



NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

August 6, 2019

J. Melvin Deaton
P.O. Box 2568
Hickory, NC 28603-2568

Exempt from Review – Acquisition of Facility

Record #: 3013
Facility Name: Chestnut Hills of Highlands
Type of Facility: Adult Care Home
FID #: 970361
Acquisition by: Highlands Propco, LLC
Business #: 3078
County: Macon

Dear Mr. Deaton:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your representations, the above referenced proposal is exempt from certificate of need (CON) review in accordance with N.C. Gen. Stat. §131E-184(a)(8). Therefore, the above referenced business may proceed to acquire the health service facility identified above without first obtaining a CON. The Agency’s determination is limited to the question of whether or not the above referenced business would have to obtain a CON if the current owners of the health service facility do in fact sell it to the business listed above. Note that pursuant to N.C. Gen. Stat. §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.”

In the event that the business listed above does acquire the facility, you should contact the Agency’s Adult Care Licensure Section to obtain instructions for changing ownership of the existing facility.

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 regarding whether or not a certificate of need would be required. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

[Signature of Ena Lightbourne]

Ena Lightbourne
Project Analyst

[Signature of Martha J. Frisone]

Martha J. Frisone
Chief

cc: Adult Care Licensure 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
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Highlands Propco, LLC

Post Office Box 2568
Hickory, North Carolina 28603-2568

July 24, 2019



Ms. Martha Frisone, Chief
Certificate of Need Section
Division of Health Service Regulation
Department of Health and Human Services
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Exemption Notice for Chestnut Hill of Highlands (Adult Care Home in Macon County)
FID#: 970361; Facility License No.: HAL-056-005

Dear Ms. Frisone:

Highlands Propco, LLC (“Highlands Propco”) is planning to acquire an adult care home in Macon County, currently known as Chestnut Hill of Highlands (hereafter “the Facility”). The Facility is located at 64 Clubhouse Trail in Highlands, North Carolina. The Facility is listed in the “Inventory of Adult Care Home Beds” in the 2019 State Medical Facilities Plan as having 26 adult care home beds.

Highlands Propco 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”). Highlands Propco 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 26 adult care beds.

I. THE PROPOSAL

As of this date, Highlands Assisted Living, LLC, 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(9)(b), and Highlands Assisted Living, LLC is also the Licensee. Highlands Propco will purchase the Facility, and the Licensee will be Highlands Opco, LLC. The Facility will still be known as Chestnut Hill of Highlands.

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

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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, the Licensee, Highlands Opco, LLC, will operate the Facility as an adult care home. Furthermore, Highlands Propco'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(14)(o) 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 services 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 Highlands Propco 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. If you require additional information to consider this request, please contact us at (828) 322-5535 as soon as possible. We thank you for your consideration of this request.

Sincerely,



J. Melvin Deaton
Executive Assistant

2019

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

Service Area	Facility Name	License Number	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 Planning Inventory
							CON	CON Bed Transfer		
Lincoln	Boger City Rest Home	HAL-055-002	0	0	52	52	0	0	0	52
Lincoln	Brian Center Health & Retirement/Lincolnton	NH0385	11	0	0	11	0	0	0	11
Lincoln	Cardinal Healthcare and Rehabilitation Center	NH0504	20	0	0	20	0	0	0	20
Lincoln	Carillon Assisted Living of Lincolnton (Beds awarded per settlement agreement from 2000 & 2007)	HAL-055-011	0	0	96	96	0	0	0	96
Lincoln	Heath House	HAL-055-007	0	0	60	60	0	0	0	60
Lincoln	Lakewood Care Center	HAL-055-003	0	0	60	60	0	0	0	60
Lincoln	North Brook Rest Home	HAL-055-004	0	0	12	12	0	0	0	12
Lincoln	Wexford House	HAL-055-008	0	0	60	60	0	0	0	60
	Lincoln Totals		31	0	350	381	0	0	0	381
Macon	Chestnut Hill of Highlands	HAL-056-005	0	0	26	26	0	0	0	26
Macon	Franklin House	Hal-056-006	0	0	70	70	0	0	0	70
Macon	Grandview Manor Care Center	HAL-056-001	0	0	82	82	0	0	0	82
	Macon Totals		0	0	178	178	0	0	0	178
Madison	Elderberry Health Care	NH0479	20	0	0	20	0	0	0	20
Madison	Mars Hill Retirement Community	HAL-057-010	0	0	69	69	0	0	0	69
	Madison Totals		20	0	69	89	0	0	0	89
Martin	Vintage Inn Retirement Community	HAL-058-010	0	0	122	122	0	0	0	122
Martin	Williamston House	HAL-058-011	0	0	60	60	0	0	0	60
	Martin Totals		0	0	182	182	0	0	0	182
McDowell	Autumn Care of Marion	NH0346	15	0	0	15	0	0	0	15
McDowell	Cedarbrook Residential Center	HAL-059-021	0	0	80	80	0	0	0	80
McDowell	Houston House	HAL-059-033	0	0	29	29	0	0	0	29
McDowell	Lake James Lodge Assisted Living	HAL-059-032	0	0	60	60	0	0	0	60
McDowell	McDowell Assisted Living	HAL-059-017	0	0	54	54	0	0	0	54
McDowell	McDowell House	HAL-059-034	0	0	25	25	0	0	0	25
McDowell	Rose Hill Retirement Community	HAL-059-027	0	0	87	87	0	0	0	87
	McDowell Totals		15	0	335	350	0	0	0	350
Mecklenburg	Arbor Ridge at Huntersville		0	0	0	0	40	0	0	40
Mecklenburg	Brighton Gardens of Charlotte	HAL-060-019	0	0	125	125	0	0	0	125
Mecklenburg	Brookdale Carriage Club Providence II	HAL-060-049	0	0	34	34	0	0	0	34
Mecklenburg	Brookdale Charlotte East	HAL-060-060	0	0	50	50	0	0	0	50
Mecklenburg	Brookdale Cotswold	HAL-060-132	0	0	104	104	0	0	0	104
Mecklenburg	Brookdale South Charlotte (Transferred 6 from CCRC Brookdale Carriage Club Providence I)	HAL-060-101	0	0	82	82	0	6	0	88
Mecklenburg	Brookdale South Park	HAL-060-085	0	0	56	56	0	0	0	56
Mecklenburg	Brookdale Weddington Park	HAL-060-042	0	0	83	83	0	0	0	83
Mecklenburg	Carillon Assisted Living of Huntersville (Beds awarded per settlement agreement from 2000 & 2007)	HAL-060-142	0	0	96	96	0	0	0	96