

NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

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

****VIA EMAIL ONLY****

November 27, 2019

Gary S. Qualls
gary.qualls@klgates.com

No Review

Record #: 3141
Facility Name: Carolinas ContinueCare Hospital
FID #: 130487
Business Name: The Charlotte-Mecklenburg Hospital Authority
Business #: 1770
Project Description: Delicense 18 of 35 existing beds
County: Mecklenburg

Dear Mr. Qualls:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your correspondence regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the proposal described in that correspondence is not governed by, and therefore, does not currently require a certificate of need. If the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

You may need to contact the Agency's Acute and Home Care Licensure and Certification Section to determine if they have any requirements for development of the proposed project.

This determination is binding only for the facts represented in your correspondence. If changes are made in the project or in the facts provided in the correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by this office.

Please do not hesitate to contact this office if you have any questions.

Sincerely,

Julie M. Faenza
Project Analyst

Martha J. Frisone
Chief

cc: Acute and Home Care Licensure and Certification Section, DHSR

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: 809 Ruggles Drive, 2704 Mail Service Center, Raleigh, NC 27699-2704
<https://info.ncdhhs.gov/dhsr/> • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Waller, Martha K

From: Flores, Disraeliza
Sent: Friday, October 11, 2019 3:54 PM
To: Waller, Martha K
Subject: FW: [External] Material Compliance Request to Reduce Size of LTCH known as Carolinas ContinueCare Hospital at University (Project I.D. No. F-10217-13)
Attachments: 20191011150031023.PDF

From: Norwood, Connie <Connie.Norwood@klgates.com>
Sent: Friday, October 11, 2019 3:28 PM
To: Flores, Disraeliza <Disraeliza.Flores@dhhs.nc.gov>
Cc: Qualls, Gary <Gary.Qualls@klgates.com>; Hall, Carolyn <Carolyn.Hall@klgates.com>
Subject: [External] Material Compliance Request to Reduce Size of LTCH known as Carolinas ContinueCare Hospital at University (Project I.D. No. F-10217-13)

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov

Good afternoon,

Please see attached correspondence.

Best regards,

Connie Norwood

K&L GATES

Connie J. Norwood
Practice Specialist
and Office Coordinator
K&L Gates LLP
430 Davis Drive, Suite 400
Morrisville, North Carolina 27560

Post Office Box 14210
Research Triangle Park, North Carolina 27709-4210
Phone: 919.466.1244
Fax: 919.516.2134
Connie.norwood@klgates.com
www.klgates.com

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Gary S. Qualls
gary.qualls@klgates.com

October 11, 2019

T +1 919 466 1182
F +1 919 516.2072

Via E-mail to: disraeliza.flores@dhhs.nc.gov

Martha J. Frisone, Chief
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
N.C. Department of Health and Human Services
809 Ruggles Drive
Raleigh, NC 27603

Re: Material Compliance Request to Reduce Size of LTCH known as Carolinas ContinueCare Hospital at University (Project I.D. No. F-10217-13)

Dear Ms. Frisone:

On behalf of my client, The Charlotte-Mecklenburg Hospital Authority (“CMHA”) and Susan Fradenburg’s client, Crawley Memorial Hospital, Inc. (“Crawley”), we collectively request a determination by the Department of Health and Human Services, Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section (the “Agency”) that Crawley be permitted to delicense eighteen (18) of the thirty five (35) beds in the long-term care hospital (“LTCH” or “Facility”) known as Carolinas ContinueCare Hospital at University located on the 4th floor of Atrium Health University City,¹ Project I.D. No. F-10217-13 (the “University LTCH Project”), the CON for which was originally issued on February 25, 2014. See Exhibit A (CON).

As the licensee, Crawley plans to operate the remaining 17 beds in the same manner as they have operated the 35 beds historically. We therefore ask the Agency to verify that re-sizing the Facility in this manner would not constitute a material change in scope for purposes of N.C. Gen. Stat. §131E-181(a), and is otherwise permissible without acquiring an additional CON.

¹ Formerly known as Carolinas Medical Center-University

Martha J. Frisone, Chief
October 11, 2019
Page 2

As background, CMHA and Crawley² were jointly approved to develop a separately licensed 35-bed LTCH on the 4th floor of Atrium Health University City. See Exhibit A (CON). Based upon recent needs identified by CMHA regarding use of the 4th floor space, it has been determined that the Facility's leased space should be reduced. This will not alter the fundamental nature of the University LTCH Project or the services provided.

Crawley will continue to deliver the highest quality care to its patients. Approval of this proposed change will not result in any new institutional health services not already CON approved. See N.C. Gen. Stat. §131E-176(16). We also believe that the proposed modification to the University LTCH Project does not constitute a material change to that project, and thus does not require a new CON.

We therefore ask the Agency to verify that the proposed re-sizing of the University LTCH Project described above is materially compliant with the University LTCH CON, and that CMHA and Crawley need not obtain an additional CON to make this foregoing change.

We are also informing the Licensure Section of the re-sizing of the LTCH contingent upon receiving notice from the CON Section that the remaining 17 beds can remain operational without a new CON.

Thank you for your assistance. If you have any questions, please give me a call.

Sincerely,



Gary S. Qualls

cc: Susan Frandenbug, Fox Rothchild, LLP

² Originally, CMHA's CON co-applicant was Carolinas ContinueCare Hospital, Inc. Pursuant to a 2015 Good Cause Transfer (Exhibit B), Carolinas ContinueCare Hospital, Inc. was merged into Crawley.

Martha J. Frisone, Chief
October 11, 2019
Page 3

Exhibits

- A. CON for Project I.D. No. F-10217-13 (the University LTCH Project)
- B. 2015 Good Cause Transfer Correspondence



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

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

February 26, 2014

Elizabeth Kirkman
2709 Water Ridge Parkway, Suite 200
Charlotte, NC 28217

Transmittal of Certificate of Need

Project I.D. #: F-10217-13
Facility: Carolinas ContinueCare Hospital
Project Description: Develop a separately licensed 35-bed long-term care hospital on the 4th floor of CMC-University Hospital
County: Mecklenburg
FID #: 130487

Dear Ms. Kirkman:

We are happy to transmit your certificate of need for the above referenced project. At this time, you should contact the Acute and Home Care Licensure and Certification Section and the Construction Section regarding their procedures and requirements for the development of this project. The Certificate of Need (CON) Section will notify the other Sections that the certificate of need has been issued. However, please note that it is the responsibility of the holder of the certificate of need to contact these Sections concerning the next steps to follow in the development of the approved project.

Please be aware that pursuant to G.S. 131E-181(b), you are required to materially comply with the representations made in your application for a certificate of need, or with any conditions the CON Section placed on the certificate of need. **If you subsequently propose to develop the project on a site different from that named on this certificate, you must first seek and obtain approval from the Director of the Division of Health Service Regulation.** If you operate a service which materially differs from the representations made in your application for a certificate of need, or with any conditions the CON Section placed on the certificate of need, including any increase in per diem reimbursement rates/charges, the CON Section may bring remedial action against the holder of the certificate of need pursuant to G.S. 131E-189 and 131E-190.



Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

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

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

An Equal Opportunity/ Affirmative Action Employer



Elizabeth Kirkman
February 26, 2014
Page 2

The holder of a certificate of need is obligated to submit progress reports to this Agency as required by 10A NCAC 14C .0209. The applicant shall notify the CON Section of any variations from the schedule or the projected capital cost of the project. During the development of the project, the CON Section may request any additional information pertinent to the project, including additional progress reports, to determine:

- 1) If the timetable specified on the certificate is being met;
- 2) If the amount of the capital expenditure for the development of the project is expected to exceed the maximum amount under the certificate;
- 3) If the terms and conditions of the approval are being met; and
- 4) If the project is progressing as proposed in the application.

The first progress report on this project is due June 1, 2014. Forms for the submittal of these reports are enclosed. Failure to submit any scheduled or requested progress report in a timely manner may result in the CON Section withdrawing the certificate pursuant to G.S. 131E-189. If after reviewing the status of the project, the CON Section determines that the holder of the certificate is not meeting the timetable and is not making a good faith effort to meet it, the CON Section may withdraw the certificate in accordance with G.S. 131E-189.

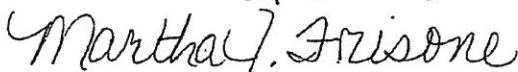
Moreover, please be advised that this Agency may assess a civil penalty not to exceed \$20,000 against any person who violates the terms of a certificate of need which has been issued each time the service provided is in violation of this provision (G.S. 131E-190(f)). If for some reason, the holder of a certificate of need determines it necessary to request an increase in a per diem charge or reimbursement rate over that which was stated in the application for the certificate of need, then the holder must first contact the CON Section to obtain proper instructions for initiating such a request. The request for the increase will be considered by the CON Section pursuant to G.S. 131E-181(b).

Please keep us informed of the progress in the development of this project. In the future, address your Progress Reports to **Fatimah Wilson**, the Project Analyst for your county. Please refer to the Project I.D. # and Facility I.D. # (FID) in all correspondence.

Sincerely,



Michael J. McKillip, Project Analyst



Martha J. Frisone, Interim Chief
Certificate of Need Section

MJM:MJF:se

Enclosures

cc: Medical Facilities Planning Branch, DHSR
Acute and Home Care Licensure and Certification Section, DHSR
Construction Section, DHSR

STATE OF NORTH CAROLINA

*Department of Health and Human Services
Division of Health Service Regulation*

CERTIFICATE OF NEED

for

Project Identification Number #F-10217-13

FID #130487

ISSUED TO: Carolinas ContinueCare Hospital, Inc.
7800 North Dallas Parkway, Suite 200
Plano TX 75024

AND

The Charlotte-Mecklenburg Hospital Authority
1000 Blythe Boulevard
Charlotte NC 28203

Pursuant to N.C. Gen. Stat. § 131E-175, et. seq., the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the "certificate holder") to develop the certificate of need project identified above. The certificate holder shall develop the project in a manner consistent with the representations in the project application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein, as documented by the periodic progress reports required by 10A NCAC 14C .0209. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by N.C. Gen. Stat. § 131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in N.C. Gen. Stat. § 131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to N.C. Gen. Stat. § 131E-189 for any of the reasons provided in that law.

SCOPE: Develop a separately licensed 35-bed long-term care hospital on the 4th floor of Carolinas Medical Center-University/ Mecklenburg County

CONDITIONS: See Reverse Side

PHYSICAL LOCATION: Carolinas ContinueCare Hospital
8800 North Tryon Street, 4th Floor
Charlotte NC 28262

MAXIMUM CAPITAL EXPENDITURE: \$3,198,452

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: June 1, 2014

This certificate is effective as of the 25th day of February, 2014

Martha J. Trisone
**Interim Chief, Certificate of Need Section
Division of Health Service Regulation**

CONDITIONS:

1. Carolinas ContinueCare Hospital, Inc. and The Charlotte-Mecklenburg Hospital Authority shall materially comply with all representations made in the certificate of need application.
2. Carolinas ContinueCare Hospital, Inc. and The Charlotte-Mecklenburg Hospital Authority shall develop a separately licensed long-term care hospital with no more than 35 licensed beds to be located at Carolinas Medical Center-University.
3. Carolinas ContinueCare Hospital, Inc. and The Charlotte-Mecklenburg Hospital Authority shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application or that would otherwise require a certificate of need.
4. Carolinas ContinueCare Hospital, Inc. and The Charlotte-Mecklenburg Hospital Authority shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.

A letter acknowledging acceptance of and agreeing to comply with all conditions stated in the conditional approval letter was received by the Certificate of Need Section on February 6, 2014.

TIMETABLE:

Obtain Funds Necessary to Undertake Project _____	May 1, 2014
Approval of Final Drawings and Specifications by the Construction Section, DHSR _____	September 2, 2014
50% Completion of Construction _____	January 20, 2015
Completion of Construction _____	May 30, 2015
Licensure of Facility _____	July 1, 2015

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

430 Davis Drive, Suite 400
Morrisville, NC 27560

T 919.466.1190 www.klgates.com

Gary S. Qualls
D 919.466.1182
F 919.516.2072
gary.qualls@klgates.com

Preserved by
K&L Gates
and CON Section
JUN 19 2015

June 19, 2015

VIA HAND DELIVERY

Ms. Martha Frisone
Chief, Certificate of Need Section
Division of Health Service Regulation
North Carolina Department of Health & Human Services
809 Ruggles Drive
Raleigh, NC 27603

Re: Carolinas Continue Care Hospital, Inc. and The Charlotte-Mecklenburg Hospital Authority Application to develop a separately licensed 35-bed long-term care hospital on the 4th floor of CMC-University Hospital (Project I.D. No. F-10217-13)

Good Cause Transfer Request

Dear Ms. Frisone:

On behalf of The Charlotte-Mecklenburg Hospital Authority ("CMHA"), Carolinas Continue Care Hospital, Inc. ("ContinueCare"), and Crawley Memorial Hospital, Inc. ("Crawley") (collectively, the "Parties"), we are writing to:

1. inform you of a proposed transaction between ContinueCare and Crawley prior to the completion of CMHA's and ContinueCare's project to develop a 35-bed long-term care hospital on the 4th floor of CMC-University (the "LTACH"), identified as CON Project I.D. F-10217-13 (the "LTACH Project"); and
2. request a good cause transfer for the LTACH Project CON.

See Certificate of Need ("CON"), attached as Exhibit 1.

Effective on or about July 15, 2015, ContinueCare plans to merge into Crawley so that Crawley will become the surviving entity and owner of the LTACH. This will allow a North Carolina non-profit corporation rather than a foreign (Delaware) corporation to own and operate the LTACH. The ownership structure in Crawley will be the same as that which was proposed in the LTACH Project CON Application for ContinueCare. See Exhibit 2, Section I excerpts from LTACH Project Application.



Ms. Martha Frisone
June 19, 2015
Page 2

The merger of ContinueCare into Crawley will be referred to throughout this letter as the "Transaction." The Transaction is expected to be effective on or about July 15, 2015. Carolinas Community Care, LLC ("CCC") currently owns all of the stock of ContinueCare, and will be the sole corporate member of Crawley following the Transaction. See Exhibit 2. Thus, once the LTACH Project is completed, Crawley will own and operate the 35-bed LTACH on the 4th floor of CMC-University. As the LTACH Project CON Application contemplates, a management agreement will still be entered into. Now, the management agreement will be between Crawley and CCC to manage the LTACH (instead of between ContinueCare and CCC). See Exhibit 2.

I. GOOD CAUSE TRANSFER.

As discussed above, the LTACH Project is currently under development. The LTACH Project is identified by your Agency as follows:

F-10217-13- Carolinas ContinueCare Hospital, Inc. and The Charlotte-Mecklenburg Hospital Authority shall develop a separately licensed 35-bed long-term care hospital on the 4th floor of CMC-University.

See CON attached hereto as Exhibit 1.

To the extent that the Transaction is considered to be a transfer of the LTACH Project CON, we are requesting approval for a "good cause" transfer of this CON under N.C. Gen. Stat. § 131E-189 and 10A N.C.A.C. 14C.0502. We believe that good cause exists for such a transfer. This Transaction will result in a more optimal ownership structure. It will simplify matters for the owning entity to be a North Carolina non-profit corporation rather than a Delaware corporation.

Moreover, nothing about this Transaction will affect the ability of CMHA and Crawley to materially comply with any representations in their LTACH Project CON Application or the CON conditions placed on the LTACH Project. In all material respects, the operations and development of this LTACH Project will be the same as represented in the LTACH Project CON Application and in compliance with the issued CON.

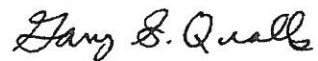
Ms. Martha Frisone
June 19, 2015
Page 3

II. CONCLUSION.

Based upon the foregoing information, we hereby request your Agency's approval of a good cause transfer for the outstanding LTACH Project CON

Thank you for your assistance in regard to this matter. Please feel free to contact me at the number above if you have any questions or need further information.

Sincerely,



Gary S. Qualls

Ms. Martha Frisone
June 19, 2015
Page 4

Exhibits

1. CON for LTACH Project
2. Section I from LTACH Project Application



STATE OF NORTH CAROLINA
Department of Health and Human Services
Division of Health Service Regulation

CERTIFICATE OF NEED

for
Project Identification Number #F-10217-13

FID #130487

ISSUED TO: Carolinas ContinueCare Hospital, Inc.
7800 North Dallas Parkway, Suite 200
Plano TX 75024

AND

The Charlotte-Mecklenburg Hospital Authority
1000 Blythe Boulevard
Charlotte NC 28203

Pursuant to N.C. Gen. Stat. § 131E-175, et. seq., the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the "certificate holder") to develop the certificate of need project identified above. The certificate holder shall develop the project in a manner consistent with the representations in the project application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein, as documented by the periodic progress reports required by 10A NCAC 14C .0209. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by N.C. Gen. Stat. § 131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in N.C. Gen. Stat. § 131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to N.C. Gen. Stat. § 131E-189 for any of the reasons provided in that law.

SCOPE: Develop a separately licensed 35-bed long-term care hospital on the 4th floor of Carolinas Medical Center-University/ Mecklenburg County

CONDITIONS: See Reverse Side

PHYSICAL LOCATION: Carolinas ContinueCare Hospital
8800 North Tryon Street, 4th Floor
Charlotte NC 28262

MAXIMUM CAPITAL EXPENDITURE: \$3,198,452

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: June 1, 2014

This certificate is effective as of the 25th day of February, 2014

Martha O. Trisone
Interim Chief, Certificate of Need Section
Division of Health Service Regulation

CONDITIONS:

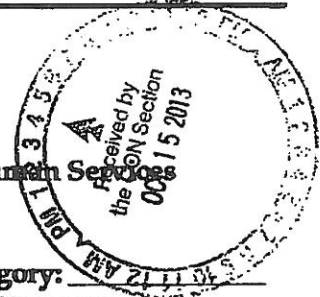
1. Carolinas ContinueCare Hospital, Inc. and The Charlotte-Mecklenburg Hospital Authority shall materially comply with all representations made in the certificate of need application.
2. Carolinas ContinueCare Hospital, Inc. and The Charlotte-Mecklenburg Hospital Authority shall develop a separately licensed long-term care hospital with no more than 35 licensed beds to be located at Carolinas Medical Center-University.
3. Carolinas ContinueCare Hospital, Inc. and The Charlotte-Mecklenburg Hospital Authority shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application or that would otherwise require a certificate of need.
4. Carolinas ContinueCare Hospital, Inc. and The Charlotte-Mecklenburg Hospital Authority shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.

A letter acknowledging acceptance of and agreeing to comply with all conditions stated in the conditional approval letter was received by the Certificate of Need Section on February 6, 2014.

TIMETABLE:

Obtain Funds Necessary to Undertake Project _____	May 1, 2014
Approval of Final Drawings and Specifications by the Construction Section, DHSR _____	September 2, 2014
50% Completion of Construction _____	January 20, 2015
Completion of Construction _____	May 30, 2015
Licensure of Facility _____	July 1, 2015

Certificate of Need Application (8/1/2011)
ACUTE CARE FACILITY/
MEDICAL EQUIPMENT PROJECT
State of North Carolina, Department of Health and Human Services



OFFICE USE ONLY

Project I. D. Number: F-10217-13

Proposal Type: _____

Batch Category: _____
Beginning of Review: _____

I. IDENTIFICATION

- 1. Legal Name of the Applicant: The applicants are the legal entities (i.e., persons or organizations) that will own the facility and any other persons who will offer, develop or incur an obligation for a capital expenditure for the proposed new institutional health service.

Carolinas ContinueCare Hospital, Inc. (ContinueCare, Inc.)
(Name of Applicant) (Lessee and owner/operator of the proposed LTCH)

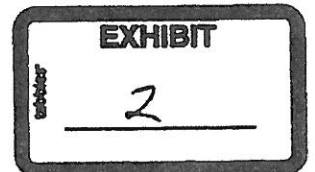
7800 North Dallas Parkway, Suite 200
(Street & Number)

Plano Texas 75024 Collin
(City) (State) (Zip) (County)

AND

The Charlotte-Mecklenburg Hospital Authority¹
(Name of Applicant) (Lessor)

¹ The Charlotte-Mecklenburg Hospital Authority (CMHA) does business as Carolinas HealthCare System (CHS) and Carolinas Medical Center-University (CMC-University). Insofar as CMHA is identified as a co-applicant in this application, it is intended to include CMHA doing business as CHS as well as CMC-University. The Charlotte-Mecklenburg Hospital Authority will fund the renovation of existing space where the long-term care hospital beds will be located. The long-term care hospital service will owned and operated by ContinueCare, Inc.



1000 Blythe Boulevard
 (Street & Number)

<u>Charlotte</u>	<u>NC</u>	<u>28203</u>	<u>Mecklenburg</u>
(City)	(State)	(Zip)	(County)

2. Name of Parent Company (if applicable):

For ContinueCare, Inc. (not applicable for The Charlotte-Mecklenburg Hospital Authority):

Carolinas Community Care, LLC

7800 North Dallas Parkway, Suite 200
 (Street & Number)

<u>Plano</u>	<u>Texas</u>	<u>75024</u>
(City)	(State)	(Zip)

3. Person to whom all correspondence and questions regarding this application should be directed:

<u>Elizabeth Kirkman</u>	<u>Assistant Vice President, CHS Management Company</u>
(Name)	(Title)

<u>2709 Water Ridge Parkway, Suite 200</u>	<u>Charlotte</u>	<u>NC</u>	<u>28217</u>
(Street & Number)	(City)	(State)	(Zip)

<u>704.446.8475</u>	<u>704.355.0355</u>
(Telephone #, including area code and extension)	Fax #

elizabeth.kirkman@carolinashealthcare.org
 Email Address

4. Name of Lessor (If applicable):

The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical
Center-University

1000 Blythe Boulevard
 (Street & Number)

<u>Charlotte</u>	<u>NC</u>	<u>28203</u>
(City)	(State)	(Zip)

The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center-University (CMC-University) owns the physical space where ContinueCare, Inc. proposes to locate the proposed long-term care hospital beds. CMC-University will lease a portion of the medical center to ContinueCare, Inc. to house the proposed long-term care hospital.

5. Name of Lessee: (If applicable) (Attach copy of lease agreement)

ContinueCare, Inc.

7800 North Dallas Parkway, Suite 200
 (Street & Number)

<u>Plano</u>	<u>Texas</u>	<u>75024</u>
(City)	(State)	(Zip)

Please see Exhibit 1 for a copy of the proposed lease agreement. As documented in the letter provided in Exhibit 2, ContinueCare, Inc. and The Charlotte-Mecklenburg Hospital Authority intend to execute the lease agreement upon approval of the Certificate of Need (CON) application and issuance of a CON.

6. Name of Management Company: (If applicable) (Attach copy of management contract)

Carolinas Community Care, LLC

7800 North Dallas Parkway, Suite 200
(Street & Number)

<u>Plano</u>	<u>Texas</u>	<u>75024</u>
(City)	(State)	(Zip)

Please see Exhibit 3 for a copy of the proposed management agreement. As documented in the letter provided in Exhibit 2, ContinueCare, Inc. and Carolinas Community Care, LLC (CCC) intend to execute the management agreement upon approval of the CON application and issuance of a CON.

7. Name of existing/proposed facility

<u>Carolinas ContinueCare Hospital, Inc.</u>	<u>Mecklenburg</u>
(Name of Facility)	(County)

<u>8800 North Tryon Street, 4th Floor</u>	<u>Charlotte</u>	<u>NC</u>	<u>28262</u>
(Street & Number)	(City)	(State)	(Zip)

8. Provide a brief project description to identify the basic components of the project including the bed complement and proposed levels of care. This should be a one sentence description for identification purposes only.

ContinueCare, Inc. proposes to develop a separately licensed and operated 35-bed long-term care hospital (LTCH) in existing space to be leased from CMC-University located on the fourth floor of the medical center.

9. Indicate the type of Construction or Change in Service: (Check the appropriate boxes)

(a)	<input checked="" type="checkbox"/>	New Facility or Service
(b)	<input type="checkbox"/>	Total Replacement of Existing Facility
(c)	<input checked="" type="checkbox"/>	Renovation or Modernization
(d)	<input type="checkbox"/>	Expansion or Reduction of Services
(e)	<input type="checkbox"/>	Medical Equipment
(f)	<input checked="" type="checkbox"/>	Change in Bed Capacity

1.	35	Number of Beds to be Added
2.		Number of Beds to be Deleted
3.		Total Number of Beds Currently Licensed (by licensure category)
4.	35	Total Numbers of Beds to Be Licensed After Project Completion
5.		Total Beds Currently Operational

10. Type of Ownership: Check one of the following line items to describe the "ownership" of the applicant that is identified in Section I.1 of this application. Attach any documentation that will clearly identify the owner or lessee of the facility even if specific documents are not indicated below.

PROPRIETARY	
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Partnership-Attach copy of Partnership Agreement and receipt showing the agreement is recorded with the Secretary of State
<input type="checkbox"/>	In-State Corp.-Attach a copy of the Articles of Incorporation and Certificate of Incorporation
<input type="checkbox"/>	Out-of-State Corp-Attach evidence of registration with the Secretary of State
<input type="checkbox"/>	Other (Specify)
NON-PROFIT	
<input checked="" type="checkbox"/>	Corporation-Attach a copy of Articles of Incorporation and Certificate of Incorporation.
<input type="checkbox"/>	Church
<input type="checkbox"/>	Other- (Specify)

GOVERNMENTAL	
	State
	County- <i>Attach documentation that the county commissioners have endorsed this project if prior approval is required.</i>
	City
	City/Council
	District
X	Hospital Authority or Commission
	Other- (Specify)

Please see Exhibit 4 for a copy of the Articles of Incorporation for ContinueCare, Inc. as well as a copy of the registration with the North Carolina Secretary of State.

The Charlotte-Mecklenburg Hospital Authority is a North Carolina hospital authority body corporate and politic, which governs the overall affairs of its subsidiary organizations. The Charlotte-Mecklenburg Hospital Authority also does business as Carolinas HealthCare System (CHS). Please see Exhibit 5 for a copy of the organizing documents for The Charlotte-Mecklenburg Hospital Authority.

11. **Attach a list of the names of all owners, partners or persons having a financial interest of five percent (5%) or more in the facility. If the facility is leased, provide the same information for persons having an interest of five percent (5%) or more in the company leasing the facility.**

ContinueCare, Inc. is a wholly owned subsidiary of Carolinas Community Care, LLC. As a not-for-profit organization, no one has a financial interest in ContinueCare, Inc.

ContinueCare, Inc. will lease space for the proposed services from CMC-University. CMC-University is an operating division of The Charlotte-Mecklenburg Hospital Authority. As a hospital authority, no persons have a financial interest in The Charlotte-Mecklenburg Hospital Authority.

(a) In the case of a proprietary or non-profit corporation, also attach:

(1) A list of the officers of the corporation, and

The officers of ContinueCare, Inc. are:

Jason Bootz
President

David Bodel
Secretary

The officers of The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas HealthCare System are:

Michael C. Tarwater
Chief Executive Officer

Joseph G. Piemont
President & Chief Operating Officer

Paul S. Franz
Executive Vice President

Greg A. Gombar
Executive Vice President & Chief Financial Officer

Laurence C. Hinsdale
Executive Vice President

John J. Knox
Executive Vice President & Chief Administrative Officer

Dennis J. Phillips
Executive Vice President

Carol A. Lovin
Executive Vice President

Roger A. Ray, MD
Executive Vice President & Chief Medical Officer

Debra Plousha Moore
Executive Vice President & Chief Human Resources Officer

Connie C. Bonebrake
Senior Vice President

Sara J. Herron
Senior Vice President & Chief Compliance Officer

James T. McDeavitt, MD
Senior Vice President & Chief Academic Officer

Craig D. Richardville
Senior Vice President & Chief Information Officer

Keith A. Smith
Senior Vice President & General Counsel

Robert H. Wiggins
Senior Vice President

Phyllis Wingate
Senior Vice President

Zachary J. Zapack
Senior Vice President

Brett J. Denton
Assistant Secretary

Caroline T. Wilson
Assistant Secretary

- (2) The name and address of the registered agent for the corporation.

For ContinueCare, Inc.:

Corporation Service Company
2711 Centerville Road, Suite 400
Wilmington, Delaware 19808

For The Charlotte-Mecklenburg Hospital Authority d/b/a
Carolinas HealthCare System:

Keith A. Smith
c/o Carolinas HealthCare System
P.O. Box 32861
Charlotte, North Carolina 28232

- (b) In the case of a partnership, also attach the name and address of the general or managing partner.

Not applicable. Neither ContinueCare, Inc. nor The Charlotte-Mecklenburg Hospital Authority is a partnership.

12. Describe the experience and expertise of the applicant and/or facility's management in the planning, development, financing, construction, and management of health care facilities or medical equipment. At a minimum, provide responses to the following:

- (a) If this project is for the construction of a new facility, please list by name and location all health care facilities that you have constructed in North Carolina. When were each of these facilities constructed? How many health care facilities have you constructed in other states?

ContinueCare, Inc. has not developed or constructed any healthcare facilities in North Carolina or other states. While the proposed manager, CCC, has not developed or constructed any healthcare facilities in North Carolina or other states, please see the table on the following page for a list of all healthcare facilities owned, operated, or managed by the class A member of CCC, Community Hospital Corporation (CHC), in other states. CHC does not own, operate, or manage any facilities located in North Carolina.

Owned and Operated	
Artesia General Hospital	Artesia, NM
Baptist Beaumont Hospital	Beaumont, TX
Baptist Orange Hospital	Orange, TX
St. Mark's Medical Center	LeGrange, TX
Yoakum Community Hospital	Yoakum, TX
Tyler ContinueCARE Hospital*	Tyler, TX
ContinueCARE Hospital at Midland Memorial	Midland, TX
Managed/Supported	
Burke Medical Center	Waynesboro, GA
Community Hospital	McCook, NE
Great Plains Regional Medical Center	North Platte, NE
Gunnison Valley Health	Gunnison, CO
Harbor Hospital of Southeast Texas*	Beaumont, TX
Hendrick Center for Extended Care LTACH*	Abilene, TX
Memorial Specialty Hospital*	Lufkin, TX
Memorial Medical Center-Livingston	Livingston, TX
Memorial Medical Center-Lufkin	Lufkin, TX
Memorial Medical Center-San Augustine	San Augustine, TX
Mother Francis Hospital	Winnsboro, TX

*LTCH facility; please note that "LTCH" and "LTACH" are synonymous acronyms for a long-term (acute) care hospital

**Currently under the Medicare demonstration period to qualify as an LTCH for Medicare payment; to qualify as an LTCH for Medicare payment, a facility must meet Medicare's conditions of participation for acute care hospitals and have an average length of stay greater than 25 days for its Medicare patients

Please see Exhibit 6 for a list of all healthcare facilities owned, managed, or leased by CMHA in North Carolina and other states.

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- (b) List by name and location all health care facilities in North Carolina that are currently owned by the applicant identified in Section I.1. or I.2. How many health care facilities does the applicant own in other states?

Neither Carolinas ContinueCare, Inc. nor CCC owns any healthcare facilities in North Carolina. Facilities currently owned, operated, or managed by CHC in other states are listed in response to (a) above.

Please see Exhibit 6 for a list of all healthcare facilities owned, managed, or leased by CMHA in North Carolina and other states.

- (c) List by name and location all health care facilities in North Carolina currently managed/operated by the company or person(s) that will be managing this facility.

CCC will manage the proposed facility. As noted previously, CCC does not own, operate, or manage any healthcare facilities in North Carolina.

- (d) List by name, location, vendor, and serial number all similar medical equipment in North Carolina that are currently owned by the applicant identified in Section I.1. or I.2. What medical equipment of a similar nature does the applicant own in other states?

Not applicable. The proposed project does not involve major medical equipment as defined by N.C. GEN. STAT. §§ 131E-176 (14o) or 16(f1).

- (e) Describe specific experience of the applicant in providing the proposed service(s).

The Charlotte-Mecklenburg Hospital Authority

The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas HealthCare System (CHS) was created in 1943 under the North Carolina Hospital Authorities Act to construct and operate

Moreover, of note, Mercy Restorative Care Hospital, Inc. d/b/a Carolinas Specialty Hospital (MRCH), the only existing LTCH in Mecklenburg County, was approved to relocate its 40-bed LTCH from The Charlotte-Mecklenburg Hospital Authority's Carolinas Medical Center-Mercy (CMC-Mercy) facility to the campus of Carolinas Medical Center-Pineville (CMC-Pineville). Please note that The Charlotte-Mecklenburg Hospital Authority does not control and is not an affiliate of MRCH.

Carolinas Community Care, LLC and Community Hospital Corporation

The proposed manager, CCC, is newly formed entity. As such, CCC will rely on the experience of its class A member, CHC in providing management services. Moreover, pursuant to the management agreement, CCC may subcontract certain services to CHC.

CHC was formed in 1996 by a group of not-for-profit and community-owned healthcare systems with the intention of preserving the not-for-profit status of community-based hospitals. CHC owns, manages and consults with hospitals across the United States. In 2004, CHC formed CHC ContinueCare, LLC, a post-acute care company. CHC ContinueCare, LLC provides a wide range of services, including the development and management of LTCHs and acute rehabilitation programs. CHC Consulting was established in 2006 to assist hospitals needing strategic consulting services, assistance with special projects, and opportunities for joint ventures. Each CHC service is focused on helping clients maintain community control and viability. Since its inception, CHC has successfully helped community hospitals throughout the country manage operational, strategic, financial and capital issues.

CHC, through its affiliates, has considerable experience providing the proposed management services through the operation and management of five LTCHs: Tyler ContinueCARE Hospital, Harbor

Hospital of Southeast Texas, Hendrick Center for Extended Care LTACH, Memorial Specialty Hospital, and ContinueCARE Hospital at Midland Memorial. Of note, CHC has experience with the LTCH hospital-within-a-hospital model: the Tyler ContinueCARE Hospital was successfully established in 2004 as an LTCH with designated beds within the existing Trinity Mother Frances Hospital (TMF) in Tyler, Texas. Relative to the Tyler ContinueCARE Hospital, CHC has succeeded in achieving the following improvements:

- Revised the patient admissions criteria to include only those who are most likely to benefit from the LTCH environment—thus ensuring improved outcomes for patients and financial viability for the facility;
- Moved patient satisfaction from 82 percent to 90 percent;
- Attained physician satisfaction scores of 3.67 on a scale of 4.0;
- Purchased \$7.4 million in services from Trinity Mother Frances, the host hospital, in fiscal year 2011; and,
- Generated \$4.2 million in distributions for the Trinity Mother Frances Health System in fiscal year 2011.

The Tyler ContinueCARE 51-bed LTCH has been rated one of the best long-term care hospitals in the country for clinical excellence.

ContinueCare, Inc. believes that the experience of its proposed manager's class A member, CHC, with LTCH management and operation will enable it to successfully develop the proposed project.