice.

Sincerely,



Gary S. Qualls

¹ See N.C. Gen. Stat. § 131E-176(9b).

² See N.C. Gen. Stat. § 131E-176(16)(f).

