STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

MEDICAL CARE COMMISSION QUARTERLY MEETING
DIVISION OF HEALTH SERVICE REGULATION
801 BIGGS DRIVE
RALEIGH, NC 27603
CONFERENCE ROOM #104 - BROWN BUILDING
WEDNESDAY, AUGUST 21, 2019
9:00 A.M.
AGENDA

I. Meeting Opens

II. Chairman's Comments – Dr. John A. Fagg will comment on matters of importance to the Commission. Does anyone have a conflict of interest with any agenda item before the Commission today?

III. Approval of Minutes (**Action Item**) from the May 10, 2019 Medical Care Commission Quarterly Meeting is requested **(See Exhibit A)**.

IV. Bond Program Activities ……..……..….Geary W. Knapp

A. Quarterly Report on Bond Program (**See Exhibit B**)
B. The following notices and non-action items were received by the Executive Committee:

July 25, 2019 – Duke Lease Schedules 13, 14, & 15 (Master Lease Additions)
- Schedule 13 – MRI ($1,490,456)
- Schedule 14 – CT Scanner ($1,805,269)
- Schedule 15 – Linear Accelerator ($2,999,998.99)
- Financing thru TD Equipment Finance, Inc.

August 1, 2019 – Arbor Acres Series 2010 (Conversion)
- New Bank Bought Interest Rate and Holding Period

August 1, 2019 – Arbor Acres Series 2016 (Conversion)
- New Bank Bought Interest Rate

August 2, 2019 – Blue Ridge Healthcare System (Conversion)
- Locked Medium Term Interest Rate and New Holding Period

C. The Executive Committee held telephone conference call meetings on the following dates (**Action Item**):

- **June 27, 2019** – The Executive Committee authorized (1) the sale of bonds, the proceeds of which were loaned to Novant Health, Inc., (2) an amendment to a deed of trust pertaining to Friends Homes, Inc. Series 2011 Bonds; (3) an appointment of U.S. Bank National Association as successor Bond Trustee for the Series 2016 Bonds issued for the benefit of Southminster, Inc., and (4) approved amendments to Southminster, Inc.'s Trust Indenture. (**See Exhibit B/1**).

V. Bond Projects (**Action Items**).....Geary W. Knapp

A. Twin Lakes Retirement Community (Burlington)……...……..G. Knapp, J. Harms, & S. Lewis

Resolution: The Commission grants preliminary approval for a Lutheran Retirement Ministries of Alamance County, North Carolina (d/b/a Twin Lakes Retirement Community) project to provide funds to be used, together with other available funds, to (1) ***refund*** the North Carolina Medical Care Commission $29,630,000 Health Care Facilities Revenue Refunding Bonds (Lutheran Retirement Ministries), Series 2009, currently outstanding in the amount of $16,700,000, and to (2) ***construct*** the following:

One-story replacement nursing facility

- Approximately 131,000 square foot
- 104 beds (nursing and adult care) / Gathering Hall / Site Improvements
- All private rooms w/private baths at approximately 341 square feet per room
- Upon completion, existing residents of the Coble Creek beds will be transferred to the new beds

Capital expenditures for new construction and the refunding shall be included as listed below, all in accordance with a preliminary application, plans and specifications and participation as follows:

ESTIMATED SOURCES OF FUNDS

Principal amount of bonds to be issued	$77,035,000
Total Sources	**$77,035,000**

ESTIMATED USES OF FUNDS

Amount to refund NCMCC Series 2009 Bonds	$16,700,000
Construction Contracts	48,950,000
Construction Contingency (3% of Construction Contracts)	1,570,000
Architect Fees	1,900,000
Moveable Equipment	2,025,000
Debt Service Reserve Fund	4,570,000
Underwriter Discount/Placement Fee	630,000
Feasibility Study Fee	90,000
Accountant Fee	25,000
Corporation Counsel	35,000
Bond Counsel	95,000
Trustee Fee	10,000
Trustee Counsel	5,000
SWAP Advisor	50,000
Bank Origination Fee	15,000
Bank Counsel	35,000
Rating Agencies	85,000
Printing Cost	7,500
DHSR Reimbursables (G.S. § 131-E-267)	40,000
Local Government Commission	8,750
Underwriter Counsel & Blue Sky Fee	68,750
Appraisal/Survey/Title/ Real Estate Related Fees	120,000
Total Uses	**$77,035,000**

Tentative approval is given with the understanding that the governing board of Twin Lakes accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.

2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.

3. Financial feasibility must be determined prior to the issuance of bonds.

4. The project must, in all respects, meet requirements of G.S. § 131A (Health Care Facilities Finance Act).

5. The Executive Committee of the Commission is delegated the authority to approve the issuance of bonds for this project and may approve the issuance of such greater principal amount of the loan as shall be necessary to finance the project; provided, however, that the amount set forth above shall not be increased by more than ten percent (10%).

6. The bonds or notes shall be sold in such a manner and upon such terms and conditions as will, in the sole judgment of the Executive Committee of the Commission, result in the lowest cost to the facility and its residents.

7. If public approval of the bonds is required for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Section 147(f)"), this tentative approval shall constitute the recommendation of the Commission that the Governor of the State of North Carolina (the "Governor") approve the issuance of such bonds, subject to the satisfaction of the requirements of Section 147(f) concerning the holding of a public hearing prior to the submission of such recommendation to the Governor.

8. The borrower will comply with the Commission's Resolution: Community Benefits/Charity Care Agreement and Program Description for CCRCs as adopted.

9. The borrower will furnish, prior to the sale of or issuance of the bonds or notes or execution of the leases, evidence that it is in compliance with the covenants of all of its outstanding Medical Care Commission debt.

Based on information furnished by applicant, the project is:

1.	Financially feasible	✓ Yes	____ No	____ N/A
2.	Construction and related costs are reasonable	✓ Yes	____ No	____ N/A

See **Exhibit D** for compliance and selected application information.

B. Lutheran Services for the Aging, Inc. (multiple locations)……G. Knapp, J. Harms, & S. Lewis

Resolution: The Commission grants preliminary approval for a Lutheran Services for the Aging, Inc. project to provide funds to be used, together with other available funds, to (1) ***refund*** the North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (Lutheran Services for the Aging), Series 2017, currently outstanding in the amount of $30,125,411 and to (2) ***construct, renovate,*** and ***acquire*** the following:

(A) Trinity Landing (Wilmington) independent living units - $74,535,000

- 60 Villa Apartments constructed as 9 buildings
    - 6 Villas to have 6 apartments each
    - 3 Villas to have 8 apartments each
    - Garages and surface parking for units
- 124 Apartments constructed as 3-story building
- Additional amenities:
    - Kitchen / Dining/ Activities in Common Area
    - Wellness Center (w/pool) / Fitness
    - Covered Outdoor 4421 sq. ft. Pavilion with boat dock, kayak storage, gardens, and activity areas

(B) Trinity Elms (Clemmons) acquisition - $11,000,000

- 54 independent living units approximately 2 years old
- 38 one-bedroom and 16 two-bedroom units constructed in 2 2-story buildings
- Club house area

(C) Trinity Oaks (Salisbury) nursing facility renovations - $1,696,494

- Updates to bathrooms/rooms/hallways

(D) Trinity Place (Albemarle) nursing facility addition - $3,359,541

- 27 adult care home beds (13,073 sq. ft.)
- Common areas / Dining & Activity area / Servery Kitchen / Support Spaces
- Conversion of 8 semi-private rooms to private

Capital expenditures for new construction and the refunding shall be included as listed below, all in accordance with a preliminary application, plans and specifications and participation as follows:

ESTIMATED SOURCES OF FUNDS

Principal amount of bonds to be issued	$157,765,000
Total Sources	**$157,765,000**

ESTIMATED USES OF FUNDS

Amount to refund NCMCC Series 2017 bonds	$ 29,617,589
Amount to acquire Trinity Elms (bank loan)	11,100,000
Construction Contracts	74,535,000
Construction Contingency (5% of Construction Contracts)	3,726,750
Site Costs	4,023,000
Moveable Equipment	2,247,000
Capital Expenditures (Reimbursement)	7,100,000
Marketing Costs	6,440,000
Bond Interest During Construction	8,186,746
Debt Service Reserve Fund	7,827,006
Underwriter Discount/Placement Fee	2,019,600
Feasibility Study Fee	158,059
Accountant Fee	35,000
Corporation Counsel	80,000
Bond Counsel	175,000
Trustee Fee	10,000
Trustee Counsel	25,000
Bank Counsel	65,000
Printing Cost	15,000
DHSR Reimbursables (G.S. § 131-E-267)	70,000
Local Government Commission	8,750
Underwriter's Counsel	78,000
Title Insurance	150,000
Appraisal	20,000
Phase I Environmental Fee	7,500
Survey/Title/ Real Estate Related Fees	45,000
Total Uses	**$157,765,000**

Tentative approval is given with the understanding that the governing board of Lutheran Services for the Aging accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.

2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.

3. Financial feasibility must be determined prior to the issuance of bonds.

4. The project must, in all respects, meet requirements of G.S. § 131A (Health Care Facilities Finance Act).

5. The Executive Committee of the Commission is delegated the authority to approve the issuance of bonds for this project and may approve the issuance of such greater principal amount of the loan as shall be necessary to finance the project; provided, however, that the amount set forth above shall not be increased by more than ten percent (10%).

6. The bonds or notes shall be sold in such a manner and upon such terms and conditions as will, in the sole judgment of the Executive Committee of the Commission, result in the lowest cost to the facility and its residents.

7. If public approval of the bonds is required for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Section 147(f)"), this tentative approval shall constitute the recommendation of the Commission that the Governor of the State of North Carolina (the "Governor") approve the issuance of such bonds, subject to the satisfaction of the requirements of Section 147(f) concerning the holding of a public hearing prior to the submission of such recommendation to the Governor.

8. The borrower will comply with the Commission's Resolution: Community Benefits/Charity Care Agreement and Program Description for CCRCs as adopted.

9. The borrower will furnish, prior to the sale of or issuance of the bonds or notes or execution of the leases, evidence that it is in compliance with the covenants of all of its outstanding Medical Care Commission debt.

Based on information furnished by applicant, the project is:

1.	Financially feasible	✓ Yes	____ No	____ N/A
2.	Construction and related costs are reasonable	✓ Yes	____ No	____ N/A

See **Exhibit E** for compliance and selected application information.

C. Sharon Towers (Charlotte)…….……G. Knapp, J. Harms, & S. Lewis

Resolution: The Commission grants preliminary approval for a Presbyterian Home at Charlotte, Inc. (d/b/a Sharon Towers) project to provide funds to be used, together with other available funds, to (1) ***refund*** the North Carolina Medical Care Commission $23,500,000 Variable Rate Demand Health Care Facilities Revenue Bonds (The Presbyterian Home at Charlotte, Inc. Project), Series 2001, currently outstanding in the amount of $5,190,000, and to (2) ***construct*** and ***renovate*** the following:

(A) Independent Living/Apartment Building (The Deerwood) - $24,485,000
- 5 story – 46 Units (142,500 sq. ft.)
- Underground parking
- 1,000 – 2,050 square feet
- 1 BR, 1.5 bath up to 3 BR, 3 bath with den options

(B) Healthcare Center - $38,475,000
- 96 bed skilled nursing facility (102,000 sq. ft.)
- Renovate/replace all 4 floors
- Central Energy Plant upgrades (boilers/chiller/cooling towers/piping to Healthcare Center)

(C) Various Site Improvements - $6,995,000

- Road intersection improvement at entrance
- Park
- Entrance Relocation

Capital expenditures for new construction and the refunding shall be included as listed below, all in accordance with a preliminary application, plans and specifications and participation as follows:

ESTIMATED SOURCES OF FUNDS

Cash and negotiable securities from reserves	$ 3,000,000
Principal amount of bonds to be issued	103,685,000
Total Sources	**$106,685,000**

ESTIMATED USES OF FUNDS

Amount to refund NCMCC Series 2001Bonds	$ 5,040,000
Construction Contracts	69,955,000
Construction Contingency (5% of Construction Contracts)	3,500,000
Architect Fees	4,050,000
Moveable Equipment	2,168,822
Construction Consultants	2,400,000
Marketing Costs	1,610,000
Legal Fees	265,000
Lender Inspections	75,000
Bond Interest during Construction	9,835,000
Debt Service Reserve Fund	5,890,000
Underwriter Discount/Placement Fee	1,145,000
Financial Advisor	105,000
Feasibility Study Fee	125,000
Accountant Fee	20,000
Corporation Counsel	80,000
Bond Counsel	85,000
Trustee Fee & Counsel	10,000
Bank Counsel	50,000
Printing Cost	7,500
DHSR Reimbursables (G.S. § 131-E-267)	49,928
Local Government Commission	8,750
Underwriter Counsel & Blue Sky Fee	65,000
Appraisal/Survey/Title/ Real Estate Related Fees	145,000
Total Uses	**$106,685,000**

Tentative approval is given with the understanding that the governing board of Sharon Towers accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.

2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.

3. Financial feasibility must be determined prior to the issuance of bonds.

4. The project must, in all respects, meet requirements of G.S. § 131A (Health Care Facilities Finance Act).

5. The Executive Committee of the Commission is delegated the authority to approve the issuance of bonds for this project and may approve the issuance of such greater principal amount of the loan as shall be necessary to finance the project; provided, however, that the amount set forth above shall not be increased by more than ten percent (10%).

6. The bonds or notes shall be sold in such a manner and upon such terms and conditions as will, in the sole judgment of the Executive Committee of the Commission, result in the lowest cost to the facility and its residents.

7. If public approval of the bonds is required for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Section 147(f)"), this tentative approval shall constitute the recommendation of the Commission that the Governor of the State of North Carolina (the "Governor") approve the issuance of such bonds, subject to the satisfaction of the requirements of Section 147(f) concerning the holding of a public hearing prior to the submission of such recommendation to the Governor.

8. The borrower will comply with the Commission's Resolution: Community Benefits/Charity Care Agreement and Program Description for CCRCs as adopted.

9. The borrower will furnish, prior to the sale of or issuance of the bonds or notes or execution of the leases, evidence that it is in compliance with the covenants of all of its outstanding Medical Care Commission debt.

Based on information furnished by applicant, the project is:

1.	Financially feasible	✓ Yes	____ No	____ N/A
2.	Construction and related costs are reasonable	✓ Yes	____ No	____ N/A

See **Exhibit F** for compliance and selected application information.

D. Rex Hospital, Inc. (Raleigh & Holly Springs)……..……G. Knapp, J. Harms, & S. Lewis

Resolution: The Commission grants preliminary approval for a Rex Hospital, Inc. project to provide funds to be used, together with other available funds, to ***construct*** the following:

(A) UNC Rex Holly Springs Hospital (Holly Springs) - $129,482,535

- 8 story with mechanical penthouse
- 230,000 sq. ft. hospital / 11,500 sq. ft. central energy plant
- 44 single occupant general medical/surgical beds & 6 ICU beds & 7 LDR beds & 10 observation beds
- 24 bay Emergency Department & 1 C-Section room & 3 ORs & 1 General Procedure room & 18 pre/post recovery rooms & 1 isolation room
- Sterile Processing Department & Lab & Pharmacy & Radiology & full-service kitchen

(B) UNC Rex Outpatient Cancer Center (Raleigh) - $47,919,316

- 4-story, 142,835 sq. ft. building and associated surface parking
- Level 1: Radiation Oncology – 3 Linear Accelerators & 1 HDR Brachytherapy & 1 CT Simulator & Offices and Exam rooms
- Level 2: Medical Oncology – 35 Exam rooms & 2 Treatment rooms & 1 X-ray room
- Level 3: Infusion Space – 55 Infusion Bays & 4 Exam rooms
- Level 4: Shell and Building Support Space

Capital expenditures for new construction shall be included as listed below, all in accordance with a preliminary application, plans and specifications and participation as follows:

ESTIMATED SOURCES OF FUNDS

Principal amount of bonds to be issued	$250,000,000
Total Sources	**$250,000,000**

ESTIMATED USES OF FUNDS

Construction Costs	$177,401,851
Architect Fees	10,369,583
Architect Reimbursables	380,513
Construction Contingency (1% of Construction Contracts)	1,774,018
Moveable Equipment	15,172,159
Surveys/Tests/Insurance	21,173,921
Consultant Fees	1,687,179
Bond Interest during Construction	20,000,000
Underwriter Discount/Placement Fee	875,000
Accountant Fee	130,000
Corporation Counsel	75,000
Bond Counsel	145,000
Rating Agencies	349,000
Trustee Fee	11,000
Printing Costs	5,000
DHSR Reimbursables (G.S. § 131-E-267)	182,026
Local Government Commission	8,750
Underwriter Counsel	110,000
Financial Advisor	150,000
Total Uses	**$250,000,000**

Tentative approval is given with the understanding that the governing board of Rex Hospital accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.

2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.

3. Financial feasibility must be determined prior to the issuance of bonds.

4. The project must, in all respects, meet requirements of G.S. § 131A (Health Care Facilities Finance Act).

5. The Executive Committee of the Commission is delegated the authority to approve the issuance of bonds for this project and may approve the issuance of such greater principal amount of the loan as shall be necessary to finance the project; provided, however, that the amount set forth above shall not be increased by more than ten percent (10%).

6. The bonds or notes shall be sold in such a manner and upon such terms and conditions as will, in the sole judgment of the Executive Committee of the Commission, result in the lowest cost to the facility and its patients.

7. If public approval of the bonds is required for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Section 147(f)"), this tentative approval shall constitute the recommendation of the Commission that the Governor of the State of North Carolina (the "Governor") approve the issuance of such bonds, subject to the satisfaction of the requirements of Section 147(f) concerning the holding of a public hearing prior to the submission of such recommendation to the Governor.

8. The borrower will provide the Commission annually a copy of the Advocacy Needs Data Initiative (ANDI) form it files with the North Carolina Healthcare Association (NCHA) in accordance with a resolution passed by the Commission on February 9, 2007 adopting the NCHA Community Benefits reporting format and methodology for hospitals reporting to the Commission.

9. The borrower will furnish, prior to the sale of or issuance of the bonds or notes or execution of the leases, evidence that it is in compliance with the covenants of all of its outstanding Medical Care Commission debt.

10. All health care facilities and services directly or indirectly owned or controlled by the health care organization, including physician practices, shall be available to Medicare and Medicaid patients with no limitations imposed as a result of the source of reimbursement.

Based on information furnished by applicant, the project is:

1.	Financially feasible	✓ Yes	____ No	____ N/A
2.	Construction and related costs are reasonable	✓ Yes	____ No	____ N/A

See **Exhibit G** for compliance and selected application information.

E. Vidant Health (multiple locations)…….G. Knapp

Resolution: The Commission grants preliminary approval for a University Health Systems of Eastern Carolina (d/b/a Vidant Health) project to provide funds to be used, together with other available funds, to (1) ***purchase*** a helicopter and to (2) ***refund*** the following:

(A) Vidant Health – NCMCC Series 2012A ($150,500,000)
- ***Advance Refund*** (*Taxable*) Amount - $87,955,000 (**Series 2019A - Taxable**)
- ***Current Refund*** Amount - $33,185,000 (Series 2019B)

(B) Halifax Regional Medical Ctr. (Acquired June 2019) – NCMCC Series 2011 ($6,500,000)

- ***Refund*** Amount - $5,130,000 (Series 2019B)

(C) Halifax Regional Medical Ctr. (Acquired June 2019) – NCMCC Series 2016 ($8,845,000)

- ***Refund*** Amount - $5,523,338 (Series 2019B)

(D) Halifax Regional Medical Ctr. (Acquired June 2019) – Taxable Bank Loan

- ***Refund*** Amount – $5,493,334
- Taxable bank loan was used to finance a replacement boiler and generator for Halifax Regional Medical Center

The Commission also grants preliminary approval to (3) ***exchange*** the *Series 2019A – Taxable* refunding bond for a *tax-exempt* bond within 90 days of the 6/1/2022 first optional call date of the NCMCC Series 2012A Bonds.

The intent of the proposed refundings is to take advantage of the low interest rate environment and to enter into a forward agreement with established terms for the exchange of the taxable bond for a tax-exempt bond. The proposed transaction in its entirety will result in an estimated NPV savings of $19,441,488.

The proposed transaction is in accordance with a preliminary application received as follows:

ESTIMATED SOURCES OF FUNDS

Principal amount of bonds to be issued	$148,660,000
Total Sources	**$148,660,000**

ESTIMATED USES OF FUNDS

Escrow amount to refund **taxable** Vidant Health Series 2019A Bonds	$ 95,004,695
Amount to refund Vidant Health Series 2012A Bonds	33,185,000
Amount to refund HRMC debt (NCMCC Bonds & private loan)	16,146,672
Purchase of Helicopter	3,860,000
Corporation Counsel	35,000
Bond Counsel	160,000
Trustee Fee	8,000
Local Government Commission	8,750
Financial Advisor	195,000
Bank Counsel	45,000
Escrow Agent	2,000
Trustee Counsel	6,000
Verification Agent	3,883
Total Uses	**$148,660,000**

Tentative approval is given with the understanding that the governing board of Vidant Health accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.

2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.

3. Financial feasibility must be determined prior to the issuance of bonds.

4. The project must, in all respects, meet requirements of G.S. § 131A (Health Care Facilities Finance Act).

5. The Executive Committee of the Commission is delegated the authority to approve the issuance of bonds for this project and may approve the issuance of such greater principal amount of the loan as shall be necessary to finance the project; provided, however, that the amount set forth above shall not be increased by more than ten percent (10%).

6. The bonds or notes shall be sold in such a manner and upon such terms and conditions as will, in the sole judgment of the Executive Committee of the Commission, result in the lowest cost to the facility and its patients.

7. If public approval of the bonds is required for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Section 147(f)"), this tentative approval shall constitute the recommendation of the Commission that the Governor of the State of North Carolina (the "Governor") approve the issuance of such bonds, subject to the satisfaction of the requirements of Section 147(f) concerning the holding of a public hearing prior to the submission of such recommendation to the Governor.

8. The borrower will provide the Commission annually a copy of the Advocacy Needs Data Initiative (ANDI) form it files with the North Carolina Healthcare Association (NCHA) in accordance with a resolution passed by the Commission on February 9, 2007 adopting the NCHA Community Benefits reporting format and methodology for hospitals reporting to the Commission.

9. The borrower will furnish, prior to the sale of or issuance of the bonds or notes or execution of the leases, evidence that it is in compliance with the covenants of all of its outstanding Medical Care Commission debt.

10. All health care facilities and services directly or indirectly owned or controlled by the health care organization, including physician practices, shall be available to Medicare and Medicaid patients with no limitations imposed as a result of the source of reimbursement.

Based on information furnished by applicant, the project is:

1.	Financially feasible	✓ Yes	____ No	____ N/A
2.	Construction and related costs are reasonable	✓ Yes	____ No	____ N/A

See **Exhibit H** for compliance and selected application information.

F. Galloway Ridge, Inc. (Pittsboro)……G. Knapp

Resolution: The Commission grants preliminary approval for a Galloway Ridge, Inc. project to provide funds to be used, together with other available funds, to ***refund*** the North Carolina Medical Care Commission $61,180,000 Retirement Facilities First Mortgage Revenue Bonds (Galloway Ridge Project), Series 2010A, currently outstanding in the amount of $51,855,000. The purpose of the refunding is to achieve debt service savings resulting from the current low interest rate environment. The approximate net present value of the savings is $8,581,879.

The proposed transaction is in accordance with a preliminary application received as follows:

ESTIMATED SOURCES OF FUNDS

Cash and negotiable securities from reserves	$ 6,000
Original Issue Premium	2,982,543
Trustee Held Funds (Accrued Principal & Interest)	2,352,141
Corporation Contribution	281,616
Principal amount of bonds to be issued	48,430,000
Total Sources	**$ 54,052,300**

ESTIMATED USES OF FUNDS

Escrow amount to refund NCMCC Series 2010A Bonds	$ 53,168,610
Rounding Contingency	3,315
Underwriter Discount/Placement Fee (including counsel)	605,375
Accountant Fee	35,000
Corporation Counsel	60,000
Bond Counsel	85,000
Trustee Fee (including counsel)	10,500
Printing Cost	3,500
Local Government Commission	8,750
Financial Advisor	68,750
Verification Agent	3,500
Total Uses	**$ 54,052,300**

Tentative approval is given with the understanding that the governing board of Galloway Ridge accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.

2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.

3. Financial feasibility must be determined prior to the issuance of bonds.

4. The project must, in all respects, meet requirements of G.S. § 131A (Health Care Facilities Finance Act).

5. The Executive Committee of the Commission is delegated the authority to approve the issuance of bonds for this project and may approve the issuance of such greater principal amount of the loan as

shall be necessary to finance the project; provided, however, that the amount set forth above shall not be increased by more than ten percent (10%).

6. The bonds or notes shall be sold in such a manner and upon such terms and conditions as will, in the sole judgment of the Executive Committee of the Commission, result in the lowest cost to the facility and its residents.

7. If public approval of the bonds is required for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Section 147(f)"), this tentative approval shall constitute the recommendation of the Commission that the Governor of the State of North Carolina (the "Governor") approve the issuance of such bonds, subject to the satisfaction of the requirements of Section 147(f) concerning the holding of a public hearing prior to the submission of such recommendation to the Governor.

8. The borrower will comply with the Commission's Resolution: Community Benefits/Charity Care Agreement and Program Description for CCRCs as adopted.

9. The borrower will furnish, prior to the sale of or issuance of the bonds or notes or execution of the leases, evidence that it is in compliance with the covenants of all of its outstanding Medical Care Commission debt.

Based on information furnished by applicant, the project is:

1.	Financially feasible	✓ Yes	____ No	____ N/A
2.	Construction and related costs are reasonable	✓ Yes	____ No	____ N/A

See **Exhibit I** for compliance and selected application information.

VI. **New Business** (**Action Items**)……..Nadine Pfeiffer

A. Rules for Initiating Rulemaking Approval (Discuss rules & fiscal note)

1. Adult Care/Family Care Home Rules…….……...……N. Pfeiffer & M. Lamphere

Readoption of six rules following Periodic Review (Phase 1.5), Amendment of four rules, and Repeal of one rule (Total 11 rules)

- Rules: 10A NCAC 13F .0202, .0204, .0208, .0209, and .0212; 10A NCAC 13G .0202, .0204, .0208, .0209, .0212 and .0213 (**See Exhibits C thru C/4**)

2. Licensing of Hospital Rules - Phase III Readoption Rules……...…..N. Pfeiffer & A. Conley

Readoption of 13 rules following Periodic Review

- Rules: 10A NCAC 13B .1902, .1915, .1918, .1925, .3001, .3101, .3110, .3204, .3205, .3302, .3303, .5412, and .5413. (**See Exhibits C/5 thru C/8**)

VII. Hospital Bylaws Rules (**No Action – Update Only**).....…….……Nadine Pfeiffer

Bylaws Subcommittee meeting to follow Commission meeting (**See Exhibits C/9 thru C/11**)

VIII. Technical Corrections (**Action Item**)……...……..Nadine Pfeiffer

WHEREAS, SL2019-14 granted authority to the Codifier to revise rules with technical changes and bypass the Rules Review Commission, and

WHEREAS, technical changes are change information readily available to the public such as an address, email address, agency rename, telephone number, website, repealed statute or rule correction, typographical error, and

WHEREAS, the staff of the Medical Care Commission can submit rules with technical changes, as identified by staff, but with no content addition or deletion, to the Codifier and provide notice to the Medical Care Commission at regularly scheduled quarterly meetings;

THEREFORE, BE IT RESOLVED; that the Medical Care Commission authorizes staff to submit revised rules with technical changes to the Codifier without prior Medical Care Commission approval.

IX. Refunding of Commission Bond Issues (**Action Item**)..……...……..Geary W. Knapp

<u>Recommended</u>:

WHEREAS, the bond market is in a period of generally fluctuating interest rates, and

WHEREAS, in the event of decline of rates during the next quarter, refunding of certain projects could result in significant savings in interest expense thereby reducing the cost of health care to patients, and

WHEREAS, the Commission will not meet again until November 8, 2019 in Raleigh, North Carolina;

THEREFORE, BE IT RESOLVED; that the Commission authorize its Executive Committee to approve projects involving the refunding of existing Commission debt between this date and November 8, 2019.

X. Adjournment – A motion to adjourn is requested.

STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

MEDICAL CARE COMMISSION QUARTERLY MEETING
DIVISION OF HEALTH SERVICE REGULATION
801 BIGGS DRIVE
RALEIGH, NC 27603
CONFERENCE ROOM #104 - BROWN BUILDING

FRIDAY, MAY 10, 2019
9:00 A.M.

MINUTES

I. MEDICAL CARE COMMISSION QUARTERLY MEETING – MAY 10, 2019

MEMBERS PRESENT	MEMBERS ABSENT
John A. Fagg, M.D., Chairman Joseph D. Crocker, Vice-Chairman Robert S. Alphin, M.D. Charles H. Hauser Linwood B. Hollowell, III Eileen C. Kugler, RN, MSN, MPH, FNP Albert F. Lockamy, Jr., RPh John J. Meier, IV, M.D. Karen E. Moriarty J. William Paugh Devdutta G. Sangvai, M.D. Patrick D. Sebastian Jeffrey S. Wilson **DIVISION OF HEALTH SERVICE REGULATION STAFF** S. Mark Payne, DHSR Director, MCC Secretary Geary W. Knapp, JD, CPA, Assistant Secretary, MCC Steven Lewis, Chief, Construction Section, DHSR Jeff Harms, Engineering Supervisor, DHSR Construction Nadine Pfeiffer, Rules Review Manager, DHSR Crystal Abbott, Auditor, MCC Alice Creech, Executive Assistant, MCC	Paul R.G. Cunningham, M.D. Stephen T. Morton Robert E. Schaaf, M.D.

OTHER ATTENDANCE (See Exhibit E)

II. **Chairman's Comments** – Dr. John Fagg thanked everyone for their attendance and commented on the recent honor that Dr. Robert Schaaf received (**See Exhibit A/2**). Also, Dr. Fagg recognized NC State Treasurer, Dale Folwell. He asked Mr. Folwell to update the Commission on the State Health Plan.

III. **Approval of Minutes (Action Item)** from the February 8, 2019 Medical Care Commission Quarterly Meeting is requested **(See Exhibit A)**.

COMMISSION ACTION: Motion was made to approve the minutes by Mr. Joe Crocker, seconded by Mrs. Eileen Kugler, and unanimously approved.

IV. **Introduction of New Commission Member**……Dr. John Fagg

Dr. Ashley Lloyd's (Raleigh, NC) North Carolina Board of Ethics Letter was received and incorporated into the minutes. Dr. Lloyd has no actual conflict of interest, only a potential conflict with matters involving Legal Aid of North Carolina (**See Exhibit A/1**).

V. **Bond Program Activities** ……..……..….Geary W. Knapp

A. Quarterly Report on Bond Program (**See Exhibit B**)

B. The Executive Committee held telephone conference call meetings on the following dates (**Action Items**):

- February 22, 2019 – The Executive Committee authorized (1) a Supplemental Trust Agreement for Southeastern Regional Medical Center Series 2017B and (2) authorized the issuance of $206,235,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Wake Forest Baptist Obligated Group) Series 2019ABC. (**See Exhibit B/1**).

COMMISSION ACTION: Motion to approve the February 22, 2019 minutes was made by Mrs. Eileen Kugler, seconded by Mr. Al Lockamy, and unanimously approved.

- March 8, 2019 – The Executive Committee authorized the issuance of $54,630,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (The Pines at Davidson Project) Series 2019AB (**See Exhibit B/2**).

COMMISSION ACTION: Motion to approve the March 8, 2019 minutes was made by Mr. Jeff Wilson, seconded by Dr. Devdutta Sangvai, and unanimously approved.

C. The following notices and non-action items were received by the Executive Committee:

April 4 & April 11, 2019 – Duke Health 2017 Master Lease Agmnt. – Additions to Master Lease

- Schedule 8 – System IGS 620 Biplane ($1,397,744.79)
- Schedule 9 – System IGS 620 Biplane ($1,373,467.32)
- Schedule 10 – Microscope Neuro Mapping ($1,450,000)
- Schedule 11 – Ambulance ($434,054)
- Schedule 12 – Ambulance ($434,054)
- Financing thru TD Equipment Finance, Inc.

April 10, 2019 – WakeMed 2009BC & 2012D (Partial) – Redemption

- Outstanding Balance: $ 75,000,000 (Series 2009B)
  $ 44,755,000 (Series 2009C)
  $ 20,000,000 (Series 2012A – Partial)
- Funds provided by Public Finance Authority (Wisconsin) bonds

VI. Bond Projects (Action Items).....Geary W. Knapp

A. Novant Health, Incorporated……..……..Geary Knapp, Steve Lewis & Jeff Harms

Resolution: The Commission grants preliminary approval to a project for Novant Health, Inc. to provide funds, to be used, together with other available funds, to ***construct***, ***renovate***, and ***purchase equipment*** in accordance with the following:

(1) Charlotte Orthopedic Hospital ($55,648,226) – Completed (October 2017)
Construction of a bed tower with thirty-two (32) inpatient beds and seven (7) inpatient operating rooms;

(2) Clemmons Medical Center ($53,129,940) – Completed (August 2017)
Construction of a bed tower with thirty-six (36) inpatient beds and three (3) inpatient/outpatient rooms;

(3) Matthews Medical Center ($20,449,356) – Completed (October 2018)
Construction of a two-story addition that includes eight (8) Special Care Nursery beds, two (2) antepartum beds, three (3) triage rooms, two (2) classrooms, lactation suite, two (2) renovated C-section rooms, and a renovated well baby nursery;

(4) Mint Hill Medical Center ($89,201,261) – Completed
Construction of a medical center campus that includes thirty-six (36) inpatient beds, four (4) inpatient/outpatient operating rooms, one (1) endoscopy room, emergency department, CT, MRI, and lab;

(5) Huntersville Medical Center ($55,583,000)
Expansion and renovation including the addition of forty-eight (48) beds, operating room, and additional parking;

(6) Presbyterian Medical Center ($72,667,628)
Renovation and modernization of 246 patient rooms, related support space, and HVAC systems on floors 3 thru 6 in the A, B, and C wings;

(7) Various Fixed Equipment (w/installation costs) ($8,731,193)

- Da Vinci XI Surgical Robot System (Presbyterian) - $1,024,394
- Emergency Department Bedside Monitors (Huntersville) - $316,655
- Linear Accelerator (Forsyth) - $3,257,659
- Roof Replacement (Presbyterian) - $300,376
- Renovation of Adolescent Behavioral Health Gym (Presbyterian) - $2,346,920
- Digital Diagnostic Room (Matthews) - $404,925
- Flouro Room Equip. & up-fit & 3D Tomosynthesis Mammography Unit (Matthews) - $1,080,264

Capital expenditures for new construction and equipment shall be included as listed below, all in accordance with a preliminary application, plans and specifications and participation as follows:

ESTIMATED SOURCES OF FUNDS

Principal amount of bonds to be issued	347,298,054
Cash and Negotiable Securities from Reserves	11,225,604
Total Sources	**$358,523,658**

ESTIMATED USES OF FUNDS

Site Utility Development Fees (Huntersville/Clemmons/Mint Hill)	11,745,872
Construction Costs	280,870,825
Moveable Equipment	58,818,000
Architect Fee	3,975,907
Accountant Fee	225,000
Corporation Counsel	75,500
Underwriter Discount/Placement Fee	1,670,891
Underwriter Counsel	80,000
Bond Counsel	130,000
DHSR Reimbursables (G.S. § 131-E-267)	362,663
Local Government Commission	8,500
Rating Agencies (Moodys)	130,000
Rating Agencies (S&P)	111,000
Rating Agencies (Fitch)	140,000
Trustee Fee	3,500
Trustee Counsel	7,500
NRS (Investor Presentation)	1,000
Multipoint (Investor Presentation)	7,500
Fee Contingencies	150,000
Printing Costs	10,000
Total Uses	**$358,523,658**

Tentative approval is given with the understanding that the governing board of Novant Health, Inc. accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.

2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.

3. Financial feasibility must be determined prior to the issuance of bonds.

4. The project must, in all respects, meet requirements of G.S. § 131A (Health Care Facilities Finance Act).

5. The Executive Committee of the Commission is delegated the authority to approve the issuance of bonds for this project and may approve the issuance of such greater principal amount of the loan as shall be necessary to finance the project; provided, however, that the amount set forth above shall not be increased by more than ten percent (10%).

6. The bonds or notes shall be sold in such a manner and upon such terms and conditions as will, in the sole judgment of the Executive Committee of the Commission, result in the lowest cost to the facility and its patients.

7. If public approval of the bonds is required for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Section 147(f)"), this tentative approval shall constitute the recommendation of the Commission that the Governor of the State of North Carolina (the "Governor") approve the issuance of such bonds, subject to the satisfaction of the requirements of Section 147(f) concerning the holding of a public hearing prior to the submission of such recommendation to the Governor.

8. The borrower will provide the Commission annually a copy of the Advocacy Needs Data Initiative (ANDI) form it files with the North Carolina Healthcare Association (NCHA) in accordance with a resolution passed by the Commission on February 9, 2007 adopting the NCHA Community Benefits reporting format and methodology for hospitals reporting to the Commission.

9. The borrower will furnish, prior to the sale of or issuance of the bonds or notes or execution of the leases, evidence that it is in compliance with the covenants of all of its outstanding Medical Care Commission debt.

10. All health care facilities and services directly or indirectly owned or controlled by the health care organization, including physician practices, shall be available to Medicare and Medicaid patients with no limitations imposed as a result of the source of reimbursement.

Based on information furnished by applicant, the project is:

1.	Financially feasible	✓	Yes		No		N/A
2.	Construction and related costs are reasonable	✓	Yes		No		N/A

See **Exhibit D** for compliance and selected application information.

*Mr. Joe Crocker conducted the discussion and voting for the Bond Project on Novant Health. A presentation was given by Mr. Fred Hargett, CFO of Novant Health (**See Exhibit F**). Statements were made by Mr. Joe Crocker, Mr. Charles Hauser, Dr. John Meier, Dr. Devdutta Sangvai, Dr. John Fagg, Mr. Kevin Griffin, Ms. Lori Kroll, Mrs. Crystal Abbott, Mr. Steve Lewis, and Mr. Jeff Harms.*

COMMISSION ACTION: **A motion for preliminary approval of the project was made by Dr. Devdutta Sangvai, seconded by Dr. John Meier, and unanimously approved with the recusals of Dr. John Fagg, and Mr. Charles Hauser.**

VII. New Business (Action Item)

A. Rules for Initiating Rulemaking Approval (Discuss rules & fiscal note)

1. Adult Care Home/Family Care Home Rules (7 rules)……..(N. Pfeiffer & M. Lamphere)

Readoption of seven rules following Periodic Review (Phase 1)

- Rules: 10A NCAC 13F .0203, .0207, .0214, and .1206; 10A NCAC 13G .0207, .0214 and .1207 (See **Exhibits C thru C/4**)

Statements were given by Mrs. Eileen Kugler, Mrs. Karen Moriarty, Mrs. Megan Lamphere, Dr. John Fagg, and Mr. Mark Payne.

COMMISSION ACTION: Motion was made to approve the Adult Care Home/Family Care Home Rules by Mrs. Eileen Kugler, seconded by Dr. John Meier, and unanimously approved.

2. Ambulatory Surgical Center Construction Rules (10 rules)…..…….(N. Pfeiffer & S. Lewis)

Readoption of 5 rules following Periodic Review; Amendment of 3 rules; and Repeal of 2 rules

- Rules: 10A NCAC 13B .1401 - .1410 (See **Exhibits C/5 thru C/8**)

A statement was made by Dr. John Fagg.

COMMISION ACTION: Motion to approve the Ambulatory Surgical Center Construction Rules was made by Mr. Joe Crocker, seconded by Mrs. Eileen Kugler, and unanimously approved.

VIII. Meeting Date Change for August 2019……...…...Dr. John A. Fagg

Potential meeting dates will be circulated to the Commission and notice of the August date change will be posted.

IX. Refunding of Commission Bond Issues (Action Item)..……...……..Geary W. Knapp

Recommended:

WHEREAS, the bond market is in a period of generally fluctuating interest rates, and

WHEREAS, in the event of decline of rates during the next quarter, refunding of certain projects could result in significant savings in interest expense thereby reducing the cost of health care to patients, and

WHEREAS, the Commission will not meet again until August 2, 2019 in Raleigh, North Carolina;

THEREFORE, BE IT RESOLVED; that the Commission authorize its Executive Committee to approve projects involving the refunding of existing Commission debt between this date and August 2, 2019.

COMMISSION ACTION: Motion was made to authorize the Executive Committee to approve projects involving the refunding of existing Commission debt between this date and the date in August that the Commission agrees to meet by Dr. John Meier, seconded by Dr. Devdutta Sangvai, and unanimously approved.

X. Adjournment – There being no further business the meeting adjourned at 11:10.

Respectfully Submitted,

Geary W. Knapp, JD, CPA
Assistant Secretary

STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

MEDICAL CARE COMMISSION QUARTERLY MEETING
DIVISION OF HEALTH SERVICE REGULATION
801 BIGGS DRIVE
RALEIGH, NC 27603
CONFERENCE ROOM #104 - BROWN BUILDING

FRIDAY, FEBRUARY 8, 2019
9:00 A.M.

MINUTES

I. MEDICAL CARE COMMISSION QUARTERLY MEETING – FEBRUARY 8, 2019

MEMBERS PRESENT	MEMBERS ABSENT
John A. Fagg, M.D., Chairman Joseph D. Crocker, Vice-Chairman Robert S. Alphin, M.D. Charles H. Hauser Linwood B. Hollowell, III Eileen C. Kugler, RN, MSN, MPH, FNP Albert F. Lockamy, Jr., RPh John J. Meier, IV, M.D. Stephen T. Morton J. William Paugh Robert E. Schaaf, M.D. Patrick D. Sebastian Jeffrey S. Wilson **DIVISION OF HEALTH SERVICE REGULATION STAFF** S. Mark Payne, DHSR Director, MCC Secretary Geary W. Knapp, JD, CPA, Assistant Secretary, MCC Emery Milliken, Deputy Director, DHSR Bethany Burgon, Assistant Attorney General, NCDOJ Azzie Conley, Chief, Acute and Home Care Licensure Branch Steven Lewis, Chief, Construction Section, DHSR Jeff Harms, Engineering Supervisor, DHSR Construction Nadine Pfeiffer, Rules Review Manager, DHSR Crystal Abbott, Auditor, MCC Alice Creech, Executive Assistant, MCC	Paul R.G. Cunningham, M.D. Karen E. Moriarty Devdutta G. Sangvai, M.D.

OTHER ATTENDANCE (See Exhibit E)

II. **Chairman's Comments** – Dr. John Fagg thanked everyone for their attendance, and also thanked the staff for their wonderful work. Dr. Fagg provided 2 articles for informational purposes **(See Exhibits A/1 and A/2)**.

III. **Approval of Minutes (Action Item)** from the November 2, 2018 Medical Care Commission Quarterly Meeting is requested **(See Exhibit A)**.

COMMISSION ACTION: *Motion was made to approve the November 2, 2018 minutes by Mr. Joe Crocker, seconded by Mr. Charles Hauser, and unanimously approved.*

IV. **Bond Program Activities** ……..……..….Geary W. Knapp

A. Quarterly Report on Bond Program **(See Exhibit B)**

B. The Executive Committee held a telephone conference call meeting on the following date (**Action Items**):

- **November 15, 2018** – The Executive Committee authorized (1) the sale of bonds, the proceeds of which were loaned to Appalachian Regional Healthcare System, (2) the appointment of a successor Bond Trustee for Southeastern Regional Medical Center, (3) an amendment of a Trust Agreement between the Commission and The Bank of New York Mellon Trust Company for Community Facilities, Inc. (DePaul), and (4) Supplemental Trust Agreements for Wayne Memorial Hospital. **(See Exhibit B/1)**.

COMMISSION ACTION: *Motion was made to approve the November 15, 2019 minutes by Mrs. Eileen Kugler, seconded Dr. John Meier, and unanimously approved with Mr. William Paugh and Dr. Robert Schaaf abstaining from the vote.*

- **January 25, 2019** – The Executive Committee authorized (1) a Supplemental Trust Agreement for Wake Forest Baptist Series 2012D and (2) were updated on the Wake Forest Baptist Series 2019 project, specifically the High Point Regional asset valuation component of the project. **(See Exhibit B/2)**.

Remarks were made by Mr. Joe Crocker, Mr. Steven Lewis, Mr. Jeff Harms, Mr. Geary Knapp, and Dr. John Fagg.

COMMISSION ACTION: *Motion was made to approve the January 25, 2019 minutes by Mr. Jeff Wilson, seconded by Mrs. Eileen Kugler, and unanimously approved.*

C. The following notices and non-action items were received by the Executive Committee:

February 1, 2019 – Mission Health Series 2015B1 thru B3 (Redemption)

- Outstanding Balance: $38,850,000
- Redemption due to merger with HCA (for-profit)

February 19, 2019 – Mission Health Series 2010, 2015, 2016, & 2017 (Redemption)

- Outstanding Balance: $98,050,000 (2017)
  $53,985,000 (2016)
  $70,900,000 (2015)
  $ 2,075,000 (2010)
- Redemption due to merger with HCA (for-profit)

Remarks were made by Dr. John Fagg, Mr. Joe Crocker, Dr. Robert Schaaf, Mr. Geary Knapp, Mr. Mark Payne, and Mr. Jeff Wilson.

V. Old Business (Action Item)

A. Rules for Adoption (Discuss Rules & Fiscal Notes)

Hospital Rules Construction Requirements (5 rules)……...……(Nadine Pfeiffer & Steve Lewis)

Readoption of 5 rules following Periodic Review:

- Rules: 10A NCAC 13B .3102, .6101, .6102, .6103 and .6207 **(See Exhibits C thru C/3)**

COMMISSION ACTION*: Motion was made to approve hospital construction rules by Mr. Joe Crocker, seconded by Mr. Charles Hauser, and unanimously approved.*

VI. New Business

A. Rules for Initiating Rulemaking Approval (Discuss Rules & Fiscal Note)

Hospital Rules – Bylaws Rules (11 rules)……..(Nadine Pfeiffer, Dr. Fagg, & Azzie Conley)

Readoption of 8 rules following Periodic Review and 3 amendments

- Rules: 10A NCAC 13B .3501-.3503 and .3701-.3708 **(See Exhibits D thru D/2)**

Dr. Roxie Wells and Mr. Robert Wilson read statements to the Commission on behalf of the North Carolina Healthcare Association (NCHA) regarding the opposition of the proposed rules. Mr. Robert Wilson's statement was formally submitted for review. Also two additional letters in support of the NCHA's opposition to the proposed rules were submitted **(See Exhibits D/3 thru D/5)**.

Remarks were made by Dr. John Fagg, Dr. Robert Alphin, Mr. Joe Crocker, Mr. Bill Paugh, Mrs. Eileen Kugler, Mr. Lin Hollowell, Ms. Bethany Burgon, and Mr. Charles Hauser.

VII. Refunding of Commission Bond Issues (Action Item)..……...……..Geary W. Knapp

Recommended:

WHEREAS, the bond market is in a period of generally fluctuating interest rates, and

WHEREAS, in the event of decline of rates during the next quarter, refunding of certain projects could result in significant savings in interest expense thereby reducing the cost of health care to patients, and

WHEREAS, the Commission will not meet again until May 10, 2018 in Raleigh, North Carolina;

THEREFORE, BE IT RESOLVED; that the Commission authorize its Executive Committee to approve projects involving the refunding of existing Commission debt between this date and May 10, 2018.

COMMISSION ACTION: *Motion was made to authorize the Executive Committee to approve projects involving refunding of existing Commission debt between this date and May 10, 2019 by Mr. Joe Crocker, seconded by Dr. John Meier, and unanimously approved.*

VIII. Adjournment – There being no further business the meeting was adjourned at 10:37 a.m.

Respectfully Submitted,

Geary W. Knapp, JD, CPA
Assistant Secretary

STATE ETHICS COMMISSION
POST OFFICE BOX 27685
RALEIGH, NC 27611
PHONE: 919-814-3600

Via Email

February 1, 2019

The Honorable Roy A. Cooper III
Governor of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

Re: Evaluation of Statement of Economic Interest Filed by Dr. Ashley Lloyd
Prospective Appointee – North Carolina Medical Care Commission

Dear Governor Cooper:

Our office has received **Dr. Ashley Lloyd's** 2019 Statement of Economic Interest as a prospective appointee to the **North Carolina Medical Care Commission (the "Commission")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 163A of the North Carolina General Statutes ("N.C.G.S."), also known as the Elections and Ethics Enforcement Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 163A-193(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 163A-157.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The North Carolina Medical Care Commission was created to adopt statewide plans for the construction and maintenance of public and private hospitals, medical centers, and related facilities, including the approval of projects in the amounts of grants-in-aid from funds by both federal and state governments. The Commission is charged with administering the Health Care Facilities Finance Act (N.C.G.S. Chapter 131A) and issues bonds pursuant thereto. In addition, the Commission has the authority to adopt rules, regulations and standards for the different types of hospitals to be licensed, the operation of nursing homes, the inspection, licensure and operation of adult care homes, including personnel requirements of staff employed in adult care homes. The Commission also adopts rules providing for the accreditation of facilities that perform mammography and other procedures.

The Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. § 163A-211 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §

163A-216 prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Dr. Lloyd would fill the role of a dentist licensed to practice in North Carolina. Her spouse is a consumer protection litigation attorney with Legal Aid of North Carolina and a member of the North Carolina State Bar Ethics Committee. As such, Dr. Lloyd has the potential for a conflict of interest and should exercise appropriate caution in the performance of her public duties should issues involving Legal Aid of North Carolina or any of her spouse's clients come before the Commission for official action.

In addition to the conflicts standards noted above, N.C.G.S. § 163A-212 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. § 163A-212(e).

Pursuant to N.C.G.S. § 163A-159(c), when an actual or potential conflict of interest is cited by the Board under N.C.G.S. § 163A-189(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act.

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 163A-158. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,

Mary Roerden

Mary Roerden, SEI Unit
State Ethics Commission

cc: Dr. Ashley Lloyd

Attachments: Ethics Education Flyer and Guide

Dr. Robert Schaaf Awarded Silver Medal for Distinguished and Extraordinary Service

April 3, 2019

Nearly 40 Year Radiology and Leadership Career Recognized with Highest Honor

RALEIGH, N.C. – April 3, 2019 – Wake Radiology UNC REX Healthcare is proud to recognize Robert E. Schaaf, MD, FACR, the practice's former president and managing partner, who received the Silver Medal for distinguished and extraordinary service from the North Carolina Radiological Society, a statewide professional organization and chapter of the American College of Radiology. This prestigious award is the chapter's highest honor and has only been awarded to a dozen radiologists in the past several decades. Dr. Schaaf received this honor during a presentation last weekend at the organization's annual meeting in Asheville, NC.

Brian S. Kuszyk, MD, FACR with Robert E. Schaaf, MD, FACR and Lyndon Jordan, III, MD

Dr. Schaaf is a leading advocate for patients, radiologists and all physicians in North Carolina's medical organizations and is a past president of the North Carolina Medical Society. Dr. Schaaf started his career in neuroradiology in 1980 at Wake Radiology, the state's largest, privately owned radiology practice, and later went on to lead the practice for more than 30 years. He is also a nationally respected mentor to current radiology practice leaders.

"Dr. Schaaf is an inspirational physician leader who has made so many contributions to medicine throughout his career," said Dr. Lyndon Jordan, Wake Radiology's current president and managing partner. "His unwavering dedication to exceptional patient care is matched only by his reputation of integrity and service-heart leadership. The Silver Medal is a well-deserved honor commemorating decades of service to our community and state."

Bob Seligson, CEO of the NC Medical Society, and Robert E. Schaaf, MD, FACR

Originally from St. Paul, Minnesota, Dr. Schaaf completed his internship, residency in diagnostic radiology and one year fellowship in neuroradiology at Duke University Medical Center following his graduation from Tufts University Medical School in

Boston. Dr. Schaaf was Chief Resident at Duke and held academic appointments as Assistant Clinical Professor of Radiology at Duke University and the University of North Carolina at Chapel Hill from 1980-1994.

Dr. Schaaf served as Chairman of WakeMed's radiology department before becoming Wake Radiology's President and Managing Partner from 1986-2013. He is board certified in diagnostic radiology by the American Board of Radiology. Dr. Schaaf is a Fellow and member of the American College of Radiology, Radiological Society of North America, American Society of Neuroradiology, American Roentgen Ray Society, the American Medical Association, the North Carolina Radiologic Society, the North Carolina Medical Society, and the Wake County Medical Society.

Sliver Medal from the NC Radiologic Society

In April of 2004, Dr. Schaaf was appointed by Governor Easley to the North Carolina Medical Care Commission and currently serves on the Executive Committee. In November 2018, Governor Cooper appointed Dr. Schaaf to the NC Radiation Protection Commission. First elected to the Medical Mutual Board of Directors in 1999, Dr. Schaaf now serves as First Vice President and Vice Chairman of the Board of Directors of Medical Mutual Holdings, Inc. Dr. Schaaf served on the Board of Directors of the North Carolina Medical Society, the state's largest physician organization with more than 12,000 members from 2004-2016 and served as President of NCMS 2014-2015. Dr.

Schaaf was appointed to the Wake Forest University Law School Board of Visitors in 2012-2018.

In April 2015, Dr. Schaaf was presented with The Order of the Long Leaf Pine by Governor McCrory, one of the highest honors North Carolina can bestow to honor those who have demonstrated a lifetime of service to the State of North Carolina.

About Wake Radiology UNC REX Healthcare

Founded in 1953 by Albert M. Jenkins, MD, FACR, Wake Radiology UNC REX Healthcare is proud to be the oldest and largest outpatient imaging provider in the Triangle. Since then, WakeRad REX has expanded to include more than 50 subspecialty radiologists at more than a dozen locations in Wake County and throughout the Triangle. All of the outpatient imaging offices offer 3D mammography. Wake Radiology has been first to introduce numerous methods of imaging as well as introducing subspecialized radiology to Wake County. To learn more, click here.

NC Medical Care Commission

Quarterly Report on **Outstanding Debt** (End: 3rd Quarter FYE 2019)

Program Measures	FYE 2018 Ending: 6/30/2018	FYE 2019 Ending: 3/31/2019
Outstanding Debt	**$6,155,248,318**	**$6,066,947,181**
Outstanding Series	**138**	**134**[1]

Detail of Program Measures	Ending: 6/30/2018	Ending: 3/31/2019
Outstanding Debt per Hospitals and Healthcare Systems	$4,999,247,662	$4,853,322,488
Outstanding Debt per CCRCs	$1,093,285,656	$1,155,279,693
Outstanding Debt per Other Healthcare Service Providers	$62,715,000	$58,345,000
Outstanding Debt Total	**$6,155,248,318**	**$6,066,947,181**
Outstanding Series per Hospitals and Healthcare Systems	84	79
Outstanding Series per CCRCs	51	53
Outstanding Series per Other Healthcare Service Providers	3	2
Series Total	**138**	**134**
Number of Hospitals and Healthcare Systems with Outstanding Debt	20	19
Number of CCRCs with Outstanding Debt	20	20
Number of Other Healthcare Service Providers with Outstanding Debt	2	2
Facility Total	42	41

Note 1: For FYE 2019, NC MCC closed 14 **Bond Series** thru the 3rd Quarter. Out of the 14 closed Bond Series: 5 were conversions, 8 were new money projects, and 1 refunding. The net loss of 4 for Bond Series outstanding from FYE 2018 to current represents all new money projects, refundings, conversions, and redemptions.

GENERAL NOTES: Facility Totals represent a parent entity total and <u>do not</u> represent each individual facility owned by the parent entity. CCRCs are licensed by the NC Department of Insurance. "Other Healthcare Service Providers" would include nursing homes, rehabilitation facilities, assisted living, blood donation centers, independent living, and hospice facilities. The following parent entities represent the "other healthcare service providers" with outstanding NC MCC debt: DePaul (Assisted Living); Lutheran Services (Assisted Living)

NC Medical Care Commission

Quarterly Report on **History** of NC MCC Finance Act Program (End: 3rd Quarter FYE 2019)

Program Measures	FYE 2018 Ending: 6/30/2018	FYE 2019 Ending: 3/31/2018
Total PAR Amount of Debt Issued	**$24,997,237,002**	**$25,527,238,111**
Total Project Debt Issued (excludes refunding/conversion proceeds) [1]	**$11,957,270,243**	**$12,276,669,943**
Total Series Issued	**615**	**629**

Detail of Program Measures		Ending: 6/30/2018	Ending: 3/31/2018
PAR Amount of Debt per Hospitals and Healthcare Systems		$20,346,421,032	$20,783,542,140
PAR Amount of Debt per CCRCs		$4,276,520,740	$4,369,400,740
PAR Amount of Debt per Other Healthcare Service Providers		$374,295,230	$374,295,230
	Par Amount Total	**$24,997,237,002**	**$25,527,238,111**
Project Debt per Hospitals and Healthcare Systems		$9,405,882,588	$9,632,403,696
Project Debt per CCRCs		$2,304,373,740	$2,397,252,332
Project Debt per Other Healthcare Service Providers		$247,013,915	$247,013,915
	Project Debt Total	**$11,957,270,243**	**$12,276,669,943**
Series per Hospitals and Healthcare Systems		388	397
Series per CCRCs		188	193
Series per Other Healthcare Service Providers		39	39
	Series Total	**615**	**629**
Number of Hospitals and Healthcare Systems issuing debt		99	99
Number of CCRCs issuing debt		40	40
Number of Other Healthcare Service Providers issuing debt		46	46
	Facility Total	185	185

Note 1: Project Debt excludes bond proceeds that directly refunded prior NCMCC outstanding issues and conversion par amounts. Project Debt is an accumulation of all new project money, issuance costs (including issuance costs for refundings/conversions (if any)), and refundings of non-NCMCC debt.

GENERAL NOTES: Facility Totals represent each individual facility and <u>do not</u> represent parent entity totals. CCRCs are licensed by the NC Department of Insurance. "Other Healthcare Service Providers" would include nursing homes, rehabilitation facilities, assisted living, blood donation centers, non-CCRC independent living, and hospice facilities.

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES
The North Carolina Medical Care Commission
809 Ruggles Drive
Raleigh, North Carolina

MINUTES

CALLED MEETING OF THE EXECUTIVE COMMITTEE
CONFERENCE TELEPHONE MEETING ORIGINATING
FROM THE COMMISSION'S OFFICE
FEBRUARY 22, 2019
11:00 A.M.

Members of the Executive Committee Present:

John A. Fagg, M.D., Chairman
Eileen C. Kugler, RN, MSN, MPH, FNP
Albert F. Lockamy, RPh
John J. Meier, IV, M.D.
Devdutta G. Sangvai, M.D.

Members of the Executive Committee Absent:

Joseph D. Crocker, Vice-Chairman
Robert E. Schaaf, M.D.

Members of Staff Present:

S. Mark Payne, DHSR Director/MCC Secretary
Geary W. Knapp, JD, CPA, Assistant Secretary
Crystal Watson-Abbott, Auditor
Kathy C. Larrison, Auditor
Alice S. Creech, Executive Assistant

Others Present:

Jennifer Temple, Wake Forest Baptist
Kevin Dougherty, McGuire Woods, LLP
Bruce Gurley, Wells Fargo
Thomas Johnson, Southeastern Regional Medical Center

1. Purpose of Meeting

To authorize (1) a Supplemental Trust Agreement for Southeastern Regional Medical Center Series 2017B and (2) authorize the issuance of $206,235,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Wake Forest Baptist Obligated Group) Series 2019ABC.

2. RESOLUTION AUTHORIZING A SUPPLEMENTAL TRUST AGREEMENT AND CERTAIN OTHER ACTION FOR THE PURPOSE OF MODIFYING CERTAIN TERMS OF THE NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE REFUNDING BONDS (SOUTHEASTERN REGIONAL MEDICAL CENTER), SERIES 2017B

Remarks were made by Mr. Geary Knapp, Mr. Kevin Dougherty, and Mr. Thomas Johnson.

EXECUTIVE COMMITTEE ACTION: *Motion was made to approve the Supplemental Trust Agreement by Dr. Devdutta Sangvai, seconded by Mrs. Eileen Kugler, and unanimously approved with the recusal of Dr. John Fagg.*

WHEREAS, the North Carolina Medical Care Commission (the "Commission") is a commission of the Department of Health and Human Services of the State of North Carolina, and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), to borrow money and to lend the same to any public or nonprofit agency for the purpose of providing funds to pay all or any part of the cost of health care facilities; and

WHEREAS, Southeastern Regional Medical Center (the "Corporation") is a North Carolina nonprofit corporation and a "nonprofit agency" within the meaning and intent of the Act, which owns and operates health care facilities located in Lumberton, North Carolina; and

WHEREAS, the Commission has heretofore issued its Hospital Revenue Refunding Bonds (Southeastern Regional Medical Center), Series 2017B (the "Series 2017B Bonds") pursuant to a Trust Agreement, dated as of December 1, 2017 (the "Trust Agreement"), between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"); and

WHEREAS, the Commission has heretofore loaned the proceeds of the Series 2017B Bonds to the Corporation pursuant to a Loan Agreement, dated as of December 1, 2017, between the Commission and the Corporation; and

WHEREAS, the Series 2017B Bonds are currently held by BB&T Community Holdings Co. (the "Holder") and bear interest in the Bank-Bought Rate Period (as defined in the Trust Agreement) at the LIBOR Index Rate (as defined in the Trust Agreement); and

WHEREAS, the maximum marginal statutory rate of federal tax imposed on the income of corporations generally (the "Corporate Marginal Tax Rate") decreased under the "Tax Cuts and Jobs Act of 2017" effective January 1, 2018; and

WHEREAS, as a result of the decrease in the Corporate Marginal Tax Rate, the LIBOR Index Rate increased, and the LIBOR Index Rate is currently a rate of interest per annum equal to the sum obtained by adding (i) the product of (x) 82.646% and (y) One-Month LIBOR plus (ii) the Tax-Exempt Spread (0.7335%); and

WHEREAS, the Holder has offered to modify the terms of the LIBOR Index Rate so that the LIBOR Index Rate will be a rate of interest per annum equal to the sum obtained by adding (i) the product of (x) 79% and (y) One-Month LIBOR plus (ii) the Tax-Exempt Spread (0.70%); and

WHEREAS, the Corporation has determined to accept such offer and has requested that the Commission and the Bond Trustee amend the Trust Agreement for the purpose of modifying the terms of the Series 2017B Bonds as hereinabove described; and

WHEREAS, Section 11.02 of the Trust Agreement provides for the execution of such trust agreements supplemental thereto with the consent of the Holders (as defined in the Trust Agreement) of not less than a majority of the aggregate principal amount of the Series 2017B Bonds then Outstanding (as defined in the Trust Agreement); and

WHEREAS, there has been presented to the officers and staff of the Commission (i) a draft of a Supplemental Trust Agreement amending the Trust Agreement, to be dated as of March 1, 2019 (the "Supplemental Trust Agreement"), between the Commission and the Bond Trustee, and (ii) a draft of an Allonge to the Series 2017B Bonds (the "Allonge"), modifying the terms of the Series 2017B Bonds in a tenor consistent with this Resolution; and

WHEREAS, the Holder, as the sole Holder of the Series 2017B Bonds, has indicated its willingness to give its consent to the terms and provisions of the Supplemental Trust Agreement and the Allonge; and

WHEREAS, the Commission has determined that the public will best be served by the amendment of the Trust Agreement and the modification of the terms of the Series 2017B Bonds in a tenor consistent with this Resolution;

NOW, THEREFORE, THE EXECUTIVE COMMITTEE OF THE NORTH CAROLINA MEDICAL CARE COMISISON DOES HEREBY RESOLVE, as follows:

Section 1. The form, terms and provisions of the Supplemental Trust Agreement are hereby approved in all respects, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Supplemental Trust Agreement in substantially the form presented to the officers and staff of the Commission, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 2. The form, terms and provisions of the Allonge set forth in the Supplemental Trust Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Allonge in definitive form, which shall be in substantially the form set forth in the Supplemental Trust Agreement, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 3. Upon its execution, the Allonge shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Allonge and deliver the Allonge to the Holder of the Series 2017B Bonds in accordance with the Trust Agreement and the Supplemental Trust Agreement.

Section 4. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose, the Secretary and the Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments, including delivery of the Allonge to the Holder, as they, with the advice of counsel, may deem necessary or appropriate to effect the amendment of the Trust Agreement and the modification of the terms of the Series 2017B Bonds as set forth in the Supplemental Trust Agreement and the Allonge.

Section 5. This Resolution shall take effect immediately upon its passage.

3A. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF $39,725,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES REVENUE BONDS (WAKE FOREST BAPTIST OBLIGATED GROUP), SERIES 2019A

Remarks were made by Mr. Geary Knapp, Dr. John Fagg, Mr. Kevin Dougherty, and Mr. Bruce Gurley.

EXECUTIVE COMMITTEE ACTION: *Motion to approve the issuance of Series 2019A bonds was made by Mr. Al Lockamy, seconded by Mrs. Eileen Kugler, and unanimously approved.*

WHEREAS, the North Carolina Medical Care Commission (the "Commission") is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities; and

WHEREAS, each of North Carolina Baptist Hospital (the "Hospital"), Wake Forest University Health Sciences ("Health Sciences") and Wake Forest University Baptist Medical Center (the "Medical Center") is a North Carolina nonprofit corporation and a "nonprofit agency" within the meaning and intent of the Act, which owns and/or operates (in certain cases though controlled affiliates) health care facilities located in the City of Winston-Salem, North Carolina and other locations in the State of North Carolina; and

WHEREAS, the Hospital, Health Sciences and the Medical Center are Members of the Obligated Group (the "Obligated Group Members") under the Master Trust Indenture, dated as of March 1, 2010 (as supplemented, the "Master Indenture"), between the Hospital and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), and consequently are jointly and severally liable for each Obligation (as defined in the Master Indenture) issued under the Master Indenture; and

WHEREAS, on behalf of Health Sciences, the Commission has previously issued its Health Care Facilities Revenue Refunding Bonds (Wake Forest Baptist Obligated Group), Series 2012C (the "Series 2012C Bonds"); and

WHEREAS, Health Sciences elected to redeem the Series 2012C Bonds on October 2, 2017 with the proceeds of a taxable loan from Wells Fargo Bank, National Association (the "Taxable Loan"); and

WHEREAS, Health Sciences has made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) refinance the Taxable Loan and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Series 2019A Bonds (as hereinafter defined); and

WHEREAS, the Hospital, Health Sciences and the Medical Center desire to pay, or reimburse the Hospital, Health Sciences and the Medical Center for paying, a portion of the cost of certain

capital projects, including (i) operating room expansion at Davie Medical Center, (ii) operating room expansion and renovation at Lexington Medical Center, (iii) the renovation of space for various uses on the main campus of Wake Forest Baptist Medical Center, and (iv) the acquisition of certain assets owned or operated by High Point Regional Health d/b/a High Point Medical Center, the sole corporate member of which is the Medical Center (collectively, the "Project"), from the proceeds of revenue bonds to be issued by the Commission; and

WHEREAS, concurrently with the issuance of the Series 2019A Bonds, the Commission has determined to issue its (a) Health Care Facilities Revenue Bonds (Wake Forest Baptist Obligated Group), Series 2019B in the aggregate principal amount of $105,905,000 (the "Series 2019B Bonds") and (b) Health Care Facilities Revenue Bonds (Wake Forest Baptist Obligated Group), Series 2019C in the aggregate principal amount of $60,605,000 (the "Series 2019C Bonds" and, together with the Series 2019A Bonds and the Series 2019B Bonds, the "Series 2019 Bonds"), pursuant to separate series resolutions, for the purpose of providing funds, together with other available funds, to (i) finance the Project and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Series 2019B Bonds and the Series 2019C Bonds, respectively; and

WHEREAS, there have been presented to the officers and the staff of the Commission the Preliminary Official Statement, dated February 11, 2019 (the "Preliminary Official Statement"), relating to the Series 2019 Bonds, and draft copies of the following documents relating to the issuance of the Series 2019A Bonds:

(a) the Bond Purchase Agreement, to be dated the date of sale of the Series 2019 Bonds (the "Bond Purchase Agreement"), by and between the Local Government Commission of North Carolina (the "Local Government Commission") and Wells Fargo Bank, National Association, Citigroup Global Markets Inc. and Goldman Sachs & Co. LLC (collectively, the "Underwriters"), and approved by the Commission, the Hospital, Health Sciences and the Medical Center;

(b) the Supplemental Master Indenture for Obligation No. 20, to be dated as of March 1, 2019 ("Supplemental Indenture No. 20"), by and among the Obligated Group Members and the Master Trustee, supplementing the Master Indenture;

(c) the Trust Agreement, to be dated as of March 1, 2019 (the "Trust Agreement"), by and between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"), the provisions of which relate to the issuance of and security for the Series 2019A Bonds;

(d) the Loan Agreement, to be dated as of March 1, 2019 (the "Loan Agreement"), by and between Health Sciences and the Commission, pursuant to which the Commission will lend the proceeds of the Series 2019A Bonds to Health Sciences;

(e) Obligation No. 20 of Health Sciences, to be dated the date of its delivery ("Obligation No. 20"), to be issued by Health Sciences to the Commission and assigned by the Commission to the Bond Trustee; and

(f) the Continuing Disclosure Agreement, to be dated as of March 1, 2019 (the "Continuing Disclosure Agreement"), executed and delivered by the Hospital, Health Sciences and the Medical Center; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Commission on November 2, 2018, has approved the issuance of the Series 2019A Bonds, subject to compliance by Health Sciences with the conditions set forth in such resolution, and Health Sciences has complied with such conditions to the satisfaction of the Commission; and

WHEREAS, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Obligated Group Members, the Obligated Group Members are financially responsible and capable of fulfilling their respective obligations under the Loan Agreement, the Master Indenture, Obligation No. 20 and Supplemental Indenture No. 20; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed financing and that, taking into account historical financial performance and financial forecasts internally generated by the Obligated Group Members, adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Series 2019A Bonds;

NOW, THEREFORE, THE EXECUTIVE COMMITTEE OF THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE, as follows:

Section 1. Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Trust Agreement and the Loan Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Wake Forest Baptist Obligated Group), Series 2019A in the aggregate principal amount of $39,725,000 (the "Series 2019A Bonds"). The Series 2019A Bonds shall be dated as of their original date of issuance and shall mature in such amounts and at such times and shall initially bear interest at such rates as are set forth in Schedule 1 attached hereto and made a part hereof.

The Series 2019A Bonds shall be issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof, and the Series 2019A Bonds shall be initially issued in book-entry form as described in the Trust Agreement. Interest on the Series 2019A Bonds shall be payable on each Interest Payment Date as provided in the Trust Agreement until the Series 2019A Bonds are fully paid. Payments of principal and interest on the Series 2019A Bonds shall initially be forwarded by the Bond Trustee to the registered owners of the Series 2019A Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Series 2019A Bonds shall be subject to optional and extraordinary redemption and conversion to a new Interest Rate Mode prior to their maturity at such times, upon the terms and conditions, and at the prices set forth in the Trust Agreement.

Section 4. The proceeds of the Series 2019A Bonds shall be applied as provided in Section 2.19 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Series 2019A Bonds for the purposes described in the preamble to this Series Resolution accomplishes the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented to the officers and the staff of the Commission, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Series 2019A Bonds as shall be set forth in the Bond Purchase Agreement; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The form, terms and provisions of the Bond Purchase Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized and directed to approve, by execution and delivery, the Bond Purchase Agreement in substantially the form presented to the officers and the staff of the Commission, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman or such member of the Commission, with the advice of counsel, may deem necessary and appropriate; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The forms of the Series 2019A Bonds set forth in the Trust Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such forms of the Series 2019A Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Series 2019A Bonds in definitive form, which shall be in substantially the forms presented to the officers and the staff of the Commission, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of Supplemental Indenture No. 20, Obligation No. 20 and the Continuing Disclosure Agreement are hereby approved in substantially the forms presented to the officers and staff of the Commission, together with such changes, modifications and deletions as the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose, with the advice of counsel, may deem necessary and appropriate; and the execution and delivery of the Trust Agreement pursuant

to Section 5 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 8.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Series 2019A Bonds to the Underwriters at the price of $45,867,252.58 (which price represents the principal amount of the Series 2019A Bonds, plus original issue premium of $6,328,367.75, and less underwriters' discount of $186,115.17).

Section 10. Upon their execution in the form and manner set forth in the Trust Agreement, the Series 2019A Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Series 2019A Bonds and, subject to the satisfaction of the provisions of Section 2.19 of the Trust Agreement, the Bond Trustee shall deliver the Series 2019A Bonds to the Underwriters against payment therefor.

Section 11. The Commission hereby ratifies the use and distribution of the Preliminary Official Statement in connection with the offering of the Series 2019A Bonds, and the Official Statement (the "Official Statement"), in substantially the form of the Preliminary Official Statement, with such changes as are necessary to reflect the final terms of the Series 2019A Bonds, is hereby approved, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized to execute, on behalf of the Commission, the Official Statement in substantially such form, together with such changes, modifications and deletions as the Chairman, the Vice Chairman or such designated member of the Commission, with the advice of counsel, may deem appropriate; and such execution shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Official Statement, the Trust Agreement, the Master Indenture, Supplemental Indenture No. 20, Obligation No. 20, the Loan Agreement and the Continuing Disclosure Agreement by the Underwriters in connection with such sale.

Section 12. The Depository Trust Company ("DTC"), New York, New York, is hereby appointed as the initial Securities Depository for the Series 2019A Bonds, with Cede & Co., as nominee of DTC, being the initial Securities Depository Nominee and initial registered owner of the Series 2019A Bonds.

Section 13. The Bank of New York Mellon Trust Company, N.A. is hereby appointed Bond Trustee for the Series 2019A Bonds.

Section 14. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, Steven C. Lewis, Chief of the Construction Section of the Division of Health Service Regulation, and Kathy C. Larrison, Auditor to the Commission, are each hereby appointed a Commission Representative, with full power to carry out the duties thereof.

Section 15. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents,

certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Official Statement, the Trust Agreement, the Loan Agreement, the Bond Purchase Agreement, the Master Indenture, Supplemental Indenture No. 20, Obligation No. 20 and the Continuing Disclosure Agreement.

Section 16. A comparison of the professional fees as set forth in the resolution adopted by the Commission granting preliminary approval of this financing with the actual professional fees incurred in connection with this financing is set forth in Schedule 2 attached hereto and made a part hereof.

Section 17. This Series Resolution shall take effect immediately upon its passage.

Schedule 1
Maturity Schedule
Serial Bonds

Maturity Date (December 1)	Principal Amount	Interest Rate
2019	$ 185,000	5.00%
2020	1,055,000	5.00
2021	1,455,000	5.00
2022	2,095,000	5.00
2023	4,015,000	5.00
2024	4,320,000	5.00
2025	2,450,000	5.00
2026	2,545,000	5.00
2027	2,615,000	5.00
2028	2,705,000	5.00
2029	2,795,000	5.00
2030	2,895,000	5.00
2031	2,995,000	5.00
2032	3,095,000	5.00
2033	4,505,000	5.00

Schedule 2
Professional Fees

Professional	Preliminary Approval[(1)]	Actual[(2)]
Accountants	$ 125,000	$ 75,000
Bond Counsel	185,000	210,000
Corporation Counsel	125,000	125,000
Underwriters' Counsel	135,000	135,000
Financial Advisor	200,000	200,000
Feasibility Consultant	50,000	40,000
Trustee (including Counsel)	10,000	20,400

(1) At the time of preliminary approval of this bond project, the precise number of series of bonds and the terms of such series of bonds had not yet been determined. It is now contemplated that three series of bonds, Series 2019A (Fixed Mode), Series 2019B (Long-Term Mode) and Series 2019C (Long-Term Mode), will be issued for this bond project. The authorization of the Series 2019B Bonds and the Series 2019C Bonds will be pursuant to separate series resolutions.

(2) Aggregate fees for Series 2019A, Series 2019B and Series 2019C.

3B. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF $105,905,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES REVENUE BONDS (WAKE FOREST BAPTIST OBLIGATED GROUP), SERIES 2019B

Remarks were made by Dr. John Fagg, Mr. Geary Knapp, and Mr. Kevin Dougherty.

EXECUTIVE COMMITTEE ACTION: *Motion was made to approve the issuance of Series 2019B bonds by Dr. Devdutta Sangvai, seconded by Mrs. Eileen Kugler, and unanimously approved.*

WHEREAS, the North Carolina Medical Care Commission (the "Commission") is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities; and

WHEREAS, each of North Carolina Baptist Hospital (the "Hospital"), Wake Forest University Health Sciences ("Health Sciences") and Wake Forest University Baptist Medical Center (the "Medical Center") is a North Carolina nonprofit corporation and a "nonprofit agency" within the meaning and intent of the Act, which owns and/or operates (in certain cases though controlled affiliates) health care facilities located in the City of Winston-Salem, North Carolina and other locations in the State of North Carolina; and

WHEREAS, the Hospital, Health Sciences and the Medical Center are Members of the Obligated Group (the "Obligated Group Members") under the Master Trust Indenture, dated as of March 1, 2010 (as supplemented, the "Master Indenture"), between the Hospital and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), and consequently are jointly and severally liable for each Obligation (as defined in the Master Indenture) issued under the Master Indenture; and

WHEREAS, the Hospital, Health Sciences and the Medical Center desire to pay, or reimburse the Hospital, Health Sciences and the Medical Center for paying, a portion of the cost of certain capital projects, including (i) operating room expansion at Davie Medical Center, (ii) operating room expansion and renovation at Lexington Medical Center, (iii) the renovation of space for various uses on the main campus of Wake Forest Baptist Medical Center, and (iv) the acquisition of certain assets owned or operated by High Point Regional Health d/b/a High Point Medical Center, the sole corporate member of which is the Medical Center (collectively, the "Project"), from the proceeds of revenue bonds to be issued by the Commission; and

WHEREAS, the Hospital, Health Sciences and the Medical Center have made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) pay, or reimburse the Hospital, Health Sciences and the Medical Center for paying, a portion of the cost of the Project and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Series 2019B Bonds (as hereinafter defined); and

WHEREAS, concurrently with the issuance of the Series 2019B Bonds, the Commission has determined to issue its (a) Health Care Facilities Revenue Bonds (Wake Forest Baptist Obligated Group), Series 2019A in the aggregate principal amount of $39,725,000 (the "Series 2019A Bonds"), pursuant to a separate series resolution, for the purpose of providing funds, together with other available funds, to (i) refinance a taxable loan, the proceeds of which were used to redeem the Commission's Health Care Facilities Revenue Refunding Bonds (Wake Forest Baptist Obligated Group), Series 2012C, and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Series 2019A Bonds and (b) Health Care Facilities Revenue Bonds (Wake Forest Baptist Obligated Group), Series 2019C in the aggregate principal amount of $60,605,000 (the "Series 2019C Bonds" and, together with the Series 2019A Bonds and the Series 2019B Bonds, the "Series 2019 Bonds"), pursuant to a separate series resolution, for the purpose of providing funds, together with other available funds, to (i) pay, or reimburse the Hospital, Health Sciences and the Medical Center for paying, a portion of the cost of the Project and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Series 2019C Bonds; and

WHEREAS, there have been presented to the officers and staff of the Commission the Preliminary Official Statement, dated February 11, 2019 (the "Preliminary Official Statement"), relating to the Series 2019 Bonds, and draft copies of the following documents relating to the issuance of the Series 2019B Bonds:

(a) the Bond Purchase Agreement, to be dated the date of sale of the Series 2019 Bonds (the "Bond Purchase Agreement"), by and between the Local Government Commission of North Carolina (the "Local Government Commission") and Wells Fargo Bank, National Association, Citigroup Global Markets Inc. and Goldman Sachs & Co. LLC (collectively, the "Underwriters"), and approved by the Commission, the Hospital, Health Sciences and the Medical Center;

(b) the Supplemental Master Indenture for Obligation No. 21, to be dated as of March 1, 2019 ("Supplemental Indenture No. 21"), by and among the Obligated Group Members and the Master Trustee, supplementing the Master Indenture;

(c) the Trust Agreement, to be dated as of March 1, 2019 (the "Trust Agreement"), by and between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"), the provisions of which relate to the issuance of and security for the Series 2019B Bonds;

(d) the Loan Agreement, to be dated as of March 1, 2019 (the "Loan Agreement"), by and among the Hospital, Health Sciences, the Medical Center and the Commission, pursuant to which the Commission will lend the proceeds of the Series 2019B Bonds to the Hospital, Health Sciences and the Medical Center;

(e) Obligation No. 21 of the Hospital, Health Sciences and the Medical Center, to be dated the date of its delivery ("Obligation No. 21"), to be issued by the Hospital, Health Sciences and the Medical Center to the Commission and assigned by the Commission to the Bond Trustee; and

(f) the Continuing Disclosure Agreement, to be dated as of March 1, 2019 (the "Continuing Disclosure Agreement"), executed and delivered by the Hospital, Health Sciences and the Medical Center; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Commission on November 2, 2018, has approved the issuance of the Series 2019B Bonds, subject to compliance by the Hospital, Health Sciences and the Medical Center with the conditions set forth in such resolution, and the Hospital, Health Sciences and the Medical Center have complied with such conditions to the satisfaction of the Commission; and

WHEREAS, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Obligated Group Members, the Obligated Group Members are financially responsible and capable of fulfilling their respective obligations under the Loan Agreement, the Master Indenture, Obligation No. 21 and Supplemental Indenture No. 21; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed financing and that, taking into account historical financial performance and financial forecasts internally generated by the Obligated Group Members, adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Series 2019B Bonds;

NOW, THEREFORE, THE EXECUTIVE COMMITTEE OF THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE, as follows:

Section 1. Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Trust Agreement and the Loan Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Wake Forest Baptist Obligated Group), Series 2019B in the aggregate principal amount of $105,905,000 (the "Series 2019B Bonds"). The Series 2019B Bonds shall be dated as of their original date of issuance, shall mature on December 1, 2048 and shall initially bear interest in the Long-Term Mode at the rate of 2.20% per annum. The last day of the initial Long-Term Interest Rate Period shall be November 30, 2022, and the Long-Term Rate Mandatory Purchase Date for the Series 2019B Bonds shall be December 1, 2022.

The Series 2019B Bonds shall be issued as fully registered Series 2019B Bonds in denominations of $5,000 or any integral multiple thereof, and the Series 2019B Bonds shall be initially issued in book-entry form as described in the Trust Agreement. Interest on the Series 2019B Bonds shall be payable on each Interest Payment Date as provided in the Trust Agreement. Payments of principal and interest on the Series 2019B Bonds shall be forwarded by the Bond Trustee to the registered owners of the Series 2019B Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Series 2019B Bonds may be converted on or after June 1, 2022 (the "2019B Call Date") to a new Interest Rate Mode in accordance with the provisions of the Trust Agreement. The Series 2019B Bonds shall be subject to optional redemption on or after the 2019B Call Date, extraordinary optional redemption, and mandatory sinking fund redemption prior to their maturity at such times, upon the terms and conditions, and at the prices set forth in the Trust Agreement. The Sinking Fund Installments for the Series 2019B Bonds are set forth in Schedule 1 attached hereto and made a part hereof.

Section 4. The proceeds of the Series 2019B Bonds shall be applied as provided in Section 2.19 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Series 2019B Bonds for the purposes described in the preamble to this Series Resolution accomplishes the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented to the officers and staff of the Commission, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Series 2019B Bonds as shall be set forth in the Bond Purchase Agreement; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The form, terms and provisions of the Bond Purchase Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized and directed to approve, by execution and delivery, the Bond Purchase Agreement in substantially the form presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman or such member of the Commission, with the advice of counsel, may deem necessary and appropriate; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The forms of the Series 2019B Bonds set forth in the Trust Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such forms of the Series 2019B Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Series 2019B Bonds in definitive form, which shall be in substantially the forms presented to the officers and staff of the Commission, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of Supplemental Indenture No. 21, Obligation No. 21 and the Continuing Disclosure Agreement are hereby approved in substantially the forms presented to the officers and staff of the Commission, together with such changes, modifications and deletions as the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose, with the advice of counsel, may deem necessary and appropriate; and the execution and delivery of the Trust Agreement pursuant to Section 5 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 8.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Series 2019B Bonds to the Underwriters at the price of $105,567,683.12 (which price represents the principal amount of the Series 2019B Bonds, less underwriters' discount of $337,316.88).

Section 10. Upon their execution in the form and manner set forth in the Trust Agreement, the Series 2019B Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Series 2019B Bonds and, subject to the satisfaction of the provisions of Section 2.19 of the Trust Agreement, the Bond Trustee shall deliver the Series 2019B Bonds to the Underwriters against payment therefor.

Section 11. The Commission hereby ratifies the use and distribution of the Preliminary Official Statement in connection with the offering of the Series 2019B Bonds, and the Official Statement (the "Official Statement"), in substantially the form of the Preliminary Official Statement, with such changes as are necessary to reflect the final terms of the Series 2019B Bonds, is hereby approved, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized to execute, on behalf of the Commission, the Official Statement in substantially such form, together with such changes, modifications and deletions as the Chairman, the Vice Chairman or such designated member of the Commission, with the advice of counsel, may deem appropriate; and such execution shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Official Statement, the Trust Agreement, the Master Indenture, Supplemental Indenture No. 21, Obligation No. 21, the Loan Agreement and the Continuing Disclosure Agreement by the Underwriters in connection with such sale.

Section 12. The Depository Trust Company ("DTC"), New York, New York, is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., as nominee of DTC, being the initial Securities Depository Nominee and initial registered owner of the Series 2019B Bonds.

Section 13. The Bank of New York Mellon Trust Company, N.A. is hereby appointed Bond Trustee for the Series 2019B Bonds.

Section 14. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, Steven C. Lewis, Chief of the Construction Section of the Division

of Health Service Regulation, and Kathy C. Larrison, Auditor to the Commission, are each hereby appointed a Commission Representative, with full power to carry out the duties thereof.

Section 15. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Official Statement, the Trust Agreement, the Loan Agreement, the Bond Purchase Agreement, the Master Indenture, Supplemental Indenture No. 21, Obligation No. 21 and the Continuing Disclosure Agreement.

Section 16. A comparison of the professional fees as set forth in the resolution adopted by the Commission granting preliminary approval of this financing with the actual professional fees incurred in connection with this financing is set forth in Schedule 2 attached hereto and made a part hereof.

Section 17. This Series Resolution shall take effect immediately upon its passage.

Schedule 1
Sinking Fund Installments

Due on December 1	Sinking Fund Installment
2034	$ 4,605,000
2035	4,620,000
2036	4,635,000
2037	4,655,000
2038	4,670,000
2039	4,745,000
2040	4,845,000
2041	6,865,000
2042	7,030,000
2043	7,195,000
2046	5,900,000
2047	22,790,000
2048*	23,350,000

*Maturity

Schedule 2
Professional Fees

Professional	Preliminary Approval[(1)]	Actual[(2)]
Accountants	$ 125,000	$ 75,000
Bond Counsel	185,000	210,000
Corporation Counsel	125,000	125,000
Underwriters' Counsel	135,000	135,000
Financial Advisor	200,000	200,000
Feasibility Consultant	50,000	40,000
Trustee (including Counsel)	10,000	20,400

(1) At the time of preliminary approval of this bond project, the precise number of series of bonds and the terms of such series of bonds had not yet been determined. It is now contemplated that three series of bonds, Series 2019A (Fixed Mode), Series 2019B (Long-Term Mode) and Series 2019C (Long-Term Mode), will be issued for this bond project. The authorization of the Series 2019A Bonds and the Series 2019C Bonds will be pursuant to separate series resolutions.

(2) Aggregate fees for Series 2019A, Series 2019B and Series 2019C.

3C. SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF $60,605,000 NORTH CAROLINA MEDICAL CARE COMMISSION HEALTH CARE FACILITIES REVENUE BONDS (WAKE FOREST BAPTIST OBLIGATED GROUP), SERIES 2019C

Remarks were made by Mr. Geary Knapp, Dr. John Fagg, Ms. Jennifer Temple, and Mr. Kevin Dougherty.

EXECUTIVE COMMITTEE ACTION: *Motion was made to approve the issuance of the Series 2019C bonds by Mr. Al Lockamy, seconded by Dr. John Meier, and unanimously approved.*

WHEREAS, the North Carolina Medical Care Commission (the "Commission") is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities; and

WHEREAS, each of North Carolina Baptist Hospital (the "Hospital"), Wake Forest University Health Sciences ("Health Sciences") and Wake Forest University Baptist Medical Center (the "Medical Center") is a North Carolina nonprofit corporation and a "nonprofit agency" within the meaning and intent of the Act, which owns and/or operates (in certain cases though controlled affiliates) health care facilities located in the City of Winston-Salem, North Carolina and other locations in the State of North Carolina; and

WHEREAS, the Hospital, Health Sciences and the Medical Center are Members of the Obligated Group (the "Obligated Group Members") under the Master Trust Indenture, dated as of March 1, 2010 (as supplemented, the "Master Indenture"), between the Hospital and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), and consequently are jointly and severally liable for each Obligation (as defined in the Master Indenture) issued under the Master Indenture; and

WHEREAS, the Hospital, Health Sciences and the Medical Center desire to pay, or reimburse the Hospital, Health Sciences and the Medical Center for paying, a portion of the cost of certain capital projects, including (i) operating room expansion at Davie Medical Center, (ii) operating room expansion and renovation at Lexington Medical Center, (iii) the renovation of space for various uses on the main campus of Wake Forest Baptist Medical Center, and (iv) the acquisition of certain assets owned or operated by High Point Regional Health d/b/a High Point Medical Center, the sole corporate member of which is the Medical Center (collectively, the "Project"), from the proceeds of revenue bonds to be issued by the Commission; and

WHEREAS, the Hospital, Health Sciences and the Medical Center have made an application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) pay, or reimburse the Hospital, Health Sciences and the Medical Center for paying, a portion of the cost of the Project and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Series 2019C Bonds (as hereinafter defined); and

WHEREAS, concurrently with the issuance of the Series 2019C Bonds, the Commission has determined to issue its (a) Health Care Facilities Revenue Bonds (Wake Forest Baptist Obligated Group), Series 2019A in the aggregate principal amount of $39,725,000 (the "Series 2019A Bonds"), pursuant to a separate series resolution, for the purpose of providing funds, together with other available funds, to (i) refinance a taxable loan, the proceeds of which were used to redeem the Commission's Health Care Facilities Revenue Refunding Bonds (Wake Forest Baptist Obligated Group), Series 2012C, and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Series 2019A Bonds and (b) Health Care Facilities Revenue Bonds (Wake Forest Baptist Obligated Group), Series 2019B in the aggregate principal amount of $105,905,000 (the "Series 2019B Bonds" and, together with the Series 2019A Bonds and the Series 2019C Bonds, the "Series 2019 Bonds"), pursuant to a separate series resolution, for the purpose of providing funds, together with other available funds, to (i) pay, or reimburse the Hospital, Health Sciences and the Medical Center for paying, a portion of the cost of the Project and (ii) pay certain expenses incurred in connection with the authorization and issuance of the Series 2019B Bonds; and

WHEREAS, there have been presented to the officers and staff of the Commission the Preliminary Official Statement, dated February 11, 2019 (the "Preliminary Official Statement"), relating to the Series 2019 Bonds, and draft copies of the following documents relating to the issuance of the Series 2019C Bonds:

(a) the Bond Purchase Agreement, to be dated the date of sale of the Series 2019 Bonds (the "Bond Purchase Agreement"), by and between the Local Government Commission of North Carolina (the "Local Government Commission") and Wells Fargo Bank, National Association, Citigroup Global Markets Inc. and Goldman Sachs & Co. LLC (collectively, the "Underwriters"), and approved by the Commission, the Hospital, Health Sciences and the Medical Center;

(b) the Supplemental Master Indenture for Obligation No. 22, to be dated as of March 1, 2019 ("Supplemental Indenture No. 22"), by and among the Obligated Group Members and the Master Trustee, supplementing the Master Indenture;

(c) the Trust Agreement, to be dated as of March 1, 2019 (the "Trust Agreement"), by and between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"), the provisions of which relate to the issuance of and security for the Series 2019C Bonds;

(d) the Loan Agreement, to be dated as of March 1, 2019 (the "Loan Agreement"), by and among the Hospital, Health Sciences, the Medical Center and the Commission, pursuant to which the Commission will lend the proceeds of the Series 2019C Bonds to the Hospital, Health Sciences and the Medical Center;

(e) Obligation No. 22 of the Hospital, Health Sciences and the Medical Center, to be dated the date of its delivery ("Obligation No. 22"), to be issued by the Hospital, Health Sciences and the Medical Center to the Commission and assigned by the Commission to the Bond Trustee; and

(f) the Continuing Disclosure Agreement, to be dated as of March 1, 2019 (the "Continuing Disclosure Agreement"), executed and delivered by the Hospital, Health Sciences and the Medical Center; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Commission on November 2, 2018, has approved the issuance of the Series 2019C Bonds, subject to compliance by the Hospital, Health Sciences and the Medical Center with the conditions set forth in such resolution, and the Hospital, Health Sciences and the Medical Center have complied with such conditions to the satisfaction of the Commission; and

WHEREAS, the Commission has determined that, taking into account historical financial performance and financial forecasts internally generated by the Obligated Group Members, the Obligated Group Members are financially responsible and capable of fulfilling their respective obligations under the Loan Agreement, the Master Indenture, Obligation No. 22 and Supplemental Indenture No. 22; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed financing and that, taking into account historical financial performance and financial forecasts internally generated by the Obligated Group Members, adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Series 2019C Bonds;

NOW, THEREFORE, THE EXECUTIVE COMMITTEE OF THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE, as follows:

Section 1. Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Trust Agreement and the Loan Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Wake Forest Baptist Obligated Group), Series 2019C in the aggregate principal amount of $60,605,000 (the "Series 2019C Bonds"). The Series 2019C Bonds shall be dated as of their original date of issuance, shall mature on June 1, 2048 and shall initially bear interest in the Long-Term Mode at the rate of 2.55% per annum. The last day of the initial Long-Term Interest Rate Period shall be May 31, 2026, and the Long-Term Rate Mandatory Purchase Date for the Series 2019C Bonds shall be June 1, 2026.

The Series 2019C Bonds shall be issued as fully registered Series 2019C Bonds in denominations of $5,000 or any integral multiple thereof, and the Series 2019C Bonds shall be initially issued in book-entry form as described in the Trust Agreement. Interest on the Series 2019C Bonds shall be payable on each Interest Payment Date as provided in the Trust Agreement. Payments of principal and interest on the Series 2019C Bonds shall be forwarded by the Bond Trustee to the registered owners of the Series 2019C Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Series 2019C Bonds may be converted on or after December 1, 2025 (the "2019C Call Date") to a new Interest Rate Mode in accordance with the provisions of the Trust Agreement. The Series 2019C Bonds shall be subject to optional redemption on or after the 2019C Call Date, extraordinary optional redemption, and mandatory sinking fund redemption prior to their maturity at such times, upon the terms and conditions, and at the prices set forth in the Trust Agreement. The Sinking Fund Installments for the Series 2019C Bonds are set forth in Schedule 1 attached hereto and made a part hereof.

Section 4. The proceeds of the Series 2019C Bonds shall be applied as provided in Section 2.19 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Series 2019C Bonds for the purposes described in the preamble to this Series Resolution accomplishes the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented to the officers and staff of the Commission, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Series 2019C Bonds as shall be set forth in the Bond Purchase Agreement; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The form, terms and provisions of the Bond Purchase Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized and directed to approve, by execution and delivery, the Bond Purchase Agreement in substantially the form presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman or such member of the Commission, with the advice of counsel, may deem necessary and appropriate; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The forms of the Series 2019C Bonds set forth in the Trust Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such forms of the Series 2019C Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Series 2019C Bonds in definitive form, which shall be in substantially the forms presented to the officers and staff of the Commission, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of Supplemental Indenture No. 22, Obligation No. 22 and the Continuing Disclosure Agreement are hereby approved in substantially the forms presented to the officers and staff of the Commission, together with such changes, modifications and deletions as the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose, with the advice of counsel, may deem necessary and appropriate; and the execution and delivery of the Trust Agreement pursuant to Section 5 of this Series Resolution shall be conclusive evidence of the approval by the Commission of the agreements and instruments set forth in this Section 8.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Series 2019C Bonds to the Underwriters at the price of $60,321,060.17 (which price represents the principal amount of the Series 2019C Bonds, less underwriters' discount of $283,939.83).

Section 10. Upon their execution in the form and manner set forth in the Trust Agreement, the Series 2019C Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Series 2019C Bonds and, subject to the satisfaction of the provisions of Section 2.19 of the Trust Agreement, the Bond Trustee shall deliver the Series 2019C Bonds to the Underwriters against payment therefor.

Section 11. The Commission hereby ratifies the use and distribution of the Preliminary Official Statement in connection with the offering of the Series 2019C Bonds, and the Official Statement (the "Official Statement"), in substantially the form of the Preliminary Official Statement, with such changes as are necessary to reflect the final terms of the Series 2019C Bonds, is hereby approved, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose is hereby authorized to execute, on behalf of the Commission, the Official Statement in substantially such form, together with such changes, modifications and deletions as the Chairman, the Vice Chairman or such designated member of the Commission, with the advice of counsel, may deem appropriate; and such execution shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Official Statement, the Trust Agreement, the Master Indenture, Supplemental Indenture No. 22, Obligation No. 22, the Loan Agreement and the Continuing Disclosure Agreement by the Underwriters in connection with such sale.

Section 12. The Depository Trust Company ("DTC"), New York, New York, is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., as nominee of DTC, being the initial Securities Depository Nominee and initial registered owner of the Series 2019C Bonds.

Section 13. The Bank of New York Mellon Trust Company, N.A. is hereby appointed Bond Trustee for the Series 2019C Bonds.

Section 14. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, Steven C. Lewis, Chief of the Construction Section of the Division

of Health Service Regulation, and Kathy C. Larrison, Auditor to the Commission, are each hereby appointed a Commission Representative, with full power to carry out the duties thereof.

Section 15. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Official Statement, the Trust Agreement, the Loan Agreement, the Bond Purchase Agreement, the Master Indenture, Supplemental Indenture No. 22, Obligation No. 22 and the Continuing Disclosure Agreement.

Section 16. A comparison of the professional fees as set forth in the resolution adopted by the Commission granting preliminary approval of this financing with the actual professional fees incurred in connection with this financing is set forth in Schedule 2 attached hereto and made a part hereof.

Section 17. This Series Resolution shall take effect immediately upon its passage.

Schedule 1
Sinking Fund Installments

Due on June 1	Sinking Fund Installment
2035	$ 3,375,000
2036	3,395,000
2037	3,405,000
2038	3,410,000
2039	3,430,000
2040	3,485,000
2041	3,555,000
2042	5,040,000
2043	5,165,000
2044	5,285,000
2047	4,325,000
2048*	16,735,000

*Maturity

Schedule 2
Professional Fees

Professional	Preliminary Approval[(1)]	Actual[(2)]
Accountants	$ 125,000	$ 75,000
Bond Counsel	185,000	210,000
Corporation Counsel	125,000	125,000
Underwriters' Counsel	135,000	135,000
Financial Advisor	200,000	200,000
Feasibility Consultant	50,000	40,000
Trustee (including Counsel)	10,000	20,400

(1) At the time of preliminary approval of this bond project, the precise number of series of bonds and the terms of such series of bonds had not yet been determined. It is now contemplated that three series of bonds, Series 2019A (Fixed Mode), Series 2019B (Long-Term Mode) and Series 2019C (Long-Term Mode), will be issued for this bond project. The authorization of the Series 2019A Bonds and the Series 2019B Bonds will be pursuant to separate series resolutions.

(2) Aggregate fees for Series 2019A, Series 2019B and Series 2019C.

4. Adjournment

There being no further business, the meeting was adjourned at 11:25 a.m.

Respectfully submitted,

Geary W. Knapp
Assistant Secretary

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

The North Carolina Medical Care Commission
809 Ruggles Drive
Raleigh, North Carolina

MINUTES

CALLED MEETING OF THE EXECUTIVE COMMITTEE CONFERENCE TELEPHONE MEETING ORIGINATING FROM THE COMMISSION'S OFFICE MARCH 8, 2019 11:00 A.M.

Members of the Executive Committee Present:

John A. Fagg, M.D., Chairman
Joseph D. Crocker, Vice-Chairman
Eileen C. Kugler, RN, MSN MPH, FNP
John J. Meier, IV, M.D.
Robert E. Schaaf, M.D.

Members of the Executive Committee Absent:

Albert F. Lockamy, RPh
Devdutta G. Sangvai, M.D.

Members of Staff Present:

S. Mark Payne, DHSR Director, MCC Secretary
Geary W. Knapp, JD, CPA, Assistant Secretary
Kathy C. Larrison, Auditor
Alice S. Creech, Executive Assistant

Others Present:

Alice Adams, Robinson, Bradshaw, & Hinson, P.A.
David Rainey, Pines at Davidson
Tad Melton, Ziegler
Dalton Sims, HJ Sims

1. Purpose of Meeting

To authorize the sale of bonds, the proceeds of which are to be loaned to The Pines at Davidson, Inc.

2. Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of $42,725,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (The Pines at Davidson Project), Series 2019A and $11,905,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (The Pines at Davidson Project), Series 2019B

Remarks were made by Ms. Alice Adams, Mr. Joe Crocker, Mr. Geary Knapp, Mr. Tad Melton, Mr. Dalton Sims, Dr. John Fagg, and Mr. David Rainey.

EXECUTIVE COMMITTEE ACTION: *Motion was made to approve the Series 2019A and Series 2019B Resolution by Dr. John Meier, seconded by Mrs. Eileen Kugler, and unanimously approved with the recusal of Dr. John Fagg.*

WHEREAS, the North Carolina Medical Care Commission (the "Commission") is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities; and

WHEREAS, The Pines at Davidson, Inc. (the "Corporation") is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a "non-profit agency" within the meaning of the Act; and

WHEREAS, the Corporation has made application to the Commission for one or more loans, which will be used for the purpose of providing funds, together with other available funds, to (1) pay, or reimburse the Corporation for paying, all or a portion of the cost of improving and expanding its continuing care retirement community, including (a) constructing, furnishing and equipping two new multi-story apartment buildings, containing a total of 38 new independent living units, and including under-building and surface parking therefor, (b) constructing, furnishing and equipping a two-story skilled nursing building with 40 nursing beds and renovating the existing skilled nursing facility, resulting in a net of 24 new nursing beds, (c) renovating the existing community center to create new independent living dining areas, (d) renovating the assisted living dining area, and (e) expanding and renovating the current wellness center to add approximately 3,400 square feet of fitness space (collectively, the "Project"); (2) pay interest accruing on the Bonds (as defined below) during the construction of the Project; and (3) pay certain expenses incurred in connection with the issuance of the Bonds by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on August 10, 2018, has approved the issuance

of the Bonds, subject to compliance by the Corporation with the conditions set forth in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

WHEREAS, there have been presented to officers and staff of the Commission draft copies of the following documents relating to the issuance of the Bonds:

(a) a Contract of Purchase relating to the Commission's Retirement Facilities First Mortgage Revenue Bonds (The Pines at Davidson Project), Series 2019A (the "2019A Bonds") dated March 8, 2019 (the "2019A Purchase Contract"), between the Local Government Commission of North Carolina (the "Local Government Commission") and B.C. Ziegler & Company, on its own behalf and on behalf of BB&T Capital Markets, a division of BB&T Securities, LLC, and Herbert J. Sims & Co. Inc. (collectively, the "Underwriters"), and approved by the Commission and the Corporation;

(b) a Trust Agreement dated as of March 1, 2019 (the "2019A Trust Agreement") between the Commission and U.S. Bank National Association, as bond trustee (the "2019A Bond Trustee"), relating to the 2019A Bonds;

(c) a Loan Agreement dated as of March 1, 2019 (the "2019A Loan Agreement") between the Commission and the Corporation, pursuant to which the Commission will lend the proceeds of the 2019A Bonds to the Corporation;

(d) the Second Amended and Restated Master Trust Indenture dated as of March 1, 2019 (the "Master Indenture") between the Corporation, Smith Family of North Carolina, LLC d/b/a Mecklenburg Real Estate Holdings, LLC ("MREH") and U.S. Bank National Association, as master trustee (the "Master Trustee");

(e) a Supplemental Indenture for Obligation No. 8 dated as of March 1, 2019 ("Supplemental Indenture No. 8") between the Corporation and the Master Trustee;

(f) Obligation No. 8 dated as of March 28, 2019 ("Obligation No. 8") from the Corporation to the Commission;

(g) a Preliminary Official Statement of the Commission dated February 12, 2019, as supplemented on March 5, 2019, relating to the 2019A Bonds (the "Preliminary Official Statement");

(h) a Contract of Purchase relating to the Commission's Retirement Facilities First Mortgage Revenue Bonds (The Pines at Davidson Project), Series 2019B (the "2019B Bonds," and together with the 2019A Bonds, the "Bonds") dated March 21, 2019 (the "2019B Purchase Contract," and together with the 2019A Purchase Contract, the "Purchase Contracts") between STI Institutional & Government, Inc. (the "Purchaser") and the Local Government Commission and approved by the Commission and the Corporation;

(i) a Trust Agreement dated as of March 1, 2019 (the "2019B Trust Agreement," and together with the 2019A Trust Agreement, the "Trust Agreements") between the Commission and U.S. Bank National Association, as bond trustee (the "2019B

Bond Trustee," and together with the 2019A Bond Trustee, the "Bond Trustee"), relating to the 2019B Bonds;

(j) a Loan Agreement dated as of March 1, 2019 (the "2019B Loan Agreement," and together with the 2019A Loan Agreement, the "Loan Agreements") between the Commission and the Corporation, pursuant to which the Commission will lend the proceeds of the 2019B Bonds to the Corporation;

(k) a Supplemental Indenture for Obligation No. 9 dated as of March 1, 2019 ("Supplemental Indenture No. 9," and together with Supplemental Indenture No. 8, the "Bond Supplements") between the Corporation and the Master Trustee;

(l) Obligation No. 9 dated as of March 28, 2019 ("Obligation No. 9," and together with Obligation No. 8, the "Bond Obligations") from the Corporation to the Commission;

(m) a Continuing Covenant Agreement dated as of March 1, 2019 (the "Credit Agreement") between the Corporation and the Purchaser, relating to the 2019B Bonds;

(n) a Supplemental Indenture for Obligation No. 10 dated as of March 1, 2019 ("Supplemental Indenture No. 10," and together with the Bond Supplements, the "Supplemental Indentures") between the Corporation and the Master Trustee;

(o) Obligation No. 10 dated as of March 28, 2019 ("Obligation No. 10," and together with the Bond Obligations, the "Obligations") from the Corporation to the Purchaser;

(p) a Third Amendment to Amended and Restated Deed of Trust dated as of March 1, 2019 (the "Third Amendment to Deed of Trust") between the Corporation and the Master Trustee; and

(q) an Assignment of Contracts dated as of March 1, 2019 (the "Assignment of Contracts"), made by the Corporation to the Master Trustee; and

WHEREAS, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreements, the Master Indenture, the Bond Supplements and the Bond Obligations; and

WHEREAS, the Commission has determined that adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

NOW, THEREFORE, THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE, as follows:

Section 1. Capitalized words and terms used in this Resolution and not defined herein shall have the same meanings in this Resolution as such words and terms are given in the Master Indenture, the Trust Agreements and the Loan Agreements.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the 2019A Bonds in the aggregate principal amount of $42,725,000. The 2019A Bonds shall mature in such amounts and at such times and bear interest at such rates as are set forth in Schedule 1 attached hereto.

The 2019A Bonds shall be issued as fully registered bonds in the denominations of $5,000 or any whole multiple thereof. The 2019A Bonds shall be issuable in book-entry form as provided in the 2019A Trust Agreement. Interest on the 2019A Bonds shall be paid on each January 1 and July 1, beginning July 1, 2019, to and including January 1, 2049. Payments of principal of and interest on the 2019A Bonds shall be forwarded by the 2019A Bond Trustee to the registered owners of the 2019A Bonds in such manner as is set forth in the 2019A Trust Agreement.

Section 3. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of 2019B Bonds in the aggregate principal amount of up to $11,905,000. The Bonds shall mature on March 28, 2023 and shall bear interest at such rates determined in accordance with the Trust Agreement. During the initial Direct Purchase Period (which is in effect through maturity unless the Corporation elects to convert the 2019B Bonds to a different mode), the Bonds will bear interest at 81% of one-month LIBOR plus 1.30%, subject to adjustment under certain circumstances (e.g., taxability, event of default, corporate tax rate adjustments). There are no Sinking Fund Requirements for the 2019B Bonds, which are expected to be paid from initial entrance fees of the new independent living units of the Project.

The 2019B Bonds shall be issued as fully registered bonds in (i) denominations of $250,000 and multiples of $5,000 in excess thereof during any Direct Purchase Period, (ii) denominations of $100,000 and multiples of $5,000 in excess of $100,000 during any Short-Term Rate Period or any Medium-Term Rate Period that is not a Direct Purchase Period, and (iii) denominations of $5,000 and integral multiples thereof during any Fixed Rate Period that is not a Direct Purchase Period. Except during a Direct Purchase Period, the 2019B Bonds shall be issuable in book-entry form as provided in the 2019B Trust Agreement. Interest on the 2019B Bonds shall be paid at the times and at the rates determined as specified in the 2019B Trust Agreement. Payments of principal of and interest on the 2019B Bonds shall be made to the registered owners of the 2019B Bonds in such manner as is set forth in the 2019B Trust Agreement

Section 4. The 2019A Bonds shall be subject to optional, extraordinary and mandatory redemption, all at the times, upon the terms and conditions, and at the prices set forth in the 2019A Trust Agreement. The 2019B Bonds shall be subject to (i) optional and extraordinary redemption, (ii) during any Weekly Rate Period, optional tender for purchase, and (iii) mandatory tender for purchase, all at the times, upon the terms and conditions, and at the prices set forth in the 2019B Trust Agreement.

Section 5. The proceeds of the Bonds shall be applied as provided in Section 2.08 of each of the Trust Agreements. The Commission hereby finds that the use of the proceeds of the Bonds for loans to finance a portion of the costs of the Project, fund a portion of the interest on the Bonds, and pay certain costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

Section 6. The forms, terms and provisions of the Trust Agreements and the Loan Agreements are hereby approved in all respects, and the Chairman or Vice Chairman (or any other member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreements and the Loan Agreements in substantially the forms presented, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The form, terms and provisions of the Purchase Contracts are hereby approved in all respects, and the Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary or any Assistant Secretary of the Commission and are hereby authorized and directed to execute and deliver the Purchase Contracts in substantially the forms presented, together with such changes, modifications, insertions and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The form of the Bonds of each series set forth in the applicable Trust Agreement is hereby approved in all respects, and the Chairman or Vice Chairman (or any other member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds of such series, and to deliver to the applicable Bond Trustee for authentication on behalf of the Commission, the Bonds of such series in definitive form, which shall be in substantially the form presented, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the applicable Trust Agreement, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 9. The forms of the Master Indenture, the Supplemental Indentures, the Obligations, the Third Amendment to Deed of Trust, the Assignment of Contracts and the Credit Agreement are hereby approved in substantially the forms presented, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary or any Assistant Secretary of the Commission, with the advice of counsel, may deem necessary and appropriate, and the execution and delivery of the Trust Agreements by the Commission shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 10. The Commission hereby approves the action of the Local Government Commission in awarding the 2019A Bonds to the Underwriters at the purchase price of $45,242,990.75 (representing the principal amount of the 2019A Bonds, plus net original issue premium of $2,945,240.75 and less underwriters' discount of $427,250.00). The Commission hereby approves the action of the Local Government Commission authorizing the private sale of the 2019B Bonds to the Purchaser in accordance with the 2019B Contract of Purchase at the purchase price of 100% of the principal amount thereof.

Section 11. Upon their execution in the form and manner set forth in the applicable Trust Agreement, the Bonds of each series shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Bonds of such series and, upon the satisfaction of the conditions set forth in Section 2.08 of the applicable Trust Agreement, the Bond Trustee shall deliver (1) the 2019A Bonds to the Underwriters and (2) the 2019B Bonds to the Purchaser, each against payment therefor.

Section 12. The Commission hereby approves and ratifies the use and distribution of the Preliminary Official Statement and approves the use and distribution of a final Official Statement (the "Official Statement"), both in connection with the offer and sale of the 2019A Bonds. The Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary and any Assistant Secretary are hereby authorized to execute, on behalf of the Commission, the Official Statement in substantially the form of the Preliminary Official Statement, together with such changes, modifications and deletions as they, with the advice of counsel, may deem appropriate. Such execution shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Official Statement, the Trust Agreements, the Loan Agreements, the Master Indenture, the Supplemental Indentures, the Obligations, the Third Amendment to Deed of Trust, the Assignment of Contracts and the Credit Agreement by the Underwriters in connection with such offer and sale.

Section 13. U.S. Bank National Association is hereby appointed as the initial Bond Trustee for each series of Bonds.

Section 14. The Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the 2019A Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the 2019A Bonds. If the 2019B Bonds are converted to a Rate not in a Direct Purchase Period, the Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the 2019B Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of such 2019B Bonds.

Section 15. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, Steven Lewis, Chief of the Construction Section of the Division of Health Service Regulation, and Kathy C. Larrison and Crystal Watson-Abbott, Auditors for the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreements, with full power to carry out the duties set forth therein.

Section 16. The Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary and any Assistant Secretary of the Commission and are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreements, the Loan Agreements, the Purchase Contracts and the Official Statement.

Section 17. This Resolution shall take effect immediately upon its passage.

Schedule 1

Maturity Schedule for the 2019A Bonds

$2,225,000 Serial Bonds

Due January 1	Principal Amount	Interest Rate
2021	$ 75,000	3.000%
2022	80,000	3.000
2023	80,000	3.000
2024	80,000	3.000
2025	85,000	3.000
2026	90,000	3.500
2027	95,000	3.500
2028	100,000	3.500
2029	105,000	3.500
2030	110,000	3.500
2035	1,325,000	3.625

$4,700,000 5.00% Term Bonds due January 1, 2034

Due January 1	Sinking Fund Requirement
2031	$1,085,000
2032	1,145,000
2033	1,205,000
2034*	1,265,000

* Maturity

$4,370,000 5.00% Term Bonds due January 1, 2038

Due January 1	Sinking Fund Requirement
2036	$1,385,000
2037	1,455,000
2038*	1,530,000

* Maturity

$5,820,000 4.00% Term Bonds due January 1, 2041

Due January 1	Sinking Fund Requirement
2039	$1,600,000
2040	1,665,000
2041*	2,555,000

* Maturity

$25,610,000 5.00% Term Bonds due January 1, 2049

Due January 1	Sinking Fund Requirement
2042	$2,670,000
2043	2,805,000
2044	2,950,000
2045	3,100,000
2046	3,260,000
2047	3,430,000
2048	3,605,000
2049*	3,790,000

* Maturity

2019B Bonds

There are no mandatory redemption requirements for the 2019B Bonds, which mature on March 28, 2023.

Professional Fees Comparison for
The Pines at Davidson, Inc.
Series 2019A and Series 2019B

Professional	Fees Estimated In Preliminary Approval Resolution	Actual Fees
Underwriters' discount/placement fee	$1,200,250	$457,012.50
Bank (Purchaser) commitment fee (2019B)	15,000	5,952.50
Bank (Purchaser) Counsel (2019B)	50,000	20,000
Accountants	25,000	20,000
Bond counsel	115,000	115,000
Corporation counsel	55,000	55,000
Feasibility consultant/study	150,000	150,000
Financial Advisor	50,000	50,000
Underwriters' counsel (2019A)	62,500	55,000

NC MCC Bond Sale Approval Form						
Facility Name: The Pines at Davidson						
SERIES: 2019A (Public)	**Prelim Approval**		**Mailing of POS**		**Final Approval**	**Reason for Var.**
PAR Amount	$61,984,000.00		$46,235,000.00		$42,725,000.00	$15.4 million equity contribution, $2.4 million original issue premium
Estimated Interest Rate	5.25%		5.00%		4.29%	
All-in True Interest Cost	5.50%		5.19%		4.49%	
Maturity Schedule (Interest)	12/1/2018 - 12/1/2048		12/1/2018 - 12/1/2048		1/1/2021 - 1/1/2049	
Maturity Schedule (Principal)	12/1/2019 - 12/1/2048		12/1/2019 - 12/1/2048		1/1/2021 - 1/1/2049	
Bank Holding Period	N/A		N/A		N/A	
Estimated NPV Savings ($)	N/A		N/A		N/A	
Estimated NPV Savings (%)	N/A		N/A		N/A	
SERIES: 2019B (Bank)	**Prelim Approval**		**Mailing of POS**		**Final Approval**	**Reason for Var.**
PAR Amount	$10,400,000.00		$11,905,100.00		$11,905,000.00	Variance based on pricing of A series
Estimated Interest Rate	5.25%		4.00%		4.00%	
All-in True Interest Cost	5.50%		4.00%		4.00%	
Maturity Schedule (Interest)	12/1/2019 - 12/1/2028		4/1/2019 - 1/1/2022		4/1/2019 - 1/1/2022	
Maturity Schedule (Principal)	12/1/2019 - 12/1/2028		1/1/2024 (or earlier)		1/1/2024 (or earlier)	
Bank Holding Period	10 Years		5 Years		5 Years	
Estimated NPV Savings ($)	N/A		N/A		N/A	
Estimated NPV Savings (%)	N/A		N/A		N/A	
NOTES:						
- The bank bonds will be repaid with a portion of the initial entrance fees from the independent living units, hence the shorter maturity.						

3. Adjournment

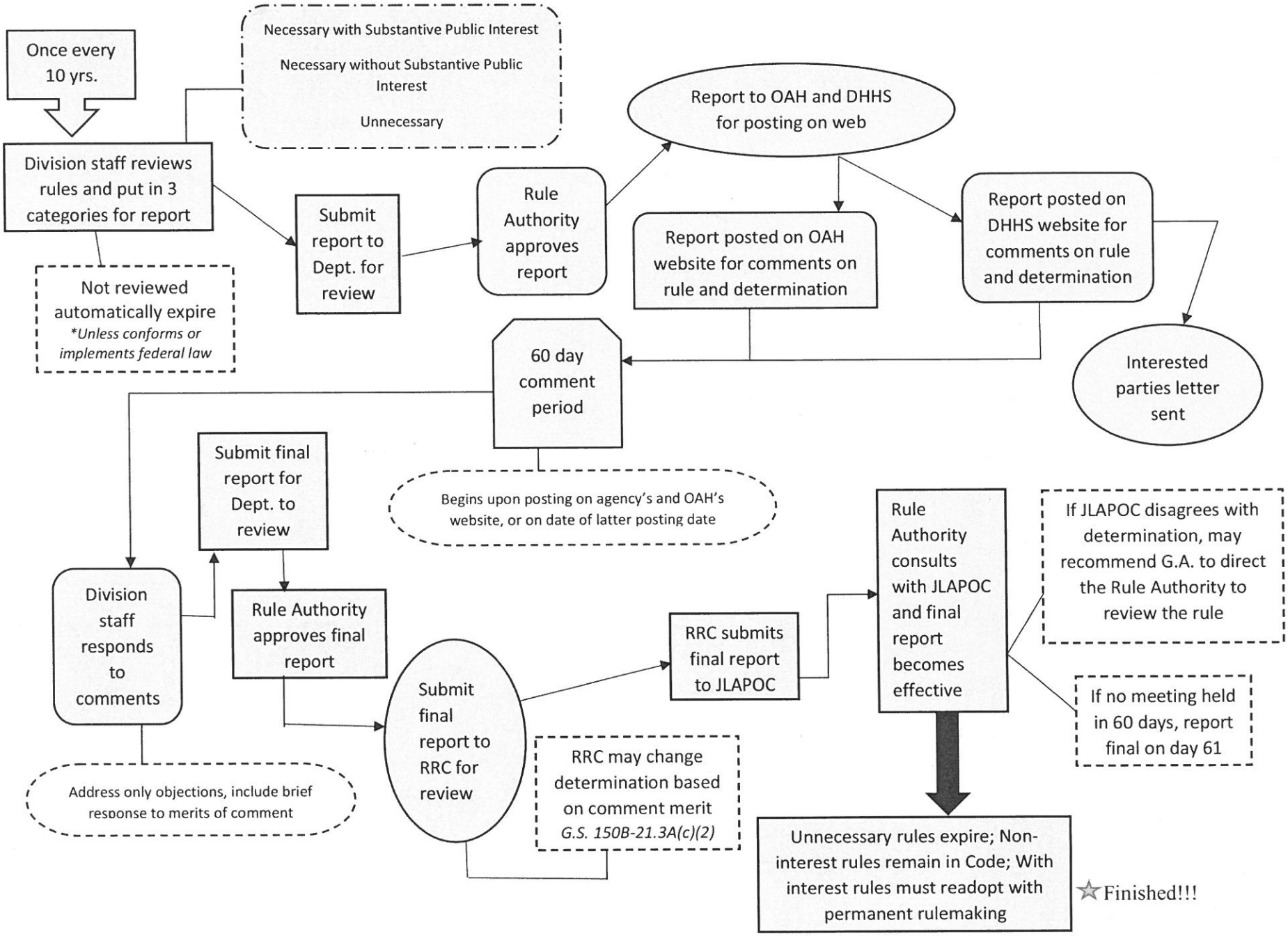
There being no further business, the meeting was adjourned at 11:21 a.m.

Respectfully submitted,

Geary W. Knapp
Assistant Secretary

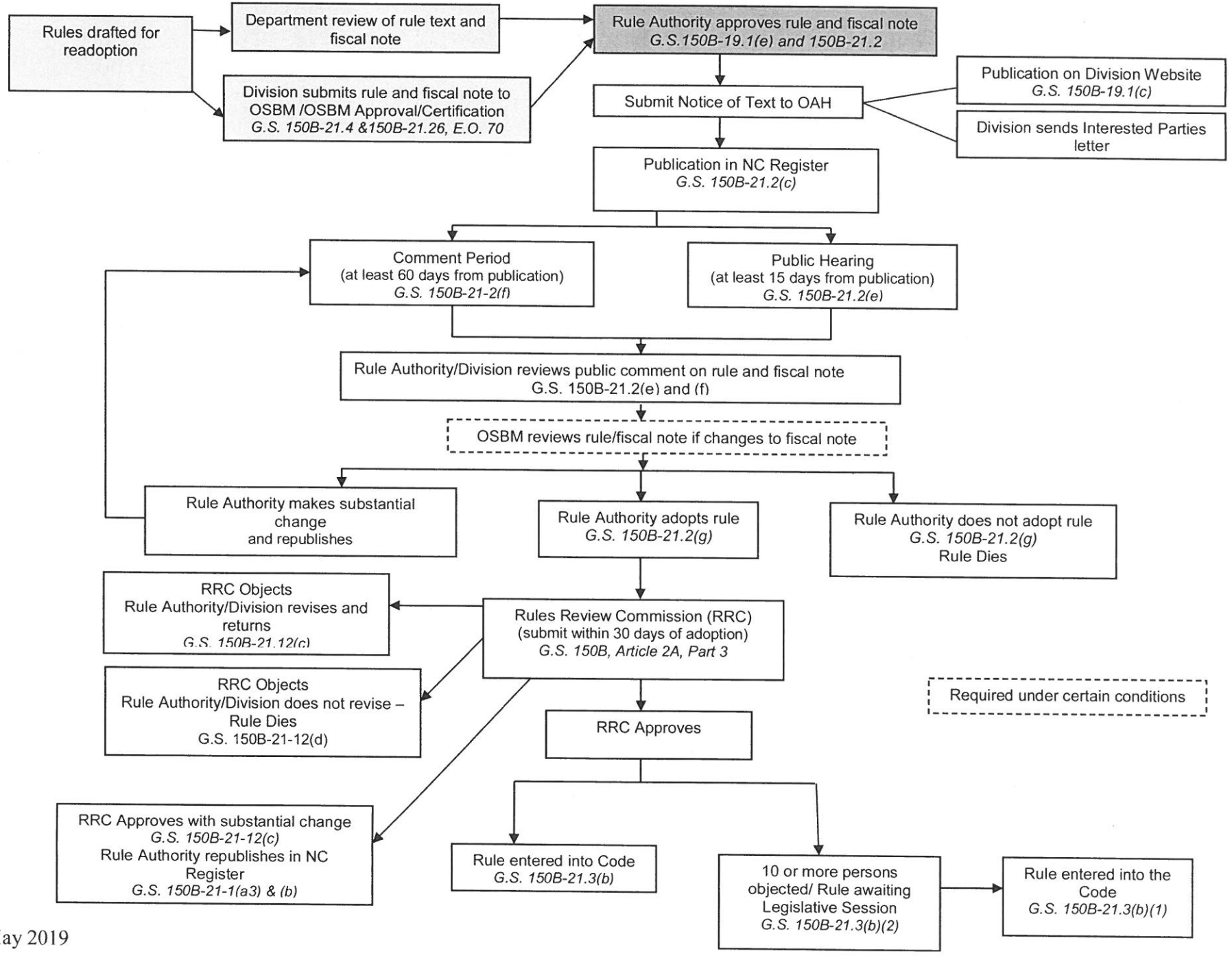
Exhibit C

Periodic Rules Review Process for: ACH/FCH 10A NCAC 13F & 10A NCAC 13G



Permanent Rulemaking Process for: Adult Care Home & Family Care Home Readoptions – Phase 1

Exhibit C/1



MCC May 2019

10A NCAC 13F .0203 is proposed for readoption as a repeal as follows:

10A NCAC 13F .0203 PERSONS NOT ELIGIBLE FOR NEW ADULT CARE HOME LICENSES

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-4.5; 131D-2.16; 143B-165;*
Temporary Adoption Eff. December 1, 1999;
Eff. July 1, 2000;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. June 1, ~~2004.~~ 2004;
Repealed Eff. January 1, 2020.

10A NCAC 13F .0207 is proposed for readoption with substantive changes as follows:

10A NCAC 13F .0207 CHANGE OF LICENSEE

~~When a licensee plans to sell the adult care home business, the following procedure is required.~~ Prior to the sale of an adult care home business, the current and prospective licensee shall meet the requirements of this Rule.

(1) The current licensee shall provide written notification of a planned change of licensee to the Division of Health Service Regulation, the county department of social ~~services~~ services, and the residents or their responsible persons at least 30 days prior to the date of the planned change of licensee.

(2) If the prospective licensee plans to purchase the building, the prospective licensee shall provide the Healthcare Planning and Certificate of Need Section of the Division of Health Service Regulation with prior written notice as required by G.S. ~~13E-184(a)(8)~~ 131E -184(a)(8) prior to the purchase of the building.

~~(3) If the licensee is changing but the ownership of the building is not, the applicant for the license shall request in writing an exemption from review from the Certificate of Need Section.~~

~~(4)~~ (3) The prospective licensee shall submit the following license application material to the Division of Health Service Regulation:

(a) the ~~Initial License Application~~ Change Licensure Application for Adult Care Home (7 or more Beds) ~~which~~ that is available on the internet website, ~~http://facility-services.state.nc.us/gcpage.htm,~~ www2.ncdhhs.gov/dhsr/acls/pdf/acchgapp.pdf at no cost ~~or from the Division of Health Service Regulation, Adult Care Licensure Section, 2708 Mail Service Center, Raleigh, NC 27699-2708;~~ and includes the following:

(i) facility administrator and building owner information;

(ii) operation disclosure including new licensee information and management company, if any; and

(iii) ownership disclosure including new owners, principles, affiliates, shareholders, and members;

(b) a ~~current~~ fire and building safety inspection report from the local fire ~~marshal;~~ marshal dated within the past 12 months;

(c) a ~~current~~ sanitation report from the sanitation division of the county health ~~department;~~ department dated within the past 12 months; and

(d) a nonrefundable license fee as required by ~~G.S. 131D-2(b)(1).~~ G.S. 131D-2.5.

~~(5) Following the licensing of the facility to the new licensee, a survey of the facility shall be made by program consultants of the Division of Health Service Regulation and an adult home specialist of the county department of social services.~~

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-2.16; 143B-165;*
Eff. January 1, 1977;

Readopted Eff. October 31, 1977;
Amended Eff. April 1, 1984;
Temporary Amendment Eff. September 1, 2003; July 1, 2003;
Amended Eff. June 1, ~~2004.~~ 2004;
Readopted Eff. January 1, 2020.

10A NCAC 13F .0214 is proposed for readoption as a repeal as follows:

10A NCAC 13F .0214 SUSPENSION OF ADMISSIONS

History Note: *Authority G.S. 131D-2.7;*
Eff. January 1, ~~1982.~~ 1982;
Repealed Eff. January 1, 2020.

10A NCAC 13F .1206 is proposed for readoption with substantive changes as follows:

10A NCAC 13F .1206 ~~ADVERTISING~~ MARKETING

~~The~~ An adult care home may ~~advertise~~ market provided:

(1) ~~The~~ the name used is as it appears on the ~~license.~~ license;

(2) ~~Only~~ only the services and accommodations for which the home is licensed are ~~used.~~ used; and

(3) ~~The~~ the home is ~~listed under proper classification in telephone books, newspapers or magazines.~~ classified by licensure status.

History Note: *Authority G.S. 131D-2.1; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. July 1, ~~2004.~~ 2004;
Readopted Eff. January 1, 2020.

10A NCAC 13G .0207 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .0207 CHANGE OF LICENSEE

~~When a licensee wishes to sell or lease the family care home business, the following procedure is required:~~

~~(1) The licensee shall notify the county department of social services that a change is desired. When there is a plan for a change of licensee and another person applies to operate the home immediately, the licensee shall notify the county department and the residents or their responsible persons. The county department shall talk with the residents, giving them the opportunity to make other plans if they so desire.~~

~~(2) The county department of social services shall submit all forms and reports specified in Rule .0204 (b) of this Subchapter to the Division of Health Service Regulation.~~

~~(3) The Division of Health Service Regulation shall review the records of the facility and may visit the home.~~

~~(4) The licensee and prospective licensee shall be advised by the Division of Health Service Regulation of any changes which must be made to the building before licensing to a new licensee can be recommended.~~

~~(5) Frame or brick veneer buildings over one story in height with resident services and accommodations on the second floor shall not be considered for re-licensure.~~

Prior to the sale of a family care home business, the current and prospective licensee shall meet the requirements of this Rule.

(1) The current licensee shall provide written notification of a planned change of licensee to the Division of Health Service Regulation, the county department of social services, and the residents or their responsible persons at least 30 days prior to the date of the planned change of licensee.

(2) The prospective licensee shall submit the following license application material to the Division of Health Service Regulation:

(a) the Change Licensure Application for Family Care Home (2 to 6 Beds) that is available on the internet website, www2.ncdhhs.gov/dhsr/acls/pdf/fcchgapp.pdf at no cost and includes the following:

(i) facility, administrator and building owner information;

(ii) operation disclosure including new licensee information and management company, if any; and

(iii) ownership disclosure including new owners, principles, affiliates, shareholders, and members;

(b) a fire and building safety inspection report from the local fire marshal dated within the past 12 months;

(c) a sanitation report from the sanitation division of the county health department dated within the past 12 months; and

(d) a nonrefundable license fee as required by G.S. 131D-2.5.

History Note: *Authority G.S. 131D-2.4; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. July 1, 1990; April 1, 1984;
Temporary Amendment Eff. September 1, 2003;
Amended Eff. June 1, ~~2004.~~ 2004;
Readopted Eff. January 1, 2020.

10A NCAC 13G .0214 is proposed for readoption as a repeal as follows:

10A NCAC 13G .0214 SUSPENSION OF ADMISSIONS

History Note: *Authority G.S. 131D-2.7;*
Eff. January 1, 1982;
Amended Eff. July 1, ~~1990.~~ 1990;
Repealed Eff. January 1, 2020.

10A NCAC 13G .1207 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .1207 ~~ADVERTISING~~ MARKETING

~~The administrator~~ A family care home may ~~use acceptable methods of advertising~~ market provided:

(1) ~~The~~ the name used is as it appears on the ~~license.~~ license;

(2) ~~Only~~ only the services and accommodations for which the home is licensed are ~~used.~~ used; and

(3) ~~The~~ the home is ~~listed under proper classification in telephone books, newspapers or magazines.~~ classified by licensure status.

History Note: *Authority G.S. 131D-2.1; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. April 1, ~~1984.~~ 1984;
Readopted Eff. January 1, 2020.

DHSR Adult Care Licensure Section

Fiscal Impact Analysis

Permanent Rule Adoptions without Substantial Economic Impact

Agency:	North Carolina Medical Care Commission	
Contact Persons:	Nadine Pfeiffer, MCC/DHSR Rulemaking Coordinator, 919-855-3811	
	Megan Lamphere, Chief, Adult Care Licensure Section, 919-855-3784	
	Doug Barrick, Policy Coordinator, Adult Care Licensure Section, 919 - 855-3778	
Impact:	Federal Government Impact:	No
	State Government Impact:	Yes
	Local Government Impact:	Yes
	Private Entities	Yes
	Substantial Economic Impact:	No

Titles of Rule Changes and N.C. Administrative Code citations

Rule Repeal:

10A NCAC 13F.0203 Persons Not Eligible for New Adult Care Home Licenses

10A NCAC 13F .0214 Suspension of Admissions

10A NCAC 13G .0214 Suspension of Admissions

Rule Readoptions (*See proposed text of these rules in Appendix):*

10A NCAC 13F .0207 Change of Licensee

10A NCAC 13F .1206 Marketing

10A NCAC 13G .0207 Change of Licensee

10A NCAC 13G .1207 Marketing

Authorizing Statutes: G.S. 131D-2.1; 131D- 2.4; 131D-2.5; 131D-4.5; 131D-2.16; 143B-165; 131D-2.7

Introduction and Background

Under the authority of G.S. 150B-21.3A, Periodic review and expiration of existing rules, the North Carolina Medical Care Commission and Rule Review Commission approved the Subchapter reports with classifications for the rules under 10A NCAC 13F Licensing of Adult Care Homes of Seven or More Beds and 10A NCAC 13G Licensing of Family Care Homes. The rules were classified in the reports as necessary with substantive public interest. Rules 10A NCAC 13F .0207 and .1206 and 10A NCAC 13G .0207 and .1207 are being presented for readoption with substantive changes. Rules 10A NCAC 13F .0203 and .0214 and 10A NCAC .0214 are being readopted as repeals and will not be discussed in this analysis.

Rules 10A NCAC 13F .0207 and .1206 and 13G .0207 were last amended in 2004. Rule 10NCAC 13G .1207 was last amended in 1984. Assisted Living regulatory policies and procedures and changes in technology have changed over the years since those amendment dates to allow for greater regulatory efficiency. The changes to these rules are intended to update the process that has been followed in recent years in the regulation of currently 595 adult care homes of seven or more beds for a total of 37,562 beds and 625 family care homes (2-6 beds) for a total of 3525 beds. A further intent of the changes is to make the rules of these two types of assisted living residences comparable if not the same for regulatory efficiency since they both house the same type of residents as permitted by law. Currently most of the rules for both types of residences are the same with the primary exception of staffing and physical plant requirements. The 13F and 13G rules are being reviewed, changes made and readoption proposed concurrently to assure this consistency.

Rule Summary and Anticipated Fiscal Impact

10A NCAC 13F .0207 Change of Licensee: This rule specifies what is required of the current licensee of an adult care home and an entity applying for a license for the adult care home. The process involves notification of affected parties by the current licensee and submission of particular material by the prospective licensee for a change of license. Licenses are not transferable so a new license must be issued to the new owner of the adult care home business.

1. The new requirement in this proposed readoption is the 30-day notification of change of ownership. The rationale is as follows.

Rationale: The current licensee must notify Division of Health Service Regulation, the county department of social services and the residents or responsible persons within 30 days of the planned change of licensee. The rationale is to promote a smooth and well-planned change of ownership by assuring the change of ownership occurs by the date of change worked out between current owner and applicant licensee. The 30-day period will ensure adequate time for processing of the ownership change by the licensing agency and allow time for residents and responsible parties with the assistance of the county departments of social services to make plans for obtaining placement elsewhere if so desired or as determined necessary by admission policy of prospective licensee.

The current and historical context is that current and applicant licensees are notified by the Adult Care Licensure's Section's established policies of 30 days notice necessary to process the change

of ownership application. If that procedural guideline is not followed, the change of ownership may not occur at the expected time of closure on the sale of the business because processing of the application cannot necessarily be completed in a shorter timeframe, meaning, the change of ownership would be delayed. The benefit of the 30-day notice is to assure the timeframe for the actual change of ownership as agreed upon by the parties involved is met.

The consequence of not meeting the timeframe is the expense to the current owner in keeping the facility open and the lack of revenue by prospective owner. Reapplication for a license by the prospective licensee would require payment of licensure fees again. These costs to the current and prospective owners would result if sufficient notice, as required by either rule or agency policy/practice, to process the change of ownership was not given to the licensing agency.

Requiring a 30-day notice period does not in itself result in additional costs to either the licensing agency or the county department of social services. However, failure to notify residents at least 30 days prior to the change of ownership could create a hardship on residents, responsible parties, the facility and the county departments of social services in finding other placement for the residents if they cannot or choose not to remain at the facility under new ownership. Based on input from surveyors and other state licensure staff involved in the change of ownership, residents typically remain at the facility through and after the change of ownership with resident records remaining in the facility and being updated as needed by the new licensee. In this majority of cases the notification is significant in regards to assuring Residents' Right #1 in G.S. 131D-21, "To be treated with respect, consideration, dignity....." The negative result, from a licensure standpoint, of not abiding by the notice timeframe would be a citation of a deficiency in rule compliance though this would not result in a monetary penalty.

Fiscal Impact: There is no fiscal impact resulting from this proposed rule readoption.

2. The requirement for requesting an exemption from the Certificate of Need (CON) Section for a change of licensee when the building ownership does not change is proposed for deletion as indicated in what was Paragraph 3 of proposed rule readoption.

Rationale: This request for exemption was not a requirement of CON so was unenforceable and, therefore, needs deletion from rule.

Fiscal Impact: Not applicable.

3. Paragraph 3 of proposed rule adoption has technical changes in Parts (a) and (d) and specification of basic contents in the referenced license application.

Rationale: Name of application and website address in Part (a) require updating. Statutory reference in Part (d) requires updating due to reorganization of what was G.S. 131D-2 several years ago. The contents of the application are listed to meet OAH requirement of noting what named documents include content-wise.

Fiscal Impact: There is no fiscal impact to these rule changes since the changes are of a technical, non-substantive, nature.

4. The word "current" in Paragraph 3, Parts (b) and (c), is proposed for deletion to be replaced with the timeframe of "within the past 12 months."

Rationale: The purpose of the change is to clearly relate what the licensing agency considers to be current according to county fire and sanitation inspection timeframes. This does not change the timeframe being required by current rule but specifies a time period since "current" is somewhat ambiguous. The change reflects what has been and continues to be the standard timeframe for inspections in practice.

Fiscal Impact: There is no fiscal impact to this change since the rule merely provides clearer language for a long-established standard for fire and sanitation inspections that has been followed by the licensing agency since 1984.

5. Paragraph (5) of this rule is proposed for deletion. It requires staff of the licensing agency and the county department of social services to conduct a survey of the facility following a change of ownership to assure the facility is operating per licensure requirements.

Rationale: This section of the rule has not been a part of the Adult Care Licensure Section's survey or the county departments of social services' adult services monitoring process since the star rating system for all adult care and family care homes became mandated by law in 2008 and annual surveys of all homes in 2009, the combination of which impacted the need for change of ownership surveys. Prior to that time, it was felt that a change of ownership survey was necessary because of the lack of periodic on-site surveys. As a result of the implementation of annual surveys and star rating follow-up surveys, the licensure staff switched to a document review of the change of ownership transaction and the readiness of the new owner to operate the facility and conducted this in-office. Due to surveys from the star rating system or the annual surveys, the new owner would be subject to an on-site survey of the facility within a matter of days, weeks or months depending on the schedule of annual surveys and follow-up surveys from any previous owner violations. This change in policy was made to streamline the CHOW process and optimize staff resources by incorporating the new ownership surveys into the annual and follow-up survey process. The primary benefit was better use of the limited staff time and resources.

Fiscal Impact: The deletion of the change of ownership survey by the Adult Care Licensure Section and the county department of social services' adult home specialists (AHS) results in a cost savings for the state and counties as follows.

Salaries and Wages:

Assumptions:

- Fringe benefits are equal to 37% of annual salary costs for state employees and 33.3% of annual salary costs for county employees.
- Annual salary based on 2040 working hours
- Travel costs of $0.58/mile (based on 2019 IRS reimbursement rates)
- State and county salaries are not likely to increase more than average inflation.

- State surveyors are home-based, living in the region of the facilities they survey. Adult Home Specialists visit facilities in their counties.

Table 1 - Wage Estimates	Salary	Fringe Benefits	Total Cost
ACLS Surveyor, FSC I	$ 58,070	$ 21,486	$ 79,556
County Adult Home Specialist	$ 45,000	$ 14,985	$ 59,985

Table 2 - Adult Care Home Change of Ownership Surveys		
Average Annual # of Adult Care Home Changes of Ownership (CHOW)	48	
Survey Requires:		
2 State Surveyors for 2 Days	$	1,224
Travel Costs - State Employees (100mi/day)	$	232
1 County Adult Home Specialist for 2 Days	$	461
Travel Costs - County Employee (40mi/day)	$	46
Total Costs to State	$	69,885
Total Costs to Counties	$	24,376
Total Costs for FCH CHOW Surveys	$	**94,261**

Table 3 - Family Care Home Change of Ownership Surveys		
Average Annual # of Family Care Home Changes of Ownership (CHOW)		59
Survey Requires:		
1 State Surveyor for 1 Day	$	306
Travel Costs - State Employees	$	58
1 County Adult Home Specialist for 1 Day	$	231
Travel Costs - County Employee	$	23
Total Costs to State	$	21,475
Total Costs to Counties	$	14,981
Total Costs for FCH CHOW Surveys	$	**36,456**

Total fiscal impact (cost savings) of no CHOW surveys for state and county:

$94,261 + 36,456 = $130, 717 in annual cost savings

These savings will occur every year going forward. Future annual cost savings will be dependent on wage and travel reimbursement changes, as well as the number of CHOW surveys that would otherwise have to be done.

10A NCAC 13G .0207 Change of Licensee: The rule specifies certain procedures to be followed when a change of business ownership of a family care home is planned in conjunction

with a prospective licensee to take over the business and operation of the family care home. The rule change reflects the current process and procedures for change of ownership that have been in effect for several years.

Rationale: The changes proposed are the deletion of outdated text in Paragraphs (1) and (2), the result of changes in the licensure change process that is the same for adult care homes; the deletion of Paragraphs (3) and (4) which are part of the internal procedures and licensing process of the Adult Care Licensure Section of the Division of Health Service Regulation; and deletion of Paragraph (5) which is covered in the NC Building Code. The intent of the agency is to update the rule requirements for the change of licensee process to bring them in line with current Division standards of practice and align these requirements to the requirements for adult care homes. The agency feels that there is no need for different standards of practice to be applied to family care homes versus adult care homes as the residents are substantially similar. This action will provide consistency to licensure practice for assisted living facilities and avoid outdated practice, particularly involving the county departments of social services, that creates an extra, unnecessary layer of involvement in the change of licensee process.

The process involving county departments of social services is unnecessary because the counties simply collected the information from the prospective licensee and forwarded it to the Adult Care Licensure Section without taking any action on it other than assuring its completeness. The CHOW process is streamlined by direct submittal of the application by the prospective licensee rather than dealing with the variable timeframes of almost 100 counties in submitting the applications. This will also benefit the licensee because their application will be received by DHSR in a more timely fashion. Since the text of proposed readoption of 10A NCAC 13F .0207 is being incorporated into 13G .0207, the rationale as stated for 13F .0207 in Parts 1 and 4 above applies to this rule readoption.

Fiscal Note: The only fiscal impact of this rule would be cost savings of the county departments of social services in not mailing the change of licensee application materials to the Division for review and licensing and the cost to the applicant licensee of the mailing of those materials directly to the Division. Currently the prospective licensees mail or hand deliver change of license applications to the county departments of social services. The assumption is that the cost of mailing by the county and the prospective licensee is the same and is minimal.

Average # of family care home CHOW's, 2016-2018: 59

Cost of mailing CHOW application by facility is minimal and cost savings of county not mailing applications is minimal as well.

The cost savings of adult home specialists of the county department of social services not having to meet with residents is not quantifiable because of great diversity in number of residents per facility. Also, part of the job responsibilities of adult home specialists already is assistance with resident placement so, if residents wanted to move before a CHOW, they would assist as needed.

10A NCAC 13F .1206 and 13G .1207 Marketing: These rule changes institute the same advertising requirements for both adult care homes and family care homes that address how a facility can market itself if it chooses to do so. If a facility wishes to market itself for advertising

purposes, it must present itself to the public under its correct licensure classification as it appears on its license. This requirement is to ensure that facilities are not misrepresented to the public for services and care provided that they are not licensed to provide. The wording about types of advertising is proposed for deletion to update the rule in allowing for other forms of marketing available other than hard copies of printed texts. The rationale for the use of marketing instead of advertising is as follows.

Rationale: Marketing is a broader term than advertising and includes the development of a strategy and the preparation and dissemination of an advertising product. The end product of marketing is advertising so the change in rule to address marketing is inclusive of advertising but covers any public relations campaigns and other factors that lead to the final advertising product. Marketing captures the whole process leading up to advertising in which the public may become aware of the product or entity that is to be advertised. There would not be advertising without some initial marketing, whether a lengthy or brief process. While the term advertising, therefore, encompasses the process leading up to it, using the term marketing clarifies that it is a process and incorporates more than just a visual or verbal advertisement. While obvious from the rule language, marketing by the facility is a choice but naming of the entity by licensure category if the choice to market the category is made, is a requirement. There's an assumption that most of the 1220 homes, both family care and adult care, advertise in some way, if only by a sign on the property identifying the home or automatic voice messages describing the home. The other assumption is that, if homes advertise, the cost of marketing is included, whether it be extensive or minimal. The cost factor is incorporated in either case. The benefit is that proper classification of the facility is considered and communicated in the process leading up to and including advertising, so that the accuracy of the home's licensure category in advertising and public relations throughout the process is ensured.

Fiscal Impact: This proposed rule readoption carries no determinable or quantifiable fiscal impact from current rule based on change in terms from advertising to marketing.

Conclusion:

The proposed rule readoptions in this report are intended to update rules to bring them into line with current licensure processes and procedures, update statutory references, clarify wording and unify family care home and adult care home rules as much as possible for efficient and effective regulation since both types of assisted living facilities are intended by law to serve residents with similar needs for care and services. This ensures consistency of regulation of facility types determined by capacity.

Summary Impact Table	
State Government	Annual savings of $94,261 based on travel costs and staff time; also unquantifiable savings related to clarity of regulations
Local Government	Annual savings of $36,456 based on travel costs and staff time; unquantifiable savings related to streamlined application process
Private Sector	Unquantifiable benefits related to increased clarity regarding the application process, time savings related to family home application process, decreased administrative burden in not spending time on additional CHOW licensure surveys

The overall fiscal impact of these rule readoptions is a moderate cost savings to the state and county departments of social services as a result of not requiring change of ownership surveys by state and county staff, thereby resulting in wage and travel savings. These rule readoptions and amendments are primarily serving the purpose of updating rules to concur with licensure practice of the past 10 years resulting from law and policy changes impacting process and procedures of the Adult Care Licensure Section of the Division of Health Service Regulation. The changes provide clear guidance based on current licensure practice to adult care home and family care home licensees to ensure a more streamlined licensure process while continuing to ensure safe environments and practices for residents of these facilities such as requiring adequate notices of changes in facility ownership. Fiscal impact is not substantial.

Appendix

10A NCAC 13F .0207 is proposed for readoption with substantive changes as follows:

10A NCAC 13F .0207 CHANGE OF LICENSEE

~~When a licensee plans to sell the adult care home business, the following procedure is required.~~ Prior to the sale of an adult care home business, the current and prospective licensee shall meet the requirements of this Rule.

(1) The current licensee shall provide written notification of a planned change of licensee to the Division of Health Service Regulation, the county department of social ~~services~~ services, and the residents or their responsible persons at least 30 days prior to the date of the planned change of licensee.

(2) If the prospective licensee plans to purchase the building, the prospective licensee shall provide the Healthcare Planning and Certificate of Need Section of the Division of Health Service Regulation with prior written notice as required by G.S. ~~13E-184(a)(8)~~ 131E -184(a)(8) prior to the purchase of the building.

~~(3) If the licensee is changing but the ownership of the building is not, the applicant for the license shall request in writing an exemption from review from the Certificate of Need Section.~~

~~(4)~~ (3) The prospective licensee shall submit the following license application material to the Division of Health Service Regulation:

(a) the ~~Initial License Application~~ Change Licensure Application for Adult Care Home (7 or more Beds) ~~which~~ that is available on the internet website, ~~http://facility-services.state.nc.us/gcpage.htm,~~ www2.ncdhhs.gov/dhsr/acls/pdf/acchgapp.pdf at no cost ~~or from the Division of Health Service Regulation, Adult Care Licensure Section, 2708 Mail Service Center, Raleigh, NC 27699-2708;~~ and includes the following:

(i) facility administrator and building owner information;

(ii) operation disclosure including new licensee information and management company, if any; and

(iii) ownership disclosure including new owners, principles, affiliates, shareholders, and members;

(b) a ~~current~~ fire and building safety inspection report from the local fire ~~marshal;~~ marshal dated within the past 12 months;

(c) a ~~current~~ sanitation report from the sanitation division of the county health ~~department;~~ department dated within the past 12 months; and

(d) a nonrefundable license fee as required by ~~G.S. 131D-2(b)(1).~~ G.S. 131D-2.5.

~~(5) Following the licensing of the facility to the new licensee, a survey of the facility shall be made by program consultants of the Division of Health Service Regulation and an adult home specialist of the county department of social services.~~

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. April 1, 1984;
Temporary Amendment Eff. September 1, 2003; July 1, 2003;
Amended Eff. June 1, ~~2004.~~ 2004;
Readopted Eff. January 1, 2020.

10A NCAC 13F .1206 is proposed for readoption with substantive changes as follows:

10A NCAC 13F .1206 ~~ADVERTISING~~ MARKETING

~~The~~ An adult care home may ~~advertise~~ market provided:

(1) ~~The~~ the name used is as it appears on the ~~license.~~ license;

(2) ~~Only~~ only the services and accommodations for which the home is licensed are ~~used.~~ used; and

(3) ~~The~~ the home is ~~listed under proper classification in telephone books, newspapers or magazines.~~ classified by licensure status.

History Note: *Authority G.S. 131D-2.1; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. July 1, ~~2004.~~ 2004;
Readopted Eff. January 1, 2020.

10A NCAC 13G .0207 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .0207 CHANGE OF LICENSEE

~~When a licensee wishes to sell or lease the family care home business, the following procedure is required:~~

~~(1) The licensee shall notify the county department of social services that a change is desired. When there is a plan for a change of licensee and another person applies to operate the home immediately, the licensee shall notify the county department and the residents or their responsible persons. The county department shall talk with the residents, giving them the opportunity to make other plans if they so desire.~~

~~(2) The county department of social services shall submit all forms and reports specified in Rule .0204 (b) of this Subchapter to the Division of Health Service Regulation.~~

~~(3) The Division of Health Service Regulation shall review the records of the facility and may visit the home.~~

~~(4) The licensee and prospective licensee shall be advised by the Division of Health Service Regulation of any changes which must be made to the building before licensing to a new licensee can be recommended.~~

~~(5) Frame or brick veneer buildings over one story in height with resident services and accommodations on the second floor shall not be considered for re-licensure.~~

Prior to the sale of a family care home business, the current and prospective licensee shall meet the requirements of this Rule.

(1) The current licensee shall provide written notification of a planned change of licensee to the Division of Health Service Regulation, the county department of social services, and the residents or their responsible persons at least 30 days prior to the date of the planned change of licensee.

(2) The prospective licensee shall submit the following license application material to the Division of Health Service Regulation:

(a) the Change Licensure Application for Family Care Home (2 to 6 Beds) that is available on the internet website, www2.ncdhhs.gov/dhsr/acls/pdf/fcchgapp.pdf at no cost and includes the following:

(i) facility, administrator and building owner information;

(ii) operation disclosure including new licensee information and management company, if any; and

(iii) ownership disclosure including new owners, principles, affiliates, shareholders, and members;

(b) a fire and building safety inspection report from the local fire marshal dated within the past 12 months;

(c) a sanitation report from the sanitation division of the county health department dated within the past 12 months; and

(d) a nonrefundable license fee as required by G.S. 131D-2.5.

History Note: *Authority G.S. 131D-2.4; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. July 1, 1990; April 1, 1984;
Temporary Amendment Eff. September 1, 2003;
Amended Eff. June 1, ~~2004.~~ 2004;
Readopted Eff. January 1, 2020.

10A NCAC 13G .1207 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .1207 ~~ADVERTISING~~ MARKETING

~~The administrator~~ A family care home may ~~use acceptable methods of advertising~~ market provided:

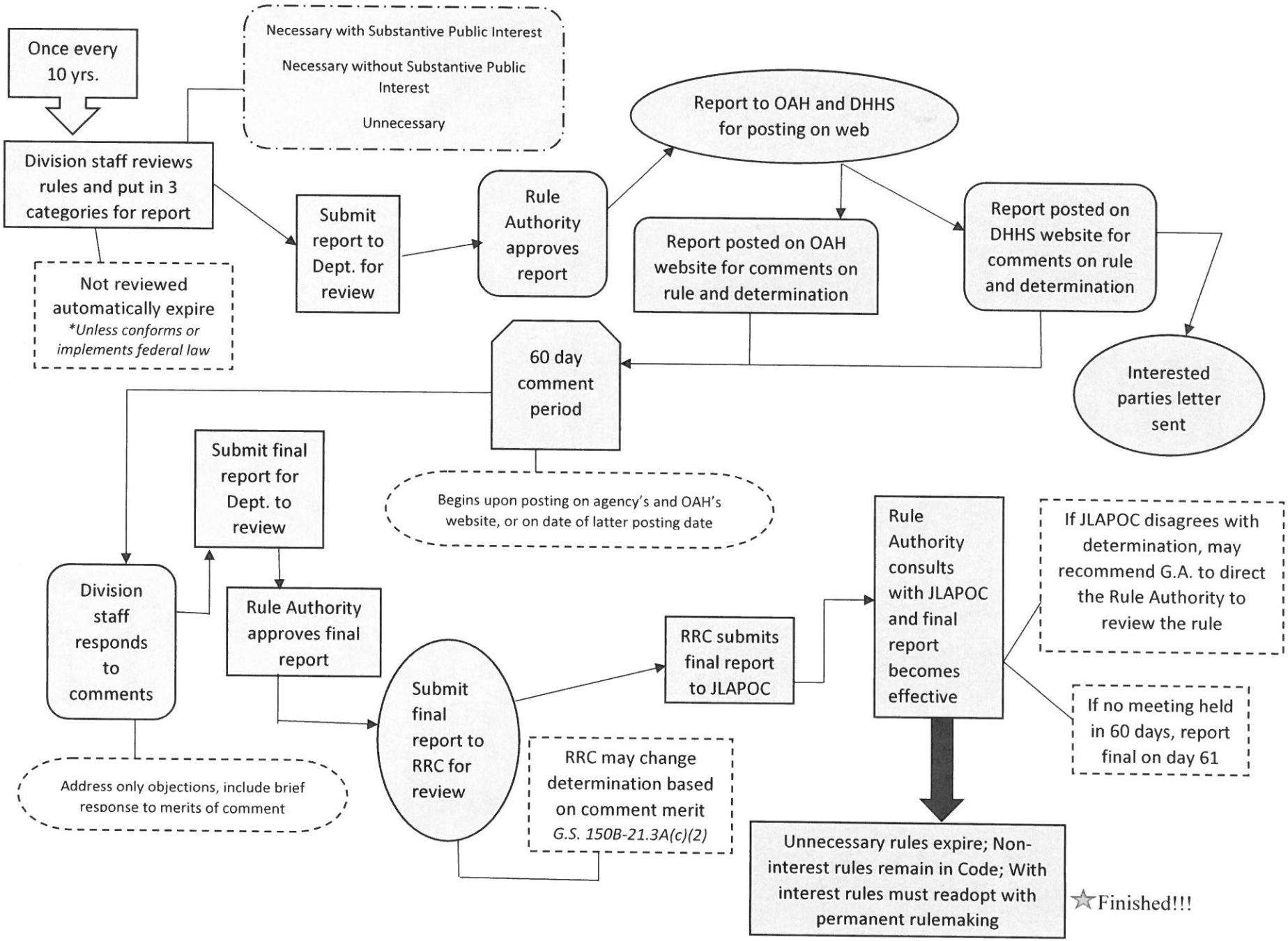
(1) ~~The~~ the name used is as it appears on the ~~license.~~ license;

(2) ~~Only~~ only the services and accommodations for which the home is licensed are ~~used.~~ used; and

(3) ~~The~~ the home is ~~listed under proper classification in telephone books, newspapers or magazines.~~ classified by licensure status.

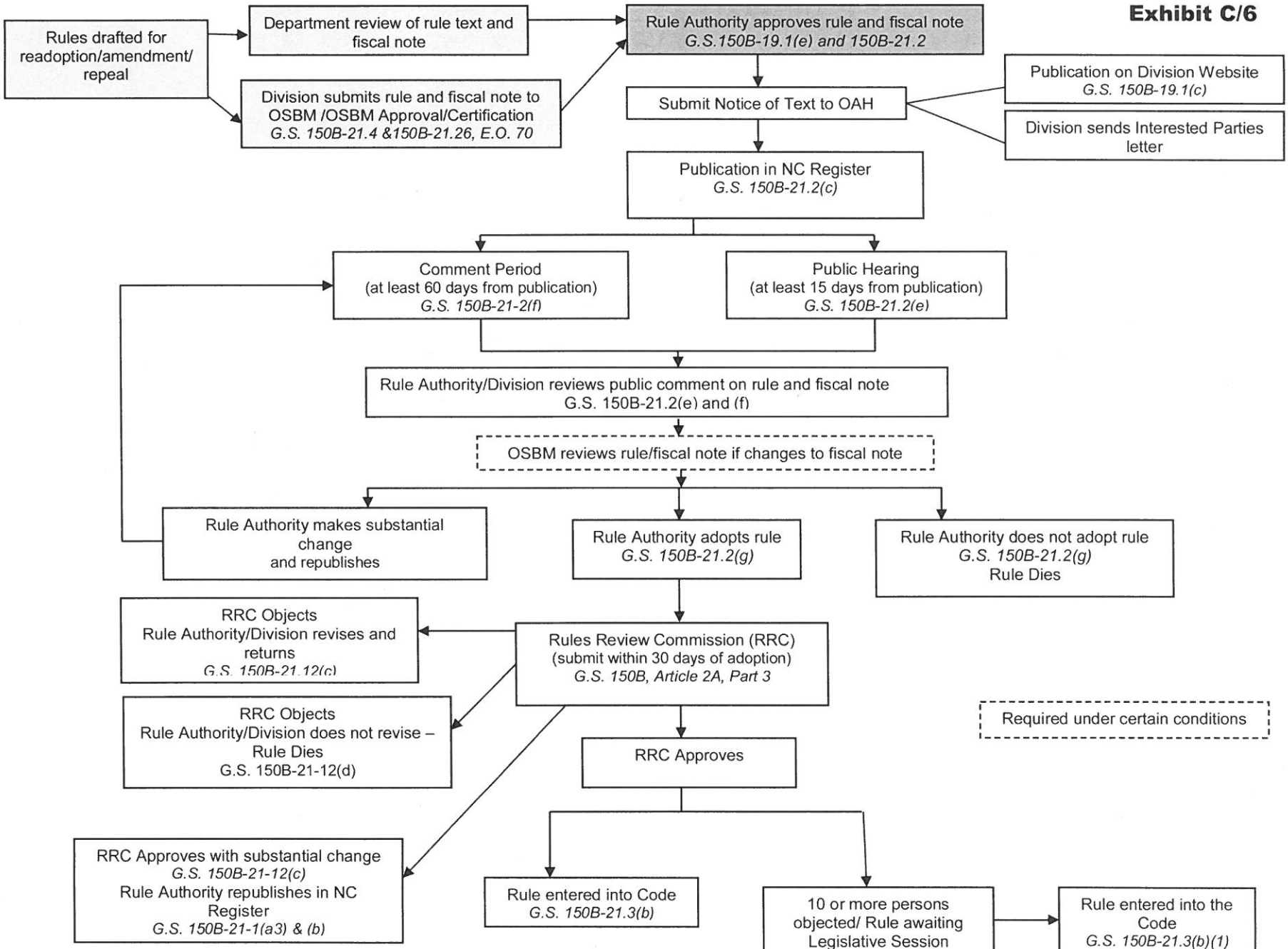
History Note: *Authority G.S. 131D-2.1; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. April 1, ~~1984.~~ 1984;
Readopted Eff. January 1, 2020.

Periodic Rules Review Process for: ASC Construction Readoptions – 10A NCAC 13C .1404-.1407, and .1410



Permanent Rulemaking Process for: ASC Construction Readoptions/Amendments/Repeals – 10A NCAC 13C .1401 - .1410

Exhibit C/6



MCC May 2019

10A NCAC 13C .1401 is proposed for amendment as follows:

SECTION .1400 - PHYSICAL PLANT CONSTRUCTION

10A NCAC 13C .1401 ~~OPERATING SUITE~~ DEFINITIONS

~~The size and design of the suite shall be in accordance with individual programs, but the following basic elements designed to ensure no flow of through traffic must be incorporated in all facilities:~~

~~(1) Operating Room(s). The number shall depend on the projected case load and types of procedures to be performed. Rooms used for surgery shall have adequate space to accommodate necessary equipment and personnel.~~

~~(2) Service Areas. The following supporting services shall be provided:~~

~~(a) scrub-up facilities with foot or knee controls;~~

~~(b) personnel locker and dressing areas so located that personnel enter from uncontrolled areas and exit directly into a surgical suite. Locker space shall be provided for each employee; and a toilet, shower, and dressing area shall be provided in each personnel dressing room;~~

~~(c) separate rooms for clean and for soiled supplies and equipment;~~

~~(d) anesthesia workroom;~~

~~(e) one clerical control station; and~~

~~(f) a janitor's closet conveniently located to serve only the licensed facility.~~

In addition to the definitions set forth in G.S. 131E-146, the following definitions shall apply in Section .1400 of this Subchapter:

(1) "Addition" means an extension or increase in floor area or height of a building.

(2) "Alteration" means any construction or renovation to an existing building other than construction of an addition.

(3) "Construction documents" means final building plans and specifications for the construction of a facility that a governing body submits to the Construction Section for approval as specified in Rule .0202 of this Subchapter.

(4) "Construction Section" means the Construction Section of the Division of Health Service Regulation.

(5) "Division" means the Division of Health Service Regulation of the North Carolina Department of Health and Human Services.

(6) "Facility" means an ambulatory surgical facility as defined in G.S. 131E-146.

(7) "FGI Guidelines" means the Guidelines for Design and Construction of Outpatient Facilities that is incorporated by reference in Rule .1402 of this Section.

History Note: *Authority G.S. 131E-145; 131E-146; 131E-149;*
Eff. October 14, 1978;

Amended Eff. December 24, 1979;

Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 23, ~~2017.~~ 2017;

Amended Eff. January 1, 2020.

10A NCAC 13C .1402 is proposed for amendment as follows:

10A NCAC 13C .1402 ~~RECOVERY AREA~~ LIST OF REFERENCED GUIDELINES, CODES, STANDARDS, AND REGULATION

~~Recovery area with handwashing facilities, secured medication storage space, clerical work space, storage for clerical supplies, linens, and patient care supplies and equipment shall be provided.~~

(a) The FGI Guidelines are incorporated herein by reference, including all subsequent amendments and editions; however, the following chapters of the FGI Guidelines shall not be incorporated herein by reference:

(1) Chapter 2.3;

(2) Chapter 2.4;

(3) Chapter 2.5;

(4) Chapter 2.6;

(5) Chapter 2.8;

(6) Chapter 2.10;

(7) Chapter 2.11;

(8) Chapter 2.12;

(9) Chapter 2.13; and

(10) Chapter 2.14.

Copies of the FGI Guidelines may be purchased from the Facility Guidelines Institute online at https://www.fgiguidelines.org/guidelines-main/purchase/ at a cost of two hundred dollars ($200.00) or accessed electronically free of charge at https://www.fgiguidelines.org/guidelines-main/.

(b) For the purposes of the rules of this Section, the following codes, standards, and regulation are incorporated herein by reference including subsequent amendments and editions. Copies of these codes, standards, and regulation may be obtained or accessed from the online addresses listed:

(1) the North Carolina State Building Codes with copies that may be purchased from the International Code Council online at http://shop.iccsafe.org/ at a cost of six hundred sixty-six dollars ($646.00) or accessed electronically free of charge at http://shop.iccsafe.org/state-and-local-codes/north-carolina.html;

(2) the following National Fire Protection Association standards, codes, and guidelines with copies of these standards, codes, and guidelines that may be accessed electronically free of charge at https://www.nfpa.org/Codes-and-Standards/All-Codes-and-Standards/List-of-Codes-and-Standards or may be purchased online at https://catalog.nfpa.org/Codes-and-Standards-C3322.aspx for the costs listed:

(A) NFPA 22, Standard for Water Tanks for Private Fire Protection for a cost of fifty-four dollars ($54.00);

(B) NFPA 53, Recommended Practice on Materials, Equipment, and Systems Used in Oxygen-Enriched Atmospheres for a cost of fifty-three dollars ($53.00);

(C) NFPA 59A, Standard for the Production, Storage, and Handling of Liquefied Natural Gas for a cost of fifty-four dollars ($54.00);

(D) NFPA 99, Health Care Facilities Code for a cost of seventy-seven dollars ($77.00);

(E) NFPA 101, Life Safety Code for a cost of one hundred and five dollars and fifty cents ($105.50);

(F) NFPA 255, Standard Method of Test of Surface Burning Characteristics of Building Materials for a cost of forty-two dollars ($42.00);

(G) NFPA 407, Standard for Aircraft Fuel Servicing for a cost of forty-nine dollars ($49.00);

(H) NFPA 705, Recommended Practice for a Field Flame Test for Textiles and Films for a cost of forty-two dollars ($42.00);

(I) NFPA 780, Standard for the Installation of Lightning Protection Systems for a cost of sixty-three dollars and fifty cents ($63.50);

(J) NFPA 801, Standard for Fire Protection for Facilities Handling Radioactive Materials for a cost of forty-nine dollars ($49.00); and

(K) Fire Protection Guide to Hazardous Materials for a cost of one hundred and thirty-five dollars and twenty-five cents ($135.25).

(3) 42 CFR Part 416.54 Condition of participation: Emergency preparedness with copies of this regulation that may be accessed free of charge at https://www.gpo.gov/fdsys/pkg/CFR-2017-title42-vol5/xml/CFR-2017-title42-vol5-sec482-15.xml or purchased online at https://bookstore.gpo.gov/products/cfr-title-42-pt-482-end-code-federal-regulationspaper-201-7 for a cost of seventy-seven dollars ($77.00).

History Note: *Authority G.S. 131E-149;*
Eff. October 14, 1978;
Amended Eff. December 24, 1979;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 23, ~~2017.~~ 2017;
Amended Eff. January 1, 2020.

10A NCAC 13C .1403 is proposed for amendment as follows:

10A NCAC 13C .1403 ~~SUPPORTING ELEMENTS~~ GENERAL AND EMERGENCY PREPAREDNESS

~~In addition to those areas covered in Rules .1401 and .1402 of this Section, the facility shall provide space for the following:~~

~~(1) the receiving and registering of patients in privacy for obtaining confidential information;~~

~~(2) waiting space with public toilets, public telephone, drinking fountain, and wheelchair storage;~~

~~(3) preoperative preparation and post operative space for both males and females with dressing rooms and toilet facilities; and~~

~~(4) secure storage for patients' personal effects.~~

(a) A new facility or any addition or alterations to an existing facility whose construction documents were approved by the Construction Section on or after July 1, 2020 shall meet the requirements set forth in:

(1) Section .1400 of this Subchapter; and

(2) the FGI Guidelines.

(b) An existing facility whose construction documents were approved by the Construction Section prior to July 1, 2020 shall meet those standards established in Section .1400 of this Subchapter that was in effect at the time the construction documents were approved by the Construction Section. Previous versions of the rules of Section .1400 of this Subchapter can be accessed online at https://www.ncdhhs.gov/dhsr/const/index.html.

(c) The facility shall develop and maintain an emergency preparedness program as required by 42 CFR Part 416.54 Condition of Participation: Emergency Preparedness. The emergency preparedness program shall be developed with input from the local fire department and local emergency management agency. Documentation required to be maintained by 42 CFR Part 416.54 shall be maintained at the facility for at least three years and shall be made available to the Division during an inspection upon request.

(d) Any existing building converted from another use to a new facility shall meet the requirements of Paragraph (a) of this Rule.

History Note: *Authority G.S. 131E-149; 42 CFR Part 416.54;*
Eff. October 14, 1978;
Amended Eff. April 1, 2003;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 23, ~~2017.~~ 2017;
Amended Eff. January 1, 2020.

10A NCAC 13C .1404 is proposed for readoption with substantive changes as follows:

10A NCAC 13C .1404 ~~DETAILS AND FINISHES~~ EQUIVALENCY AND CONFLICTS WITH REQUIREMENTS

~~All details and finishes must meet the following requirements:~~

~~(1) Details~~

~~(a) The type of construction shall meet the requirement of the current edition of the North Carolina State Building Code for "Business Occupancy (B)," except that in the construction of new facilities required exit doors to stairs or to the outside shall be no less than 44" wide doors.~~

~~(b) Exit corridors, in addition to meeting the appropriate requirements of the North Carolina State Building Code, shall:~~

~~(i) be no less than 7'0" clear width between doors from the recovery area or operating rooms and required exit doors; or~~

~~(ii) if in a one-story building or on the ground floor of a multi-story building and is less than 7'0" clear width be so arranged as to allow a stretcher to exit from the recovery area or operating room directly into the corridor without turning and move to the required exit without having to make a turn.~~

~~(c) Doors between preoperative preparation, operating rooms and recovery areas and recovery rooms and corridors shall be no less than 44" wide. All recovery areas shall have at least one door opening to an exit passage way meeting the requirements of (b)(i) and (b)(ii) of this Rule.~~

~~(d) Items such as drinking fountains, telephone booths, vending machines, and portable equipment shall be located so as not to restrict corridor traffic or reduce the corridor width below the required minimum.~~

~~(e) No doors shall swing into corridors in a manner that might obstruct traffic flow or reduce the required corridor width except doors to spaces such as small closets which are not subject to occupancy.~~

~~(f) Thresholds and expansion joint covers shall be made flush with the floor surface to facilitate use of wheelchairs and carts.~~

~~(g) Single use towel dispensers or air driers shall be provided at all handwashing fixtures except scrub sinks.~~

~~(h) All other rooms shall have not less than 8'0" (2.44 m.) high ceilings except that corridors, storage rooms, toilet rooms, and other minor rooms may be not less than 7' 8" (2.34 m.). Suspended tracks, rails, pipes, etc., located in the path of normal traffic, shall be not less than 7' 6" (2.28 m.) above the floor.~~

~~(2) Finishes~~

~~(a) Floors shall be easily cleanable and have wear resistance appropriate for the locations involved. Joints in tile and similar material in such areas shall be resistant to food acids.~~

~~(b) Wall bases in operating rooms, soiled workrooms, and other areas subject to frequent wet cleaning shall be integral and covered with the floor, tightly sealed within the wall, and constructed without voids that can harbor vermin.~~

~~(c) Walls shall be washable; and, in the immediate area of plumbing fixtures, the finish shall be smooth, moisture resistant, and easily cleaned.~~

~~(d) Floor and wall penetrations by pipes, ducts, conduits, etc., shall be tightly sealed to minimize entry of rodents and insects. Joints of structural elements shall be similarly sealed.~~

~~(e) Ceilings in operating rooms shall be readily washable and without crevices that can retain dirt particles. Finished ceilings may be omitted in mechanical and equipment spaces, shops, general storage areas, and similar spaces except where required for fire rating.~~

(a) The Division may grant an equivalency to allow an alternate design or functional variation from the requirements in the Rules contained in Section .1400 of this Subchapter. The equivalency may be granted by the Division if a governing body submits a written equivalency request to the Division that indicates the following:

(1) the rule citation and the rule requirement that will not be met;

(2) the justification for the equivalency;

(3) how the proposed equivalency meets the intent of the corresponding rule requirement; and

(4) a statement by the governing body that the equivalency request will not reduce the safety and operational effectiveness of the facility design and layout.

The governing body shall maintain a copy of the approved equivalence issued by the Division.

(b) If the rules, codes, or standards contained in this Subchapter conflict, the most restrictive requirement shall apply.

History Note: *Authority G.S. 131E-149;*
Eff. October 14, 1978;
Amended Eff. November 1, 1989; December 24, ~~1979.~~ 1979;
Readopted Eff. January 1, 2020.

10A NCAC 13C .1405 - .1407 are proposed for readoption as a repeal as follows:

10A NCAC 13C .1405 MECHANICAL REQUIREMENTS

10A NCAC 13C .1406 PLUMBING AND OTHER PIPING SYSTEMS

10A NCAC 13C .1407 ELECTRICAL REQUIREMENTS

History Note: *Authority G.S. 131E-149;*
Eff. October 14, 1978;
Amended Eff. April 1, 2003; December 24, ~~1979.~~ 1979;
Repealed Eff. January 1, 2020.

10A NCAC 13C .1408 - .1409 are proposed for repeal as follows:

10A NCAC 13C .1408 GENERAL

10A NCAC 13C .1409 LIST OF REFERENCED CODES AND STANDARDS

History Note: *Authority G.S. 131E-149;*
Eff. April 1, 2003;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 23, ~~2017.~~ 2017;
Repealed Eff. January 1, 2020.

10A NCAC 13C .1410 is proposed for readoption as a repeal as follows:

10A NCAC 13C .1410 APPLICATION OF PHYSICAL PLANT REQUIREMENTS

History Note: *Authority G.S. 131E-149;*
Eff. April 1, ~~2003.~~ 2003;
Repealed Eff. January 1, 2020.

Fiscal Impact Analysis of
Permanent Rule Amendments and Readoption without Substantial Economic Impact

Agency Proposing Rule Change
North Carolina Medical Care Commission

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Impact Summary

State Government:	Yes
Local Government:	No Impact
Private Sector Entities:	Yes
Substantial Impact:	Possible – Benefits Uncertain

Titles of Rule Changes and North Carolina Administrative Code Citations

Rule Repeals:

10A NCAC 13C .1408 General
10A NCAC 13C .1409 List of Referenced Code and Standards

Rule Amendments (See proposed texts of these in Appendix 1):

10A NCAC 13C .1401 ~~Operating Suite~~ Definitions
10A NCAC 13C .1402 ~~Recovery Area~~ List of Referenced Guidelines, Codes, Standards, and Regulation
10A NCAC 13C .1403 ~~Supporting Elements~~ General and Emergency Preparedness

Rule Readoption:

10A NCAC 13C .1404 ~~Details and Finishes~~ Equivalency and Conflicts with Requirements
10A NCAC 13C .1405 Mechanical Requirements
10A NCAC 13C .1406 Plumbing and Other Piping Systems
10A NCAC 13C .1407 Electrical Requirements
10A NCAC 13C .1410 Application of Physical Plant Requirements

Authorizing Statutes

G.S. 131E-145, G.S. 131E-146, and G.S. 131E-149

Background

Under authority of G.S. 150B-21.3A, Periodic review and expiration of existing rules, the North Carolina Medical Care Commission and Rule Review Commission approved the Subchapter report with classifications for the rules located at 10A NCAC 13C – Licensing of Ambulatory Surgical Facilities – August 8, 2017 and October 19, 2017, respectively.

The following rules were classified in the report as necessary with substantive public interest: 10A NCAC 13C .1404, .1405, .1406, .1407, and .1410. This Agency is presenting only one rule for readoption (13C .1404) with substantive changes in this analysis. The other four rules are being readopted as a repeal and will not be discussed in this analysis.

Rules 10A NCAC 13C .1401, .1402, .1403, .1408, and .1409 were classified in the report as necessary without substantive public interest and received a new effective date in the N.C. Administrative Code of December 23, 2017. The Agency is presenting rules 13C .1401, .1402, and .1403 for amendment in this analysis. Rules 13C .1408 and .1409 are being repealed and will not be discussed in this analysis.

There are 123 licensed Ambulatory Surgical Facilities in North Carolina owned by private sector entities: 52 ambulatory surgical facilities and 71 endoscopy facilities. All of these facilities are also certified to receive Medicare reimbursement from the Centers for Medicare and Medicaid Services (CMS). As a result, an ambulatory surgical facility and an endoscopy facility licensed by the State of North Carolina must meet both state licensure requirements and CMS federal regulations.

The current physical plant rules in 10A NCAC 13C – Licensing of Ambulatory Surgical Facilities have not been amended since October of 1978. The rules are antiquated when compared to current trends and national standards for ambulatory surgical facilities. The current rules list the essential spaces required with no reference to minimum size of rooms or minimum clearances around recovery beds. No emphasis is made toward the relationship of certain rooms and areas as they relate to public access areas (unrestricted), public/staff access areas (semi-restricted), and authorized staff only areas (restricted). It would be laborious and difficult to amend the current physical plant rules and assess the fiscal impact of cost to state government and the private sector.

Our agency does not have physical rules for endoscopy facilities, but our Agency does license these facilities. The Agency currently uses the 10A NCAC 13C – Licensing of Ambulatory Surgical Facilities to regulate endoscopy facilities. Since endoscopy facilities do not require operating rooms, personnel locker/dressing areas with toilet, shower, and dressing for both male and female staff, anesthesia workroom, low mechanical return air vents, oxygen/vacuum/medical air at recovery bed locations, and a Type 1 essential electrical system like ambulatory surgical facilities, DHSR Construction Section eliminates the need for these requirements by granting a blanket equivalency for all endoscopy only facilities.

Given the need for extensive amendments to the current physical plant rules, the Agency has chosen to adopt the Facility Guidelines Institute "Guidelines for the Design and Construction of Outpatient Facilities" (FGI Guidelines). The FGI Guidelines are a recognized national standard that could replace the repealed physical plant rules for regulating: Outpatient Surgery Facilities (Chapter 2.7) and Endoscopy Facilities (Chapter 2.9). The FGI Guidelines are more descriptive about the requirements of each room and places emphasis on the relationship between various rooms. Spaces are defined as being one of three types of areas: an unrestricted area where the public wearing street clothes are allowed; a semi-restricted area is for access by patients and staff and contains support spaces to the operating rooms or procedure rooms; and a restricted area is for authorized personnel and surgical staff only wearing surgical attire while attending to operative or invasive procedures.

The rule readoption and amendments presented in this fiscal analysis were revised to: coordinate these rules with the revisions to Rule 10A NCAC 13C .1402 that incorporates by reference the Facility Guidelines Institute "Guidelines for the Design and Construction of Outpatient Facilities" (FGI Guidelines); update the rules to reflect current operating procedures of the Division of Health Service Regulation (DHSR) Construction Section; remove ambiguity from the rules; implement technical and formatting changes; and to also adopt the FGI Guidelines for endoscopy facilities. The DHSR Construction Section has had a staff member attend the FGI Annual Meetings each year since 2002 to assist in implementing changes to the FGI Guidelines which are updated and published every four years. The current edition of the Guidelines is 2018.

Rule Summary and Anticipated Fiscal Impact

Baseline

The current requirements in Rules 10A NCAC 13C form the basis of the regulatory baseline. A review of ambulatory surgery facility and endoscopy facility construction documents submitted between the years of 2008 and 2018 was used to assess current plan submittals under the regulatory baseline. The DHSR Construction Section on an average reviews six ambulatory surgical facilities and three endoscopy facilities per year.

Time Frame for Analysis

The readopted and amended rules will go into effect on July 1, 2020. The design and construction of a facility will have an impact starting in 2020 but this impact will continue over multiple years due to the time it takes for the outpatient facility design and construction and DHSR Construction Section plan reviews. The time schedule for new facility projects that were constructed from 2017 to 2019 were reviewed and the average time frames for design, plan review, and construction activities were determined and are provided in Table 1. This will be used as the time frame for the analysis.

Table 1: Years When Impacts Related to Facility Design and Construction will Occur

Activity Generating Cost	2020	2021	2022
Design of Facility	X		
Submittal and approval of plans to DHSR Construction Section		X	
Construction of Facility			X
DHSR Construction Section inspection and private entity corrects construction deficiencies			X

Assumptions

Number of Facilities Constructed in Future Years

In future years, the total number of project drawing submittals each year is estimated to be approximately equal to the average number of project drawing submittals for the past 11 years 2008 to 2018. Using the information in Table 2, the total number of project submittals in future years is estimated at approximately nine submittals: six ambulatory surgical facilities and three endoscopy facilities. This table does not distinguish between new facilities, additions to existing facilities, or renovations to existing facilities because DHSR Construction Section approval is required for both new construction and additions or renovations. There may be years when no new facilities were submitted for review, but only existing facilities receiving additions or alterations.

Table 2: Number of Project Submittals to the DHSR Construction Section for the Past 11 Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Ambulatory Surgical (61 total)	8	2	7	8	7	4	3	2	7	10	3
Endoscopy (29 total)	5	5	3	1	1	2	3	1	0	2	6
(90 total)	13	7	10	9	8	6	6	3	7	12	9

The DHSR Construction Section has determined the total number of ambulatory surgery facilities (Table 3) and endoscopy facilities (Table 4) to be constructed in future years based on the average number of projects submitted during the past eleven years. Each table below takes into consideration that generally, at least half of the design submittals for ambulatory surgery facilities and endoscopy facilities are alterations or additions to existing facilities which would take less time in design and construction, but the same time in DHSR Construction Section review and approval.

Table 3: Projected Number of Ambulatory Surgery Facilities Constructed in Years 2020 – 2022

Activity Generating Cost	2020	2021	2022
Design of new facility, renovation, or addition	6	6	6
Submittal and approval of plans to DHSR Construction Section	3	6	6
Construction of Facility		3	6
DHSR Construction Section inspection and private sector entity corrects construction deficiencies		3	6

Table 4: Projected Number of Endoscopy Facilities Constructed in Years 2020 - 2022

Activity Generating Cost	2020	2021	2022
Design of Facility	3	3	3
Submittal and approval of plans to DHSR Construction Section	1	3	3
Construction of Facility		1	3
DHSR Construction Section inspection and private sector entity corrects construction deficiencies		1	3

Currently North Carolina is a state that requires a Certificate of Need (CON) to build a new licensed ambulatory surgical facility or endoscopy facility with a specified number of operating rooms or procedure rooms, respectively. A CON is also needed to add additional operating rooms or procedure rooms to existing facilities. If the CON process should ever go away, then the number of ambulatory surgical facility and endoscopy facility construction documents submitted each year for review could increase significantly.

Comparison of FGI Guidelines to Baseline

A questionnaire was prepared and used to assess current ambulatory surgery facility and endoscopy facility construction documents using FGI Guidelines. Responses were received from eight different architectural firms on eight different projects (five ambulatory surgery facilities and three endoscopy facilities). All of the architectural firms were familiar with the FGI Guidelines and had a copy of the book in their office. All but one architectural firm stated that they used the FGI Guidelines for determining the recommended size of required rooms, clearances around recovery beds, organization of spaces and how they relate to other spaces. FGI Guidelines were also used to determine what type of finishes were required within unrestricted, semi-restricted, and restricted areas. The construction documents submitted to the DHSR Construction Section by these architectural firms were re-reviewed using the FGI Guidelines as the proposed new rules. All facilities reviewed were noted as meeting the FGI Guidelines for new facilities or for new additions except for three facilities that did not meet the FGI Guidelines, see Table 5.

Future Ambulatory Surgery Facility and Endoscopy Facility Construction Costs Resulting From Proposed Amended and Readopted Rules

- The DHSR Construction Section conducted plan reviews using the FGI Guidelines on five new ambulatory surgery facilities (2017 to current) and three new endoscopy facilities (2018 to current) that are either currently in review, previously reviewed, or under construction. It is assumed that the design of these projects can be used to predict the future impact on future projects designed using FGI Guidelines as the new rules.
- The results of the information collected from the plan reviews are provided in Table 5.
- There was one endoscopy facility that had a non-compliant procedure room by size. The FGI Guidelines specifies 180 square feet minimum procedure rooms and the designer provided a 168 square foot procedure room. Endoscopy facilities cost approximately $268 per square foot which would reflect an extra cost of $3,216 to the facility (12 s.f. x $268 = $3,216). The other two endoscopy facilities exceeded the minimum square footage by 38% or more in size.
- There was one ambulatory surgical facility that had four non-compliant PACU cubicles by size. The FGI Guidelines specifies a minimum size of approximately 72 square feet (8' x 9' = 72 s.f.) and the facility had cubicles that were approximately 48 square feet (6' x 8' = 48 s.f.) in size. This project was an addition to an existing ambulatory surgical facility and the area of non-compliance was not included in the new addition, so a cost was not factored in due to pre-existing conditions.
- All ambulatory surgical facilities met the finish requirements for ceilings throughout the facility except for one. That ambulatory surgery facility met most of the ceiling finish requirements but there was an area in the semi-restricted area that was questionable. The cost differential between regular fissured lay-in ceiling tiles and grid compared to scrubbable lay-in ceiling tiles and grid is approximately $2 per square foot extra cost. This cost was non quantifiable due to the drawings not being specific enough.
- FGI requires a functional program to be submitted along with the schematic design (SD) or construction document (CD) drawing submittals. This functional program is prepared by the designers of record to communicate the owner's intent for the project and to establish the basis of design at the initiation of the project. A space program is also provided that contains a list of rooms and sizes required to meet the owner's operational needs.

Table 5: Number of Existing Ambulatory Surgical Facilities and Endoscopy Facilities Not Compliant with Proposed Rule 10A NCAC 13C .1403

	Number of Ambulatory Surgical Facilities Not Compliant w/Proposed Rule	**Number of Endoscopy Facilities Not Compliant w/Proposed Rule**
FGI Operating Room or Procedure Room Size	**0**	**1**
FGI Pre- and Post- Patient Care Cubicle or Bay Size	**1**	**0**
FGI Patient Toilet per Patient Care Cubicle/Bay	**0**	**0**

FGI Restricted Area Monolithic Ceiling	**0**	**N/A**
FGI Semi-Restricted Area Scrubbable Lay-In Ceiling Tile with 1 lb./foot Weight or Gasketed with Clips	**1**	**0**

Cost and Benefit Estimates

Rule 10A NCAC 13C .1401 ~~Operating Suite~~ Definitions

Purpose for rule changes
The Agency is proposing to amend this rule. The requirements for an operating suite in the existing rules were deleted and moved to 10A NCAC 13C .1403 through FGI Guidelines incorporated in Rule .1402. In the proposed amended rule the following definitions were added:

- Addition
- Alteration
- Construction documents
- Construction Section
- Division
- Facility
- FGI Guidelines

Impact
The impact due to the relocation of the requirements for the operating suite will be discussed in the impact for Rule 10A NCAC 13C .1403.

State Government: No impact

Local Government: No impact

Private Sector: No impact

Rule 10A NCAC 13C .1402 ~~Recovery Area~~ List of Referenced Guidelines, Codes, Standards, and Regulation

Purpose for rule changes
The Agency is proposing to amend this rule. The requirements for a recovery area in the existing rules were deleted and moved to 10A NCAC 13C .1403 through FGI Guidelines incorporated in Rule .1402. The proposed amended rule incorporates by reference the

codes, rules, regulations, and standards that were previously incorporated by reference in the existing Rule 10A NCAC 13C .1409. This change was made because it is preferable to incorporate references to be cited by other rules of the Section at the beginning of the Section of the rules.

The following guideline and regulation were added to proposed Rule .1402:

- In Paragraph (a), the FGI Guidelines are being incorporated by reference.
- In Subparagraph (b)(3), 42 CFR Part 416.54 Condition of participation: Emergency preparedness was added as an incorporation by reference in this Rule. This is a new federal regulation that ambulatory surgery facilities must comply with in order to receive Medicare reimbursement from CMS.

The following codes and standards were relocated from Rule .1409 to this proposed Rule .1402:

- In Subparagraph (b)(1), The North Carolina State Building Code was incorporated by reference.
- In Subparagraph (b)(2), the following NFPA Standards that were also incorporated by reference: NFPA Standards 22, 53,59A, 99, 101, 255, 407, 705, 780, 801, and Fire Protection Guide to Hazardous Materials.

Impact

The impact due to relocation of the requirements for a recovery area will be discussed in the impact for Rule 10A NCAC 13C .1403. The codes, rules, regulations and standards cited in this rule may be accessed electronically free of charge.

According to the Facility Guidelines Institute website there are 23 states that currently use FGI Guidelines to regulate their ambulatory surgical facilities. The remaining 27 states use the FGI Guidelines as a resource for establishing acceptable equivalencies in the design of ambulatory surgical facilities that they regulate.

State Government: No impact

Local Government: No impact

Private Sector: Unquantifiable, but since 23 states use FGI Guidelines for regulating ambulatory surgical facilities, it is easier for architects that have reciprocal Architectural Licenses in other states to be consistent in their designs.

Rule 10A NCAC 13C .1403 ~~Supporting Elements~~ General and Emergency Preparedness

Purpose for rule changes

The Agency is proposing to amend this rule. The requirements for supporting elements in the existing rule were deleted and moved to this rule through compliance with

requirements in the FGI Guidelines as added to the Rule .1403. The proposed rule requires compliance with the FGI Guidelines, Rules of Section .1400, and the 42 CFR Part 416.54 for Emergency Preparedness.

- Paragraph (a) requires a facility or any addition or alteration to an existing facility whose CDs were approved on or after July 1, 2020 to comply with the codes, regulations, rules, and standards incorporated by reference in the proposed Rule .1410 must meet the following:
    - Subparagraph (a)(1) continues to require a facility to comply with requirements of Section .1400 of this Subchapter. This requirement was relocated from Rule .1410.
    - Subparagraph (a)(2) added the requirements for a facility to comply with the FGI Guidelines. The DHSR Construction Section has chosen to adopt the FGI Guidelines, which is a national standard, to replace our current rules which are out-of-date and require extensive amendments. The existing Ambulatory Surgical Facility rules are equal to FGI in the types of spaces required within the facility. FGI is more descriptive of the space requirements related to minimum size of operating rooms, clearances around recovery beds, and minimum size of equipment storage per operating room. FGI allows unisex toilets, smaller door widths, and lower ceiling heights. FGI gives more flexibility in design requirements than the current rules in Subchapter 13C. FGI requires the private sector entity to submit a copy of the functional program for the facility to the DHSR Construction Section with each drawing submittal. FGI is also updated every four years which is more frequent than the State's required rule review every ten years.
- Paragraph (b) continues to require any facility who's CDs approved by the DHSR Construction Section prior to July 1, 2020 must meet the codes, regulations, rules, and standards incorporated by reference in the existing Rule 10A NCAC 13C .1410.
- Paragraph (c) requires a facility to comply with 42 CFR Part 416.54 Condition of Participation: Emergency Preparedness, which has the requirements for a master fire and disaster plan. This master fire and disaster plan requirement was moved from the existing Rule .1408 to this paragraph. This proposed Paragraph aligns a federal regulation and current practices of ambulatory surgery facilities with state rules.
- Paragraph (d) added any existing building converted from another use to a new facility to meet the requirements of Paragraph (a) of this Rule. This rule has always been required to meet the requirements of Section .1400 of this Subchapter with requirements for the facility to comply with FGI Guidelines being added.

Impact

State Government:
State Government is impacted by the requirements of Subparagraph (a)(2) and Paragraph (e) of this rule.

- Subparagraph (a)(2) added the requirements for a facility to comply with the FGI Guidelines as the new Ambulatory Surgical and Endoscopy Facility rules. The DHSR Construction Section architects (10) and engineers (10) will be issued a new 2018 FGI Guideline book for reference during plan reviews. The total cost of $4,000 ($200 x 20 FGI books). This cost is expected to occur in 2020 and every 4 years afterwards when the rules are updated (2022, 2026, 2030, etc.).
- Paragraph (e) requires the posting of previous rule sets on the DHSR Construction Section website. DHSR Construction Section staff time would be spent posting the previous rule sets. The time to collect and post the previous rule sets by an architect is estimated to be two hours, which at a $56 per hour compensation rate is equal to $112. This cost is expected to occur in 2020.

Local Government: No impact

Private Sector:
The preparation of the functional program and space program is required to be submitted at each SD and CD drawing submittal. This cost is estimated to be $2,000 for ambulatory surgical facilities and $1,000 for endoscopy facilities for the first submittal and half that cost for the second submittal.

Benefits:
State Government:
The submittal of the functional program to the DHSR Construction Section along with the SD and CD drawings will save time and cost related to plan review. Currently drawings are submitted without a function program which requires more hours by the review architects and engineers to understand the full intent of the project design prior to reviewing the drawings. The exact amount of time that the DHSR Construction Section will save per project is unknown, but will allow the Section to accelerate other work and better serve their customers.

There will be no deficiencies associated with this review, the functional program and space program will only help state personnel better understand the facility design and how the facility will be used. This functional program could possibly make plan review more efficient and save time and cost. The review time would be completed by an Engineer II and an Architect II. Based on the Midpoint salary, the hourly rate for an Engineer II (GN14) and an Architect II (GN16) including fringe benefits is $48 per hour ($99,883/2080 hours) and $56 per hour ($115,488/2080 hours), respectively. It is assumed that the architect will spend 2 hours and the engineer 1 hour reviewing these programs, possibly twice once at SD and once at CD for a total of $320 per project.

It is also assumed that the benefits contribution for state government staff will stay in the range 33% to 34% for the next three years. Subsequent years are not expected to show any significant increase in staff cost because of continuing stagnant wages and benefits.

Private Sector:
FGI is more descriptive of the requirements for the facility spaces but also offers more flexibility in design than the current rules, such as FGI permits unisex staff lockers, changing rooms, and toilets instead of separate areas for male and female staff. Facility designs will fit the current national trends using the FGI Guidelines as the new proposed rules.

FGI Guidelines also provides more emphasis on unrestrictive, semi-restrictive, and restrictive sterile environments within the facility. Providing a restrictive sterile environment for the operating rooms by requiring authorized staff only that are properly gowned, monolithic cleanable ceilings, and monolithic cleanable flooring helps reduce contaminates during invasive surgeries. This helps provide a safer facility for the patients.

Costs:
Private Sector:

Private sector facility design costs will be impacted by the cost for their architects to prepare a functional program and space program for the project. The architectural firms interviewed with the questionnaire stated that the cost to prepare a functional and space program for an ambulatory surgical facility (four operating rooms or less) and an endoscopy facility (four procedure rooms or less) would cost $2,000 and $1,000, respectively. If the project drawings were submitted for SD and CD then the price could be doubled to $4,000 and $2,000, respectively. This is less than $1/10^{th}$ of a percent of the average construction cost for each facility type respectively.[1] This functional program and space program could possibly make the State Government plan review more efficient and save time.

Given the eight facilities reviewed using FGI Guidelines as the regulating rules, there was no indication of any significant construction cost increase in the current building designs. The increase in cost for the noncompliant project that was 12 s.f. too small would be slightly more than the cost for the preparation of a functional program.

Rule 10A NCAC 13C .1404 ~~Details and Finishes~~ Equivalency and Conflicts with Requirements

Purpose for rule changes
The Agency is proposing to readopt this rule with substantive changes. The requirements for details and finishes in the existing rules were deleted and relocated to 10A NCAC 13C .1403 through FGI Guidelines incorporated in Rule .1402. The proposed rule for

[1] Based on assumptions of construction costs between $100-$150/sq ft, upfitting to ambulatory surgical center costs of $150-$175/sq ft, upfitting to endoscopy center costs of $125-$140/sq ft, and average center size of approximately 15,000 sq ft.

readoption incorporates the equivalency and conflicts with requirements included in existing Rule 10A NCAC 13C .1410. This change was made to reorganize the rule.

The following items were added to the proposed readoption of Rule .1404:

- Paragraph (a) states the requirements for requesting an equivalency. For the DHSR Construction Section to maintain consistency with the language for a rule to grant equivalencies throughout all licensure Subchapter rules this text was added.
- Paragraph (b) was added to require the most restrictive code or rules to apply when code or rule conflicts occur. Technical changes were made to the existing rule text.

Impact

The impact due to relocation of the requirements for details and finishes will be discussed in the impact for Rule 10A NCAC 13C .1403.

State Government: No impact

Local Government: No impact

Private Sector: No impact

Executive Summary

Benefits

State Government

The DHSR Construction Section will benefit from the adoption of the "Guidelines for the Design and Construction of Outpatient Facilities" (FGI Guidelines) to use as the physical plant rules for regulating ambulatory surgical facilities (Chapter 2.7) and endoscopy facilities (Chapter 2.9). This would replace our current rules which are out-of-date and require extensive amendments. The FGI Guidelines are recognized as a national standard that is updated and republished every four years which is more frequent than the State required rule review every ten years.

Private Sector Entities

The FGI Guidelines are recognized as a national standard for designing outpatient facilities in multiples states. FGI Guidelines are more descriptive of the requirements for the facility spaces and offers more flexibility in design than our current rules. Facility designs can meet current national design trends in ambulatory surgical facilities and endoscopy facilities by using the FGI Guidelines.

Impacts

State Government
For the DHSR Construction Section, the proposed readoption and amendment to these rules with the adoption of FGI Guidelines will have a small budgetary impact on the state as noted in the table below due to: adding definitions (Rule .1401); updating the list of referenced guidelines, codes, standards, and regulation (Rule .1402); making technical changes to the physical plant requirements for outpatient ambulatory surgical facilities and endoscopy facilities by adopting the FGI Guidelines (Rule .1403); and updating the rule language for equivalencies (Rule .1404).

As indicated in Table 6, the State Government total calendar year quantifies costs for the next 10 years starting in 2020.

Finally, the total estimated calendar year cost impact to State Government is indicated in Table 6 for 2020, 2022, and 2026 is $4,112, $4,000, and $4,000, respectively.

Local Government: No impact

Private Sector
The proposed readoption and amendment to these rules with the adoption of FGI Guidelines results in a fiscal impact for private sector entities for the same reasons noted above for the State. The private sector ambulatory surgical center owners and designers will also benefit from greater clarity and flexibility offered by the use of FGI Guidelines in the design of their facilities.

The cost for preparing and submitting a functional program and space program with each SD and CD drawing submittal was estimated (by private sector architects) to be $2,000 for ambulatory surgical facilities and $1,000 for endoscopy facilities for the SD submittal and half that cost for the CD submittal.

Table 6: Summary Costs & Benefits

Costs and Benefits to Parties Affected	2019	2020	2021	2022	2023	2024	2025	2026
Year	0	1	2	3	4	5	6	7
Costs								
Private Citizens								
Ambulatory Surgical Center Owners								
Functional Design Plan		$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000
State Government								
Purchasing FGI Guidebooks		$4,000		$4,000				$4,000
Updating website		$112						
Total Costs		$19,112	$15,000	$19,000	$15,000	$15,000	$15,000	$19,000
Benefits								
Private Citizens								
Ambulatory Surgical Center Owners								
Increased flexibility in design		Unquantifiable						
Private Architects								
Income from creation of Functional Design Plan		($15,000)	($15,000)	($15,000)	($15,000)	($15,000)	($15,000)	($15,000)
State Government								
Increases in plan review efficiency & possible time savings		Unquantifiable						
Total Benefits		($15,000)	($15,000)	($15,000)	($15,000)	($15,000)	($15,000)	($15,000)
NPV of Rule	$9,559.18							

10A NCAC 13C .1401 is proposed for amendment as follows:

SECTION .1400 - PHYSICAL PLANT CONSTRUCTION

10A NCAC 13C .1401 ~~OPERATING SUITE~~ DEFINITIONS

~~The size and design of the suite shall be in accordance with individual programs, but the following basic elements designed to ensure no flow of through traffic must be incorporated in all facilities:~~

~~(1) Operating Room(s). The number shall depend on the projected case load and types of procedures to be performed. Rooms used for surgery shall have adequate space to accommodate necessary equipment and personnel.~~

~~(2) Service Areas. The following supporting services shall be provided:~~

~~(a) scrub-up facilities with foot or knee controls;~~

~~(b) personnel locker and dressing areas so located that personnel enter from uncontrolled areas and exit directly into a surgical suite. Locker space shall be provided for each employee; and a toilet, shower, and dressing area shall be provided in each personnel dressing room;~~

~~(c) separate rooms for clean and for soiled supplies and equipment;~~

~~(d) anesthesia workroom;~~

~~(e) one clerical control station; and~~

~~(f) a janitor's closet conveniently located to serve only the licensed facility.~~

In addition to the definitions set forth in G.S. 131E-146, the following definitions shall apply in Section .1400 of this Subchapter:

(1) "Addition" means an extension or increase in floor area or height of a building.

(2) "Alteration" means any construction or renovation to an existing building other than construction of an addition.

(3) "Construction documents" means final building plans and specifications for the construction of a facility that a governing body submits to the Construction Section for approval as specified in Rule .0202 of this Subchapter.

(4) "Construction Section" means the Construction Section of the Division of Health Service Regulation.

(5) "Division" means the Division of Health Service Regulation of the North Carolina Department of Health and Human Services.

(6) "Facility" means an ambulatory surgical facility as defined in G.S. 131E-146.

(7) "FGI Guidelines" means the Guidelines for Design and Construction of Outpatient Facilities that is incorporated by reference in Rule .1402 of this Section.

History Note: *Authority G.S. 131E-145; 131E-146; 131E-149;*
Eff. October 14, 1978;
Amended Eff. December 24, 1979;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 23, ~~2017.~~ 2017;
Amended Eff. January 1, 2020.

10A NCAC 13C .1402 is proposed for amendment as follows:

10A NCAC 13C .1402 ~~RECOVERY AREA~~ LIST OF REFERENCED GUIDELINES, CODES, STANDARDS, AND REGULATION

~~Recovery area with handwashing facilities, secured medication storage space, clerical work space, storage for clerical supplies, linens, and patient care supplies and equipment shall be provided.~~

(a) The FGI Guidelines are incorporated herein by reference, including all subsequent amendments and editions; however, the following chapters of the FGI Guidelines shall not be incorporated herein by reference:

(1) Chapter 2.3;
(2) Chapter 2.4;
(3) Chapter 2.5;
(4) Chapter 2.6;
(5) Chapter 2.8;
(6) Chapter 2.10;
(7) Chapter 2.11;
(8) Chapter 2.12;
(9) Chapter 2.13; and
(10) Chapter 2.14.

Copies of the FGI Guidelines may be purchased from the Facility Guidelines Institute online at https://www.fgiguidelines.org/guidelines-main/purchase/ at a cost of two hundred dollars ($200.00) or accessed electronically free of charge at https://www.fgiguidelines.org/guidelines-main/.

(b) For the purposes of the rules of this Section, the following codes, standards, and regulation are incorporated herein by reference including subsequent amendments and editions. Copies of these codes, standards, and regulation may be obtained or accessed from the online addresses listed:

(1) the North Carolina State Building Codes with copies that may be purchased from the International Code Council online at http://shop.iccsafe.org/ at a cost of six hundred sixty-six dollars ($646.00) or accessed electronically free of charge at http://shop.iccsafe.org/state-and-local-codes/north-carolina.html;

(2) the following National Fire Protection Association standards, codes, and guidelines with copies of these standards, codes, and guidelines that may be accessed electronically free of charge at https://www.nfpa.org/Codes-and-Standards/All-Codes-and-Standards/List-of-Codes-and-Standards or may be purchased online at https://catalog.nfpa.org/Codes-and-Standards-C3322.aspx for the costs listed:

(A) NFPA 22, Standard for Water Tanks for Private Fire Protection for a cost of fifty-four dollars ($54.00);

(B) NFPA 53, Recommended Practice on Materials, Equipment, and Systems Used in Oxygen-Enriched Atmospheres for a cost of fifty-three dollars ($53.00);

(C) NFPA 59A, Standard for the Production, Storage, and Handling of Liquefied Natural Gas for a cost of fifty-four dollars ($54.00);

(D) NFPA 99, Health Care Facilities Code for a cost of seventy-seven dollars ($77.00);

(E) NFPA 101, Life Safety Code for a cost of one hundred and five dollars and fifty cents ($105.50);

(F) NFPA 255, Standard Method of Test of Surface Burning Characteristics of Building Materials for a cost of forty-two dollars ($42.00);

(G) NFPA 407, Standard for Aircraft Fuel Servicing for a cost of forty-nine dollars ($49.00);

(H) NFPA 705, Recommended Practice for a Field Flame Test for Textiles and Films for a cost of forty-two dollars ($42.00);

(I) NFPA 780, Standard for the Installation of Lightning Protection Systems for a cost of sixty-three dollars and fifty cents ($63.50);

(J) NFPA 801, Standard for Fire Protection for Facilities Handling Radioactive Materials for a cost of forty-nine dollars ($49.00); and

(K) Fire Protection Guide to Hazardous Materials for a cost of one hundred and thirty-five dollars and twenty-five cents ($135.25).

(3) 42 CFR Part 416.54 Condition of participation: Emergency preparedness with copies of this regulation that may be accessed free of charge at https://www.gpo.gov/fdsys/pkg/CFR-2017-title42-vol5/xml/CFR-2017-title42-vol5-sec482-15.xml or purchased online at https://bookstore.gpo.gov/products/cfr-title-42-pt-482-end-code-federal-regulationspaper-201-7 for a cost of seventy-seven dollars ($77.00).

History Note: *Authority G.S. 131E-149;*
Eff. October 14, 1978;
Amended Eff. December 24, 1979;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 23, ~~2017.~~ 2017;
Amended Eff. January 1, 2020.

10A NCAC 13C .1403 is proposed for amendment as follows:

10A NCAC 13C .1403 ~~SUPPORTING ELEMENTS~~ GENERAL AND EMERGENCY PREPAREDNESS

~~In addition to those areas covered in Rules .1401 and .1402 of this Section, the facility shall provide space for the following:~~

~~(1) the receiving and registering of patients in privacy for obtaining confidential information;~~

~~(2) waiting space with public toilets, public telephone, drinking fountain, and wheelchair storage;~~

~~(3) preoperative preparation and post operative space for both males and females with dressing rooms and toilet facilities; and~~

~~(4) secure storage for patients' personal effects.~~

(a) A new facility or any addition or alterations to an existing facility whose construction documents were approved by the Construction Section on or after July 1, 2020 shall meet the requirements set forth in:

(1) Section .1400 of this Subchapter; and

(2) the FGI Guidelines.

(b) An existing facility whose construction documents were approved by the Construction Section prior to July 1, 2020 shall meet those standards established in Section .1400 of this Subchapter that was in effect at the time the construction documents were approved by the Construction Section. Previous versions of the rules of Section .1400 of this Subchapter can be accessed online at https://www.ncdhhs.gov/dhsr/const/index.html.

(c) The facility shall develop and maintain an emergency preparedness program as required by 42 CFR Part 416.54 Condition of Participation: Emergency Preparedness. The emergency preparedness program shall be developed with input from the local fire department and local emergency management agency. Documentation required to be maintained by 42 CFR Part 416.54 shall be maintained at the facility for at least three years and shall be made available to the Division during an inspection upon request.

(d) Any existing building converted from another use to a new facility shall meet the requirements of Paragraph (a) of this Rule.

History Note: *Authority G.S. 131E-149; 42 CFR Part 416.54;*
Eff. October 14, 1978;
Amended Eff. April 1, 2003;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 23, ~~2017.~~ 2017;
Amended Eff. January 1, 2020.

10A NCAC 13C .1404 is proposed for readoption with substantive changes as follows:

10A NCAC 13C .1404 ~~DETAILS AND FINISHES~~ EQUIVALENCY AND CONFLICTS WITH REQUIREMENTS

~~All details and finishes must meet the following requirements:~~

~~(1) Details~~

~~(a) The type of construction shall meet the requirement of the current edition of the North Carolina State Building Code for "Business Occupancy (B)," except that in the construction of new facilities required exit doors to stairs or to the outside shall be no less than 44" wide doors.~~

~~(b) Exit corridors, in addition to meeting the appropriate requirements of the North Carolina State Building Code, shall:~~

~~(i) be no less than 7'0" clear width between doors from the recovery area or operating rooms and required exit doors; or~~

~~(ii) if in a one story building or on the ground floor of a multi story building and is less than 7'0" clear width be so arranged as to allow a stretcher to exit from the recovery area or operating room directly into the corridor without turning and move to the required exit without having to make a turn.~~

~~(c) Doors between preoperative preparation, operating rooms and recovery areas and recovery rooms and corridors shall be no less than 44" wide. All recovery areas shall have at least one door opening to an exit passage way meeting the requirements of (b)(i) and (b)(ii) of this Rule.~~

~~(d) Items such as drinking fountains, telephone booths, vending machines, and portable equipment shall be located so as not to restrict corridor traffic or reduce the corridor width below the required minimum.~~

~~(e) No doors shall swing into corridors in a manner that might obstruct traffic flow or reduce the required corridor width except doors to spaces such as small closets which are not subject to occupancy.~~

~~(f) Thresholds and expansion joint covers shall be made flush with the floor surface to facilitate use of wheelchairs and carts.~~

~~(g) Single use towel dispensers or air driers shall be provided at all handwashing fixtures except scrub sinks.~~

~~(h) All other rooms shall have not less than 8'0" (2.44 m.) high ceilings except that corridors, storage rooms, toilet rooms, and other minor rooms may be not less than 7' 8" (2.34 m.). Suspended tracks, rails, pipes, etc., located in the path of normal traffic, shall be not less than 7' 6" (2.28 m.) above the floor.~~

~~(2) Finishes~~

~~(a) Floors shall be easily cleanable and have wear resistance appropriate for the locations involved. Joints in tile and similar material in such areas shall be resistant to food acids.~~

~~(b) Wall bases in operating rooms, soiled workrooms, and other areas subject to frequent wet cleaning shall be integral and covered with the floor, tightly sealed within the wall, and constructed without voids that can harbor vermin.~~

~~(c) Walls shall be washable; and, in the immediate area of plumbing fixtures, the finish shall be smooth, moisture resistant, and easily cleaned.~~

~~(d) Floor and wall penetrations by pipes, ducts, conduits, etc., shall be tightly sealed to minimize entry of rodents and insects. Joints of structural elements shall be similarly sealed.~~

~~(e) Ceilings in operating rooms shall be readily washable and without crevices that can retain dirt particles. Finished ceilings may be omitted in mechanical and equipment spaces, shops, general storage areas, and similar spaces except where required for fire rating.~~

(a) The Division may grant an equivalency to allow an alternate design or functional variation from the requirements in the Rules contained in Section .1400 of this Subchapter. The equivalency may be granted by the Division if a governing body submits a written equivalency request to the Division that indicates the following:

(1) the rule citation and the rule requirement that will not be met;

(2) the justification for the equivalency;

(3) how the proposed equivalency meets the intent of the corresponding rule requirement; and

(4) a statement by the governing body that the equivalency request will not reduce the safety and operational effectiveness of the facility design and layout.

The governing body shall maintain a copy of the approved equivalence issued by the Division.

(b) If the rules, codes, or standards contained in this Subchapter conflict, the most restrictive requirement shall apply.

History Note: *Authority G.S. 131E-149;*
Eff. October 14, 1978;
Amended Eff. November 1, 1989; December 24, ~~1979.~~ 1979;
Readopted Eff. January 1, 2020.

10A NCAC 13C .1405 - .1407 are proposed for readoption as a repeal as follows:

10A NCAC 13C .1405 MECHANICAL REQUIREMENTS
10A NCAC 13C .1406 PLUMBING AND OTHER PIPING SYSTEMS
10A NCAC 13C .1407 ELECTRICAL REQUIREMENTS

History Note: *Authority G.S. 131E-149;*
Eff. October 14, 1978;
Amended Eff. April 1, 2003; December 24, ~~1979.~~ 1979;
Repealed Eff. January 1, 2020.

10A NCAC 13C .1408 - .1409 are proposed for repeal as follows:

10A NCAC 13C .1408 GENERAL
10A NCAC 13C .1409 LIST OF REFERENCED CODES AND STANDARDS

History Note: *Authority G.S. 131E-149;*
Eff. April 1, 2003;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 23, ~~2017.~~ 2017;
Repealed Eff. January 1, 2020.

10A NCAC 13C .1410 is proposed for readoption as a repeal as follows:

10A NCAC 13C .1410 APPLICATION OF PHYSICAL PLANT REQUIREMENTS

History Note: *Authority G.S. 131E-149;*
Eff. April 1, ~~2003.~~ 2003;
Repealed Eff. January 1, 2020.

EXHIBIT D

Novant Health, Inc.

Compliance Summary:

- **No Violations of MCC Compliance policy**

  1) Violations of 12 month compliance requirement (Section B of MCC Compliance Policy):

     - NONE

  2) Violations of multi-year history of non-compliance requirement (Section A of MCC Compliance Policy):

     - NONE

Selected Application Information:

1) Information from FY2018 Audit of Novant Health, Inc.:

Operating income	$ 272,203,000
Change in unrestricted net assets	$ 105,474,000
Change in net assets	$ 109,022,000
Net cash provided by operating activities	$ 435,230,000
Change in cash	($ 180,045,000)

NOTE: Change in cash primarily due to capital expenditures and purchase of investments over prior year.

2) Ratings:

Moody's	Aa3 (Stable Outlook)
S&P	A+ (Positive Outlook)
Fitch	AA-

3) Community Benefits (2018):

- Total Community Benefits and Charity Care – $883,710,325
- Estimated Cost of Treating Bad Debt Patients – $82,950,032

4) Long-Term Debt Service Coverage Ratios:

Actual	FYE	2018	7.7
Forecasted	FYE	2019	7.6
Forecasted	FYE	2020	8.6
Forecasted	FYE	2021	9.0
Forecasted	FYE	2022	9.6
Forecasted	FYE	2022	9.3

5) Transaction Participants:

Underwriter	JPMorgan Chase & Co.
Underwriter Counsel	McGuireWoods, LLP
Auditor	PricewaterhouseCoopers
Bond Counsel	Robinson, Bradshaw & Hinton P.A.
Corporation Counsel	Womble Bond Dickinson (US) LLP
Trustee	Regions Bank
Trustee Counsel	Alston & Bird LLP

6) Other Information:

(a) Board diversity

Male:	12	Caucasian:	14
Female:	5	African American:	3
Total:	17	Total:	17

(b) MCC Bond Sale Approval Policy Form – Attached (D-3)

B. Bond Sale Approval Form

NC MCC Bond Sale Approval Form	
Facility Name: Novant Health	
	Time of Preliminary Approval
SERIES: 2019	**5/10/2019**
PAR Amount	$318,265,000
Estimated Interest Rate	4.44%
All-in True Interest Cost	3.90%
Maturity Schedule (Interest) - Date	11/1 and 5/1
Maturity Schedule (Principal) - Date	11/1/2047 - 11/1/2052, annual
Bank Holding Period (if applicable) - Date	N/A
Estimated NPV Savings ($) (if refunded bonds)	N/A
Estimated NPV Savings (%) (if refunded bonds)	N/A
NOTES:	
-Expecting approximately $30,000,000 Premium	

NORTH CAROLINA MEDICAL CARE COMMISSION
QUARTERLY MEETING

DIVISION OF HEALTH SERVICE REGULATION
801 BIGGS DRIVE
RALEIGH, NORTH CAROLINA 27603

MAY 10, 2019
9:00 A.M.

NAME	AGENCY
Lori Kroll	Novant Health
Fred Hargett	Novant Health
Kevin Griffin	Novant Health
Chris McCann	J.P. Morgan
Manda Dlota	Kimley Horn
Jeff Horton	NCSLA
Dale Folwell	State Treasurer's Office
Jennifer Wimmer	LGC

EXHIBIT F

North Carolina Medical Care Commission

May 10, 2019

NOVANT HEALTH

Introduction to Novant Health

NOVANT HEALTH

The mission that drives us and the values that guide us

Mission

Novant Health exists to improve the health of communities, one person at a time.

Vision

We, the Novant Health team, will deliver the most remarkable patient experience in every dimension, every time.

Safety • Quality
Authentic personalized relationships
Voice & choice • Easy for me
Affordability

Values

Diversity and Inclusion
Teamwork
Personal excellence
Courage
Compassion

Our people

We are an inclusive team of purpose-driven people inspired and united by our passion to care for each other, our patients and our communities.

Our promise

We are making your healthcare experience remarkable. We will bring you world-class clinicians, care and technology — when and where you need them. We are reinventing the healthcare experience to be simpler, more convenient and more affordable, so that you can focus on getting better and staying healthy.

NOVANT® HEALTH

Novant Health Executive Team

Carl Armato
President & Chief Executive Officer

EVP & Chief Diversity and Inclusion Officer

Jesse Cureton
EVP & Chief Consumer Officer

Frank Emory
EVP & Chief Legal Officer

Eric Eskioglu, MD
EVP & Chief Medical Officer

Fred Hargett
EVP & Chief Financial Officer

Jeff Lindsay
EVP & Chief Operating Officer

Denise Mihal
EVP & Chief Nursing and Clinical Operations Officer

Pam Oliver, MD
EVP & President, Novant Health Physician Network

Janet Smith-Hill
EVP & Chief Human Resources Officer

Angela Yochem
EVP & Chief Digital Officer

Novant Health Board of Trustees

G. Patrick Phillips
Retired, President of Bank of America

Carl S. Armato
President & Chief Executive Officer of Novant Health

Brandon T. Adcock
Co-Founder & President, Adaptive Health

Retired, President & CEO of United Way of Gaston Co.

James F. Amos
Retired, 35th Commandant U.S. Marine Corp

Dr. Robert M. Barr
Radiologist, Mecklenburg Radiology Associates, P.A.

Christine P. Katziff
Corporate General Auditor, Bank of America

Viola A. Lyles
Mayor, City of Charlotte

Ian A. McDonald
Retired, BAE Systems

Alvaro G. de Molina
Retired, CFO of Bank of America

Dr. B. Dawn Moose
Radiation Oncologist, Piedmont Radiation Oncology, P.A.

Dr. Daniel W. Murphy
Gastroenterologist, Piedmont Gastroenterology Specialists

Thomas David Neill
President, Bob Neill, Inc.

David R. Plyler
Commissioner, Forsyth Co. Board of Commissioners

Elwood L. Robinson
Chancellor, Winston-Salem State University

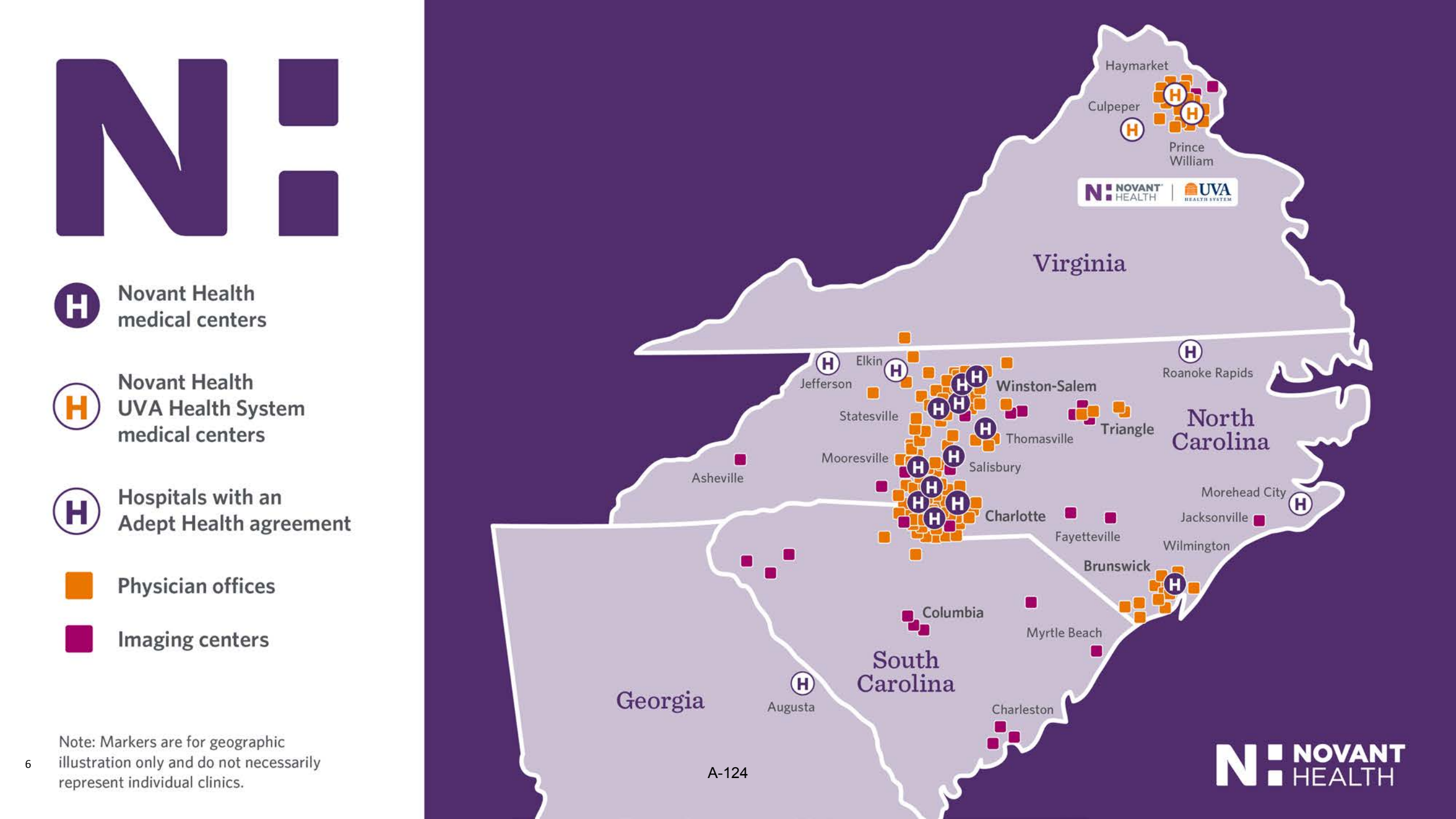
Laura A. Schulte
Retired, Wells Fargo

Larry D. Stone
Retired, COO of Lowe's, Inc.

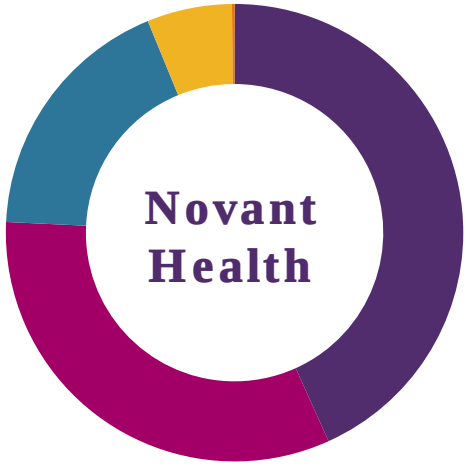
Joia M. Johnson
Counsel and Corp. Secretary, Hanesbrands

R. Lee Myers
Attorney at Law, Myers Law Firm, PLLC

James H. Hance, Jr.
Retired, Vice Chairman & CFO of Bank of America


Novant Health medical centers
Novant Health UVA Health System medical centers
Hospitals with an Adept Health agreement
Physician offices
Imaging centers
Note: Markers are for geographic illustration only and do not necessarily represent individual clinics.
Haymarket
Culpeper
Prince William
NOVANT HEALTH | UVA HEALTH SYSTEM
Virginia
Jefferson
Elkin
Roanoke Rapids
Winston-Salem
Statesville
Thomasville
Triangle
North Carolina
Asheville
Mooresville
Salisbury
Morehead City
Jacksonville
Charlotte
Fayetteville
Wilmington
Brunswick
Columbia
Myrtle Beach
South Carolina
Georgia
Augusta
Charleston
NOVANT HEALTH

By the Numbers



*Novant Health Medical Group

2,703
Beds

1,642
NHMG* physicians

500+
NHMG* clinics

15
Medical centers

218,246
Flu shots given in 2017

544,825
ER visits

17,401
e-Visits

20,385
Babies born in 2018

x 1,000

140,643
Total surgeries

14,400
Appointments scheduled online monthly in 2017

415
ER treatment rooms

556
Locations

107
Operating rooms

130,474
Inpatients cared for in 2018

7,056,123
Prescriptions filled in 2017

5.1 M
Encounters in 2018

800,000
MyChart users

15,192
Acute care

8,602
Medical Group

4,113
Corporate

758
Ambulatory services

51
Assisted living

22.4 M
Website hits

146,153
Mobile app users

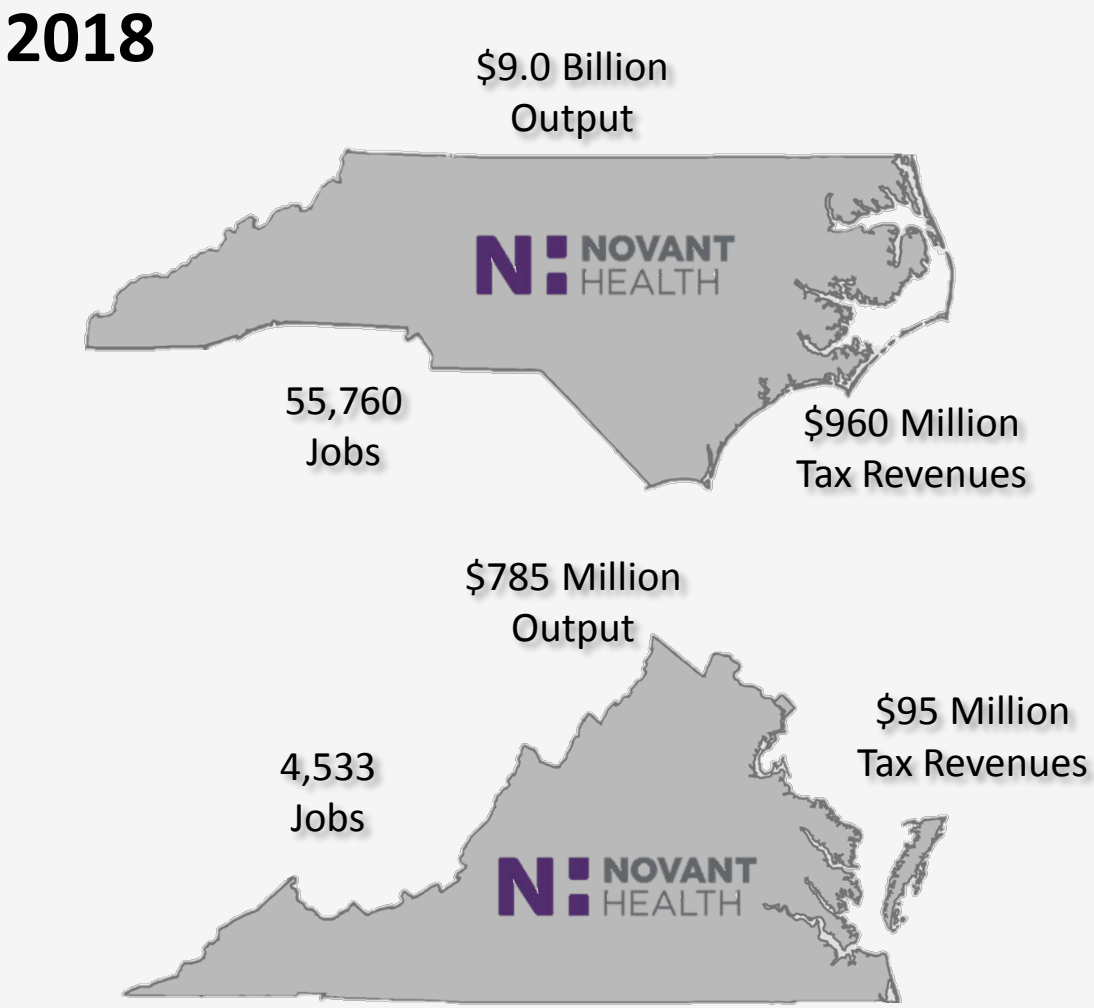
588
Patients enrolled in clinical trials

277
Cancer trials

311
Noncancer trials

Economic Impact Study

- Novant Health commissioned a study by FTI Consulting's Center for Healthcare Economics and Policy to evaluate the economic impact of Novant Health on the states of North Carolina and Virginia in 2018
- Key findings of the study concluded:
  - Novant Health's total economic impact in NC and VA was nearly $9.8 billion
  - Novant Health directly and indirectly contributed over $1 billion to public tax revenues in NC and VA
  - Novant Health supported over 60,000 jobs in the two combined states



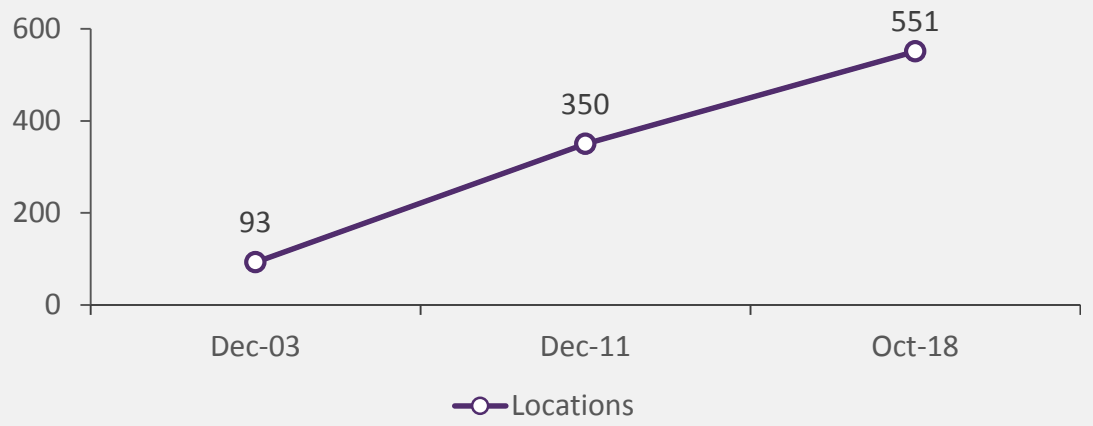
Note: Economic impact figures include direct, indirect and induced impacts of Novant Health's operations and construction expenditures in North Carolina and Virginia during CY 2018.

NOVANT HEALTH

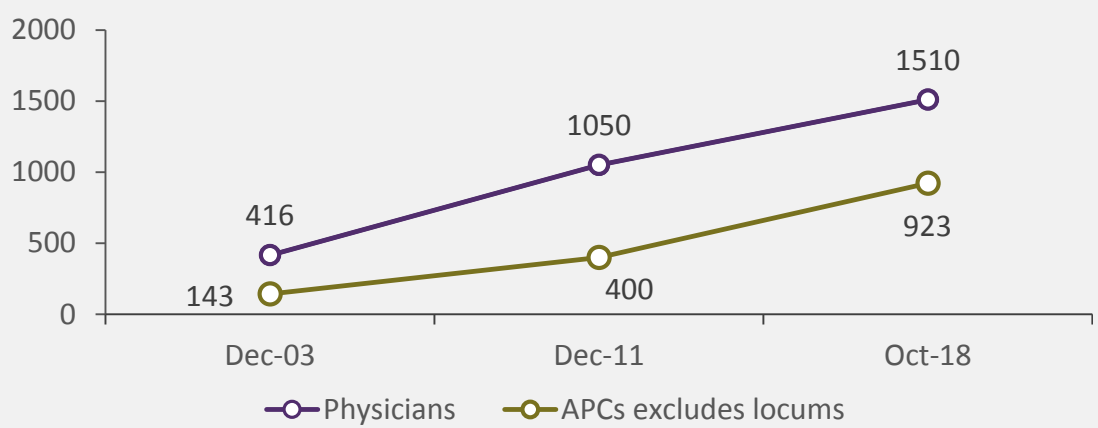
Novant Health Physician Partnerships
The Cornerstone of Our Vision

Mutual support for a **system of care** focused on delivering quality and satisfaction for our patients

Clinic Growth: 2003 – Oct. 2018



Provider Growth: 2003 – Oct. 2018



Provider Satisfaction

Provides high-quality care and service

2016	2017	2018
93.0%	98.0%	95.0%

Patient Satisfaction

Likelihood of recommending practice

2016	2017	2018
85.6%	86.4%	87.0%

We average **1 new** NHMG clinic **each week**

Currently serve **4.4 million** patients, **1.1 million** of which have a NHMG primary care provider

NHMG clinics complete **>5,000,000 encounters** each year

NOVANT HEALTH

Specialties

Anesthesiology	1	General Surgery	32	Obstetrics and Gynecology	123	Plastic Surgery	2
Anesthesiology Pain Management	1	Geriatric Medicine	3	Oncology	1	Podiatric Medicine	9
Audiology	1	Gynecologic Oncology	7	Orthopaedic Surgery	43	Psychiatry	63
Bariatric Surgery	6	Gynecology	7	Otolaryngology	2	Psychology	12
Breast Surgery	2	Hematology	1	Pediatric Cardiology	3	Pulmonary Disease	22
Cardiothoracic Surgery	6	Hematology and Oncology	35	Pediatric Critical Care	5	Radiation Oncology	5
Cardiovascular Disease	67	Hepatobiliary and Pancreas Surg	2	Pediatric Endocrinology	2	Registered Dietition	25
Child and Adolescent Psychiatry	6	Hospice and Palliative Medicine	6	Pediatric Gastroenterology	4	Rheumatology	8
Clinical Cardiac Electrophysiology	8	Hospitalist	273	Pediatric Hematology and Onc	6	Sleep Medicine	3
Colon and Rectal Surgery	9	Infectious Diseases	13	Pediatric Infectious Diseases	3	Social Worker	37
Counseling	18	Internal Medicine	111	Pediatric Neurology	5	Sports Medicine	3
Critical Care Medicine	6	Interventional Cardiology	15	Pediatric Pulmonology	2	Surgical Oncology	1
Dermatology	9	Maternal and Fetal Medicine	6	Pediatric Sleep Medicine	1	Thoracic Surgery	3
Developmental-Behavioral Peds	2	Medical Oncology	4	Pediatric Sports Medicine	2	Urgent Care	7
Emergency Medicine	11	Neurological Surgery	16	Pediatric Urgent Care	1	Urogynecology	2
Endo, Diabetes and Metabolism	20	Neurology	62	Pediatrics	169	Urology	21
Family Medicine	328	Neuropsychology	1	Physical Medicine and Rehab	9	Vascular Neurology	1
Forensic Psychiatry	1	Nurse Midwife	16	Physical Therapy	15	Vascular Surgery	11
Gastroenterology	6	Nurse Practitioner	435	Physician Assistant	402	Wound Care and Hyperbaric Med	5

1,642 physicians

2,591 overall providers

556 clinics

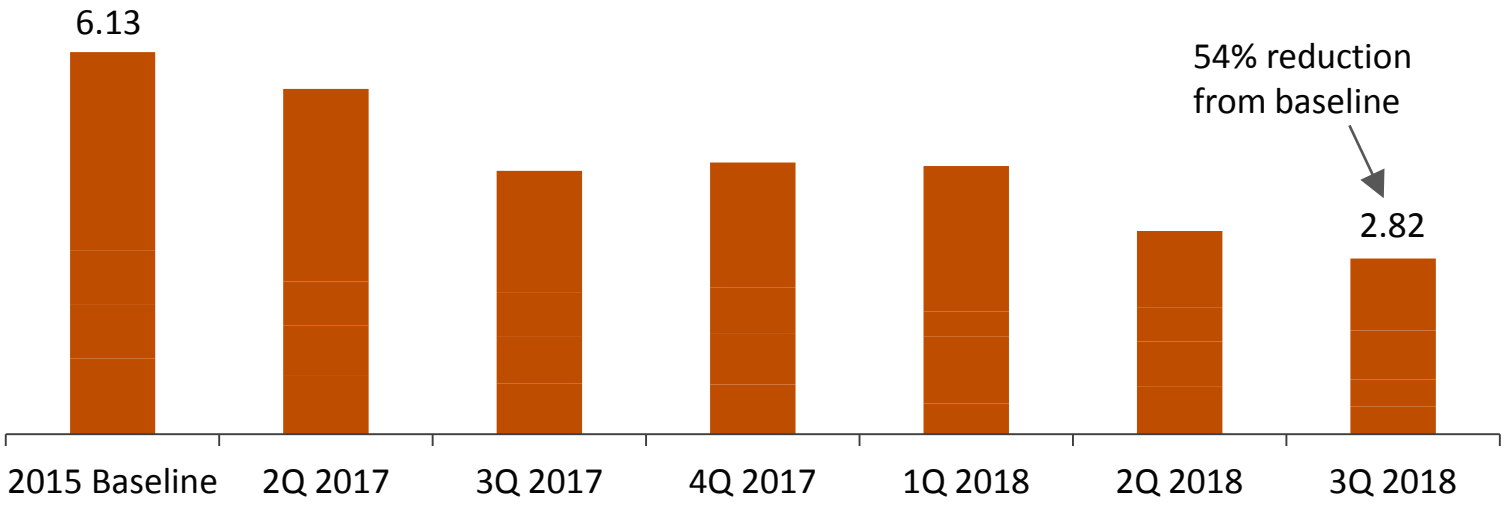
8,602 employees**

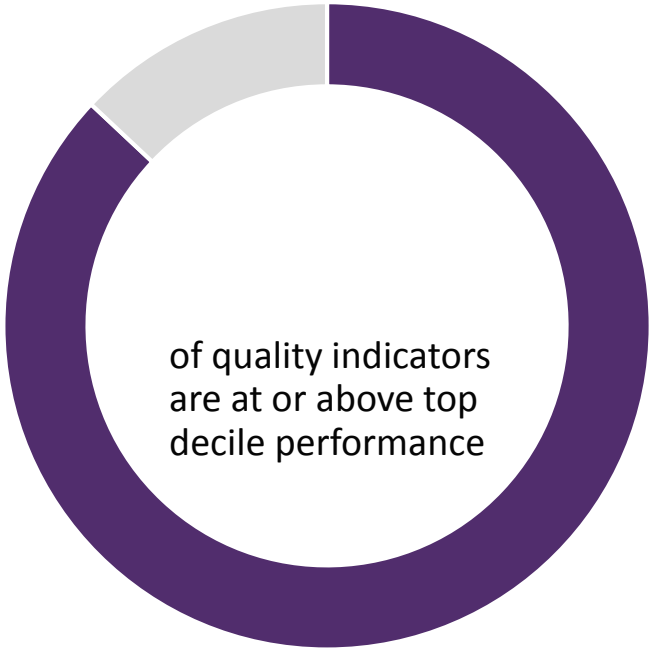
Physicians recognized by NCQA* for excellence in diabetes care	**246**
Physicians recognized by NCQA* for excellence in caring for those with heart conditions or stroke	**207**

NOVANT HEALTH

Intense Focus on Clinical Quality and Patient Safety

Hospital Acquired Infection Reduction System HAIs per 1000 inpatient discharges (by quarter)





Our sophisticated, data-driven approach

Provider dashboards showing quality performance	**60 active patient registries**	**Predictive risk tools in the EHR for 30-day readmissions/one-year admission risk**	**Quality and cost data by provider**	**Cost and utilization dashboard for all value-based payor arrangements**	**Decision support**

In 2018, Novant Health Provided $884 Million in Community Benefit

8,494

Screenings for chronic diseases through vascular screenings, mammograms and women's heart risk assessments

Maternal and infant health

5,732

Community members received education about infant care, childbirth preparation, smoking cessation during pregnancy and infant CPR

Diabetes prevention

964

People were members of free diabetes support groups

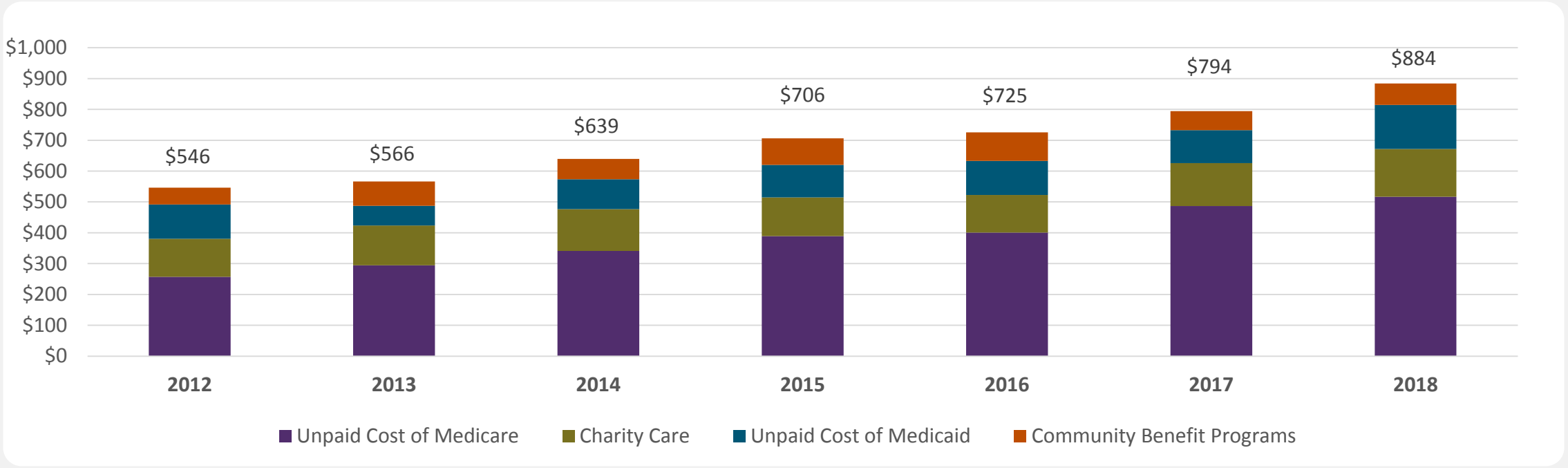
3,611

Community members were educated on diabetes prevention at senior centers, community clinics, fitness centers and Novant Health facilities

4,547

Team member hours spent on diabetes prevention and management

Novant Health Historical Community Benefit



In 2018, Novant Health provided $884 million in total community benefit

Includes Unpaid Cost of Medicare, Unpaid Cost of Medicaid, Charity Care and Community Benefit Programs

Total community benefit has increased a total of 62% since 2012 (8.4% CAGR)

Novant Health Community Involvement

Michael Jordan gives $7M assist to Novant Health

By Associated Press | October 14, 2017

Basketball legend Michael Jordan is scoring his biggest philanthropic donation ever with a $7 million gift to Novant Health.

The donation from Jordan, who owns the NBA's Charlotte (N.C.) Hornets, will be used to fund two Novant Health Michael Jordan Family Clinics, which are projected to open in 2020 in at-risk communities in that city.

"Through my years of working with Novant Health, I have been impressed with their approach and their commitment to the community," Jordan, who grew up in North Carolina, said in a release Monday. "It is my hope that these clinics will help provide a brighter and healthier future for the children and families they serve."

NOVANT HEALTH

MOVEMENTMORTGAGE

Novant Health and Movement Mortgage's foundation partnered to open a 6,500-square-foot medical office in west Charlotte

The center has the capacity to serve up to 10,000 patients annually

Novant Health Community Care Cruiser

40-foot mobile clinic, provides immunizations (vaccines) to uninsured children in the greater Charlotte area

Mobile Mammography

1,327

Women received free mammography screenings and clinical breast exams

Project Care

Congregational Approach to Risk reduction and Empowerment

Provides health & wellness services to members of Winston-Salem's African American community who are at high risk of chronic diseases

100% of participants in 2017 saw a decrease in average blood pressure and total cholesterol levels

Novant Health Strategic Imperatives

	Improving health
Operational excellence	**Technology, innovation and business intelligence**
Consumer-driven products and pricing	**Industry leadership and growth**

System Priorities

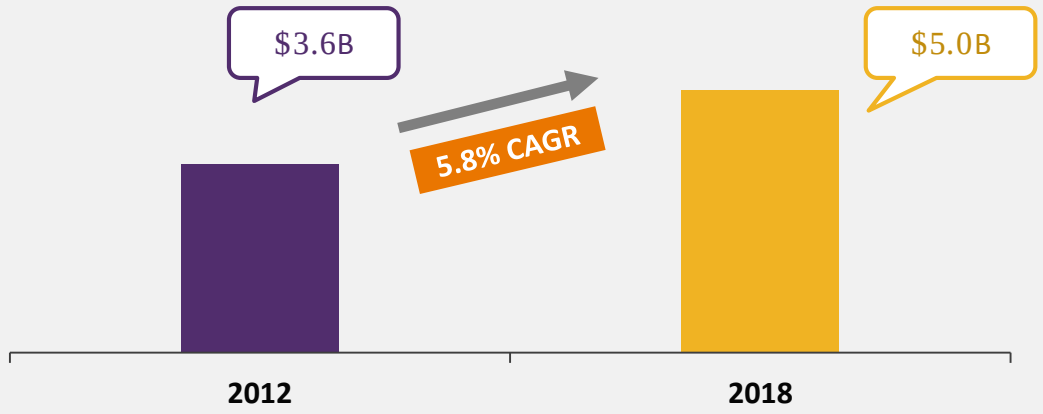
Financial Overview

NOVANT HEALTH

Executive Summary

Our Robust Financial Performance

Revenue

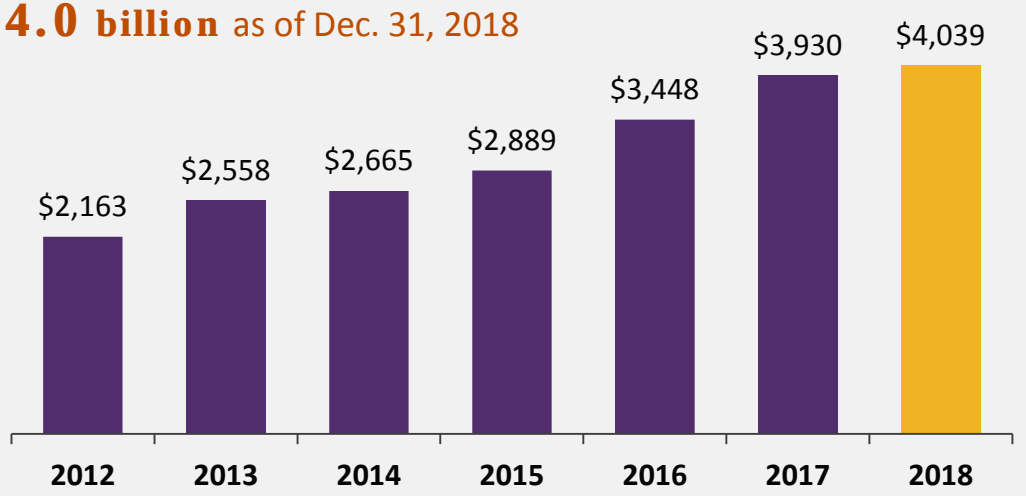


Average operating income margins from 2012 – 2018

12.4% Average OCF margins from 2012 – 2018

Net Assets

$4.0 billion as of Dec. 31, 2018



Debt-to-cap

25.6% as of Dec. 30, 2018

Cash on Hand

232 Days cash on hand representing **$2.9 billion** in cash and marketable securities

CAGR = compound annual growth rate; OCF = operating cash flow
Source: Novant Health audited financial statements

NOVANT HEALTH

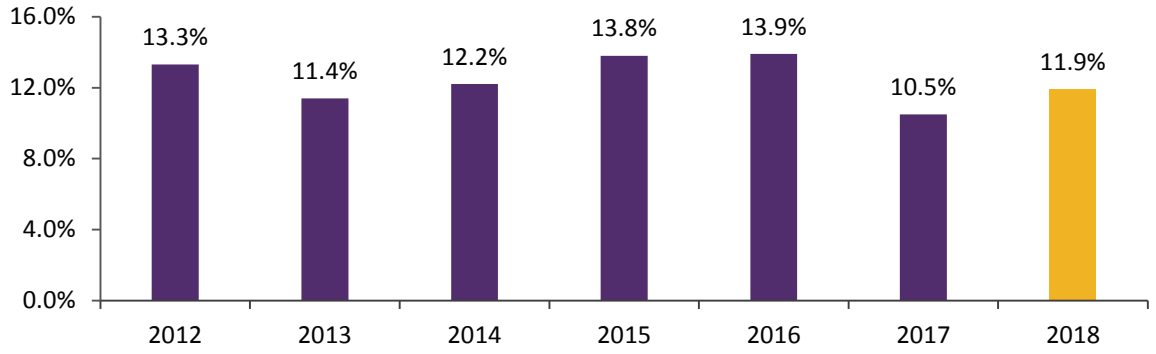
Consolidated Operating Results

Consolidated Operating Results

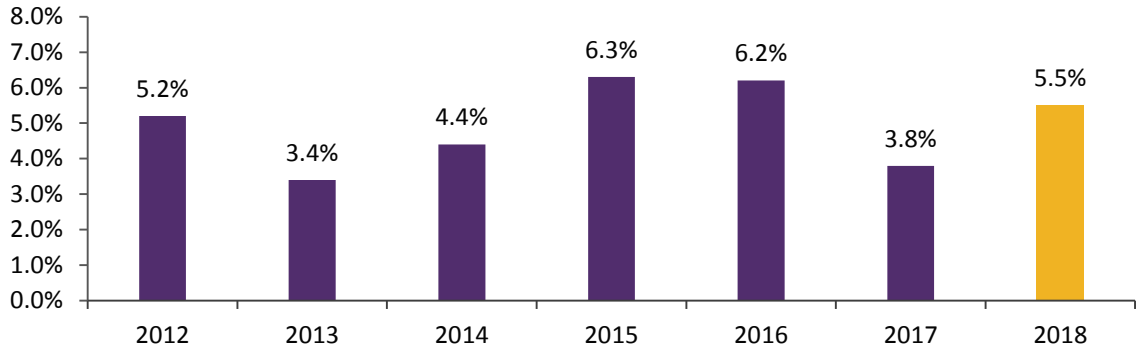
($ in millions)

	FYE 12/31						
	2012	2013	2014	2015	2016	2017	2018
Operating Revenues	$3,555	$3,548	$3,788	$4,128	$4,340	$4,595	$4,986
Operating Cash Flow	$472	$403	$464	$569	$605	$484	$592
Operating Income	$185	$119	$167	$258	$271	$174	$272
Non-Operating Income (Loss)	$89	$163	$35	($67)	$184	$303	($178)
Net Income	**$274**	**$282**	**$202**	**$192**	**$455**	**$478**	**$94**

Operating Cash Flow Margin

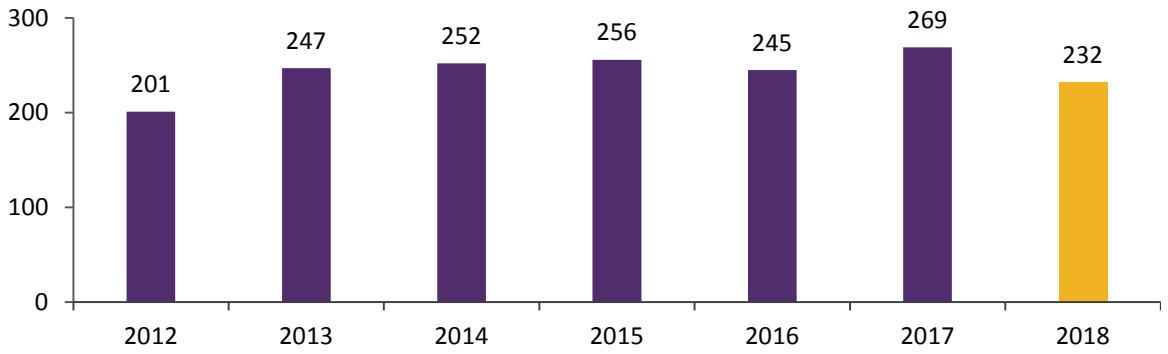


Operating Income Margin

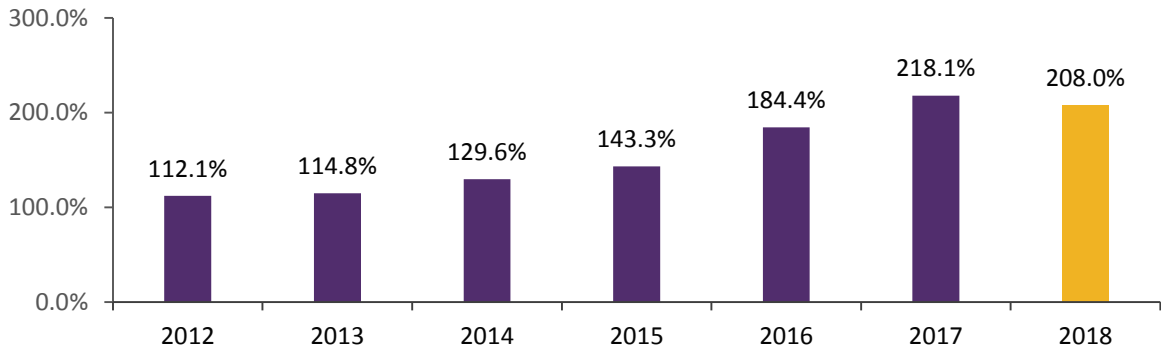


Consolidated Historical Key Ratios

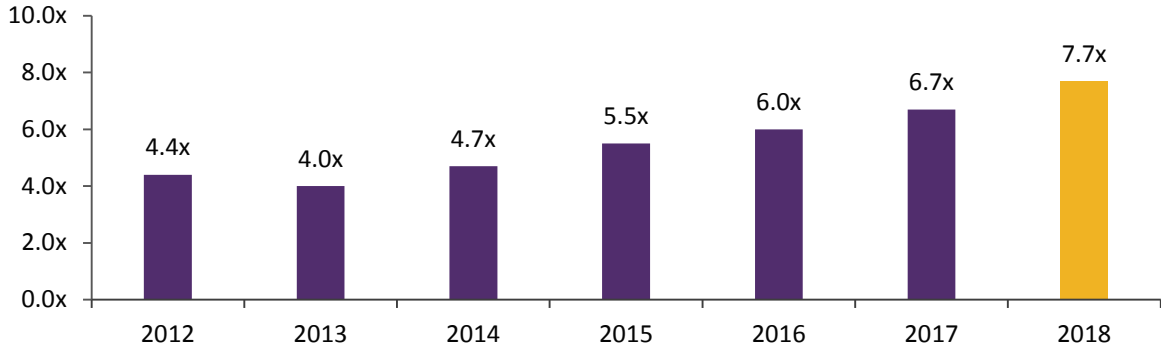
Days Cash on Hand [1]



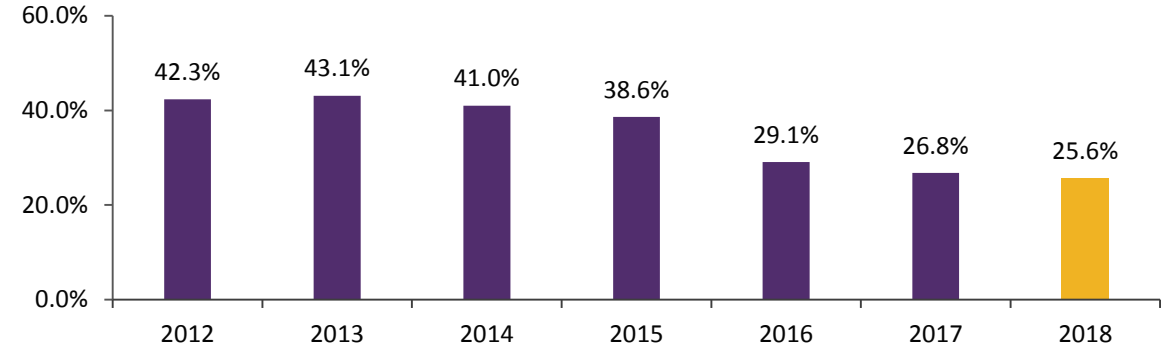
Cash to Debt (%) [1]



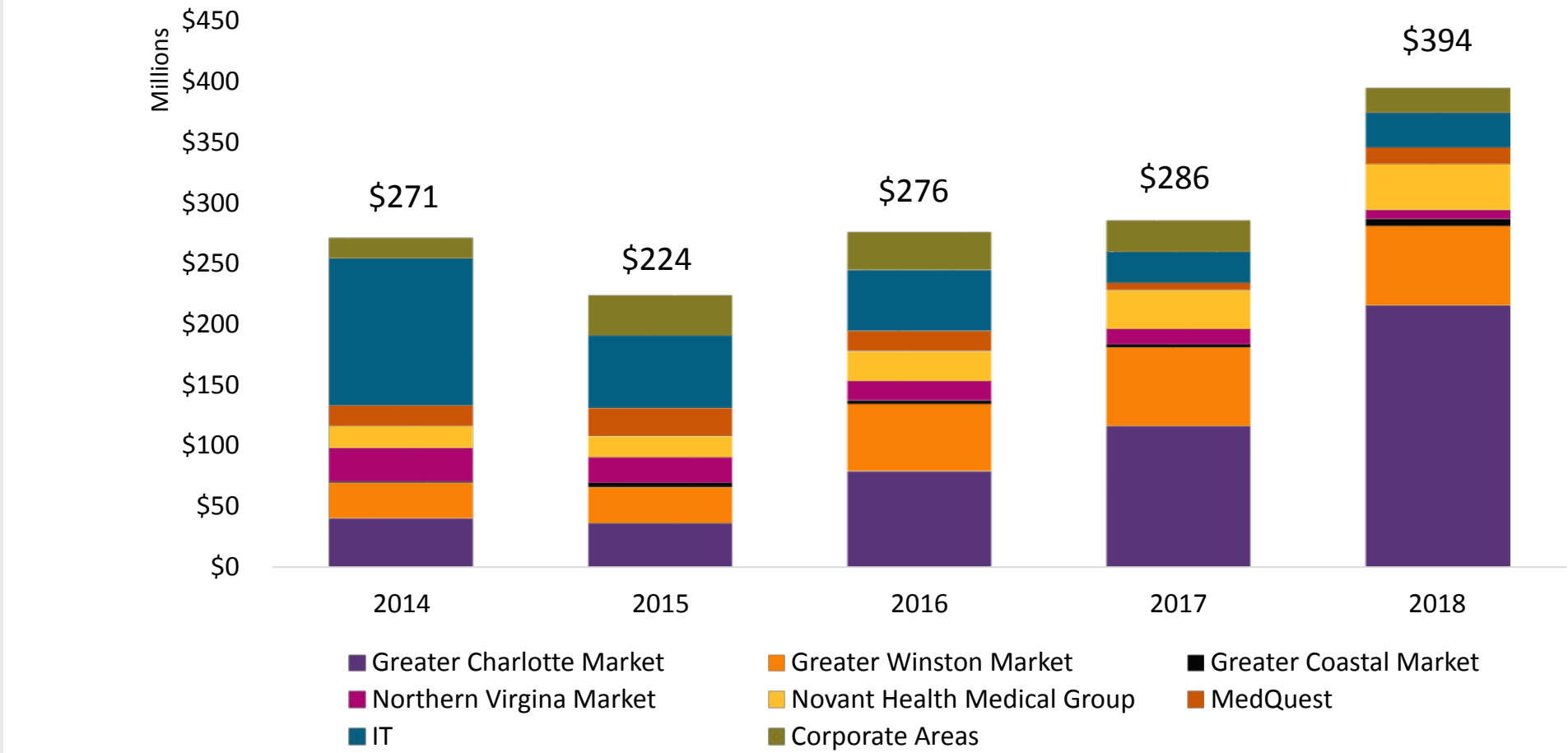
Annual Debt Service Coverage (x) [1]



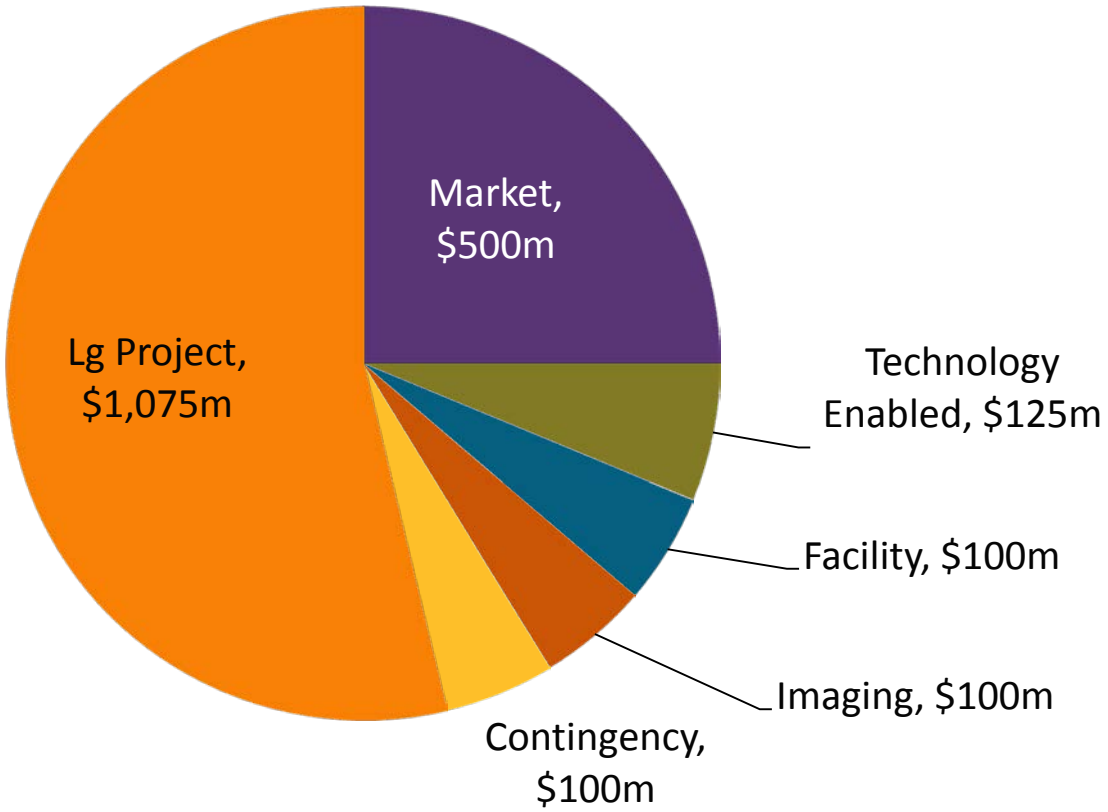
Debt to Capitalization (%) [1]



Novant Health Capital Spend by Year 2014 - 2018



2019 – 2023 Projected Capital Spending by Category



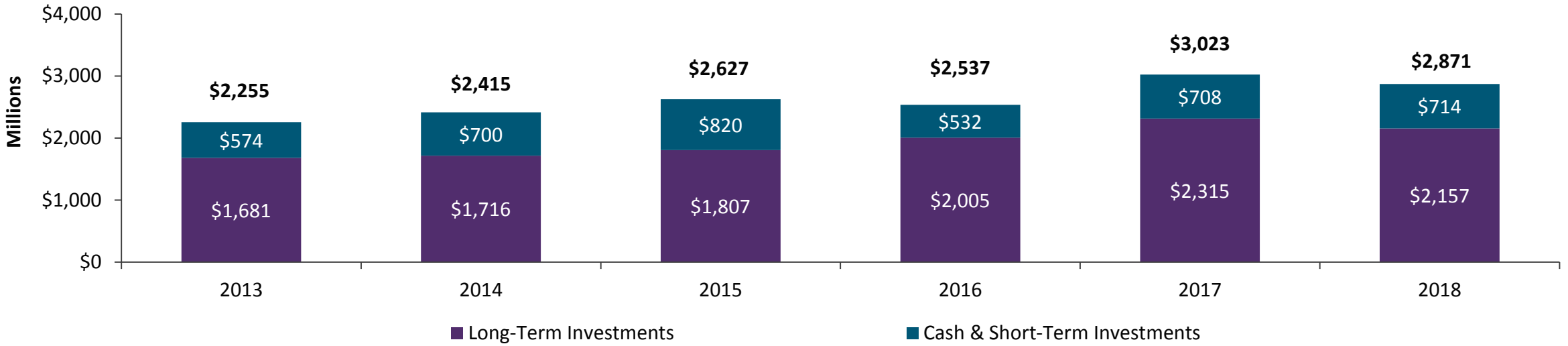
Investment Funds

Novant Health Asset Management LLC

- SEC registered wholly owned subsidiary
- Staffed by 6 investment professionals
  - 5 MBAs, 1 PhD, 1, JD, 4 CFAs
- Cambridge Associates, Albourne Partners and professional outside board members augment team

Funds Overview

- Capital Reserve Fund
  - 71% liquid within 1 month; 2% targeted long-term real returns
- Diversified portfolio of traditional long-only U.S. and international equity managers, fixed income, real assets, and alternative investments



Long Term Debt Structure

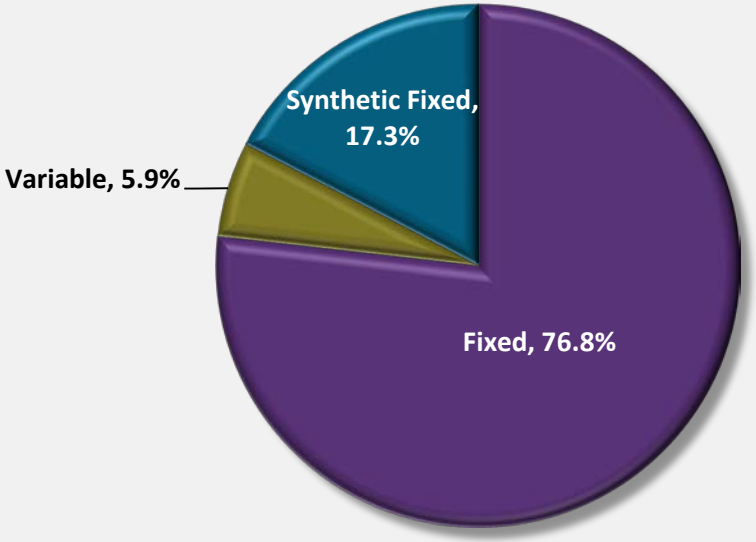
NOVANT HEALTH

Total debt of $1.37 billion as of December 31, 2018

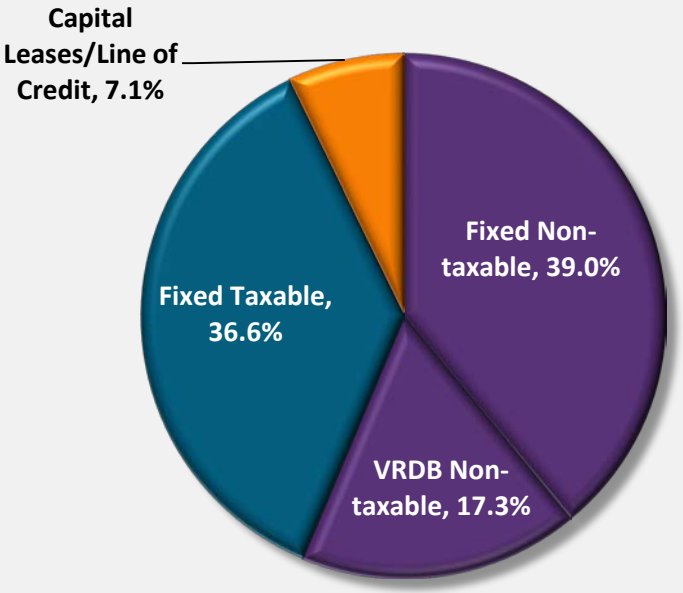
Limited exposure to variable rate debt

Variable rate debt synthetically fixed via third party swaps

Variable vs. Fixed Rate



Taxable vs. Non-Taxable, Other



Novant Health plans to issue ~ $350 million in tax exempt debt to reimburse, refund or finance expenditures related to the projects listed below

$258 million has been expended to date with an additional $86 million budgeted

Project	Spent (Cash)	Spent (LOC)	Remaining	Total
Charlotte Orthopedic Hospital Replacement		$54.0 million		$54.0 million
Clemmons Medical Center Expansion		$50.3 million		$50.3 million
Matthews Medical Center Expansion		$19.4 million		$19.4 million
Mint Hill Medical Center	$79.0 million	$4.7 million	$3.7 million	$87.4 million
Huntersville Medical Center Expansion	$31.8 million		$23.8 million	$55.6 million
Presbyterian Medical Center Infrastructure	$12.4 million		$58.4 million	$70.8 million
Other Projects		$6.5 million		$6.5 million
Total Eligible Capital Expenditures	**$123.2 million**	**$134.9 million**	**$85.9 million**	**$344.0 million**

Charlotte Orthopedic Hospital

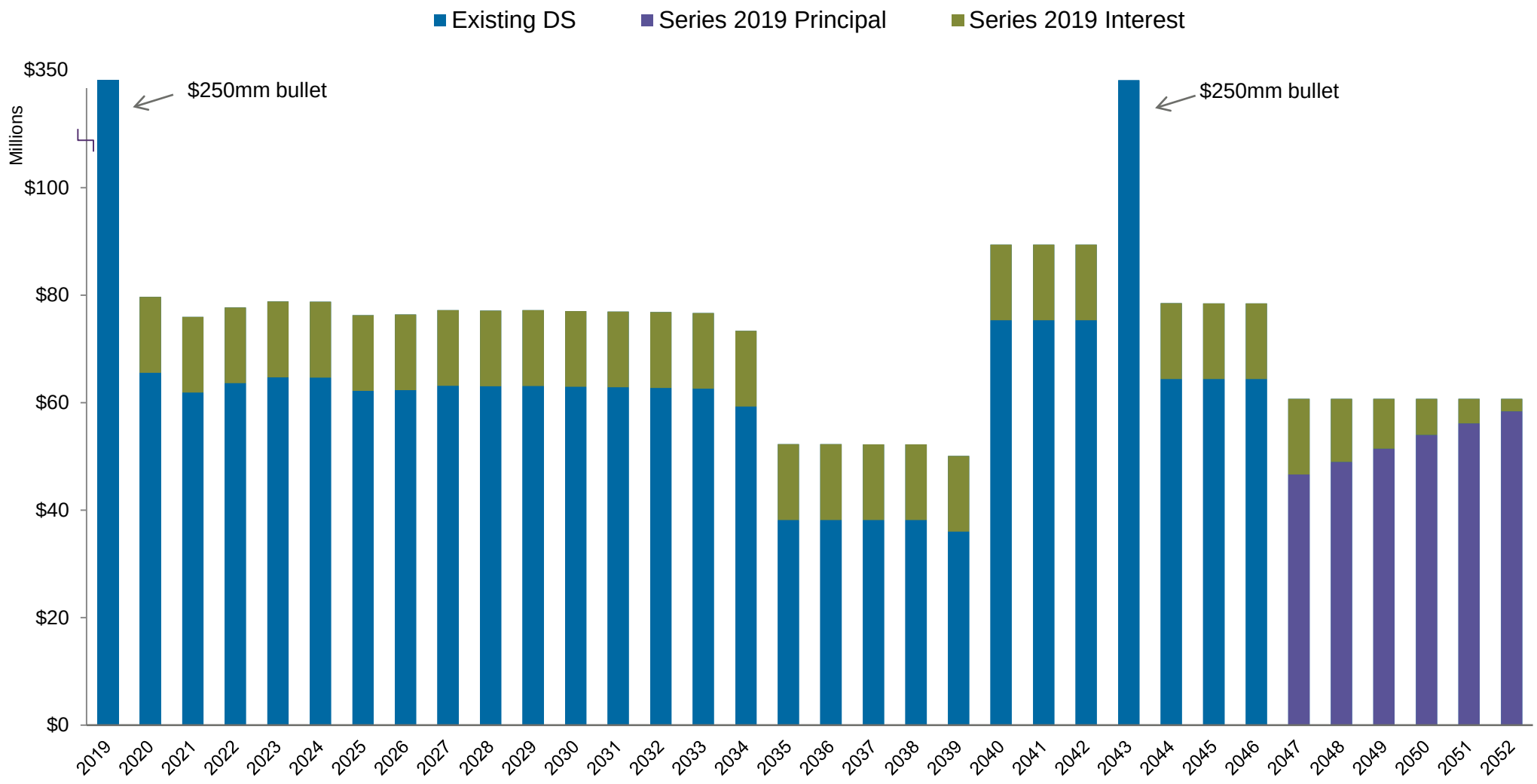
Clemmons Expansion

Mint Hill

Matthews Expansion

Huntersville Expansion

Presbyterian Infrastructure



Existing DS excludes borrowings on revolving credit facility and capital lease obligations/other notes payable.

Novant Health Charlotte Orthopedic Hospital Replacement

- **32 inpatient beds**
- **7 inpatient ORs**
- **Bond Financed costs: $54M**
- **Total Project costs: $55.6M**
  - Construction & Sitework: $51.9M
  - Moveable Equipment: $3.8M
  - Other: $0

Novant Health Clemmons Medical Center Expansion

- **36 inpatient beds**
- **3 inpatient/outpatient rooms**
- **Bond Financed costs: $50.3M**
- **Total Project costs: $53.1M**
  - Construction & Sitework: $42.2M
  - Moveable Equipment: $9.1M
  - Other: $1.8M

Novant Health Mint Hill Medical Center

- **36 inpatient beds**
- **4 inpatient/outpatient ORs and 1 Endo Room**
- **Bond Financed costs: $87.5M**
- **Total Project costs: $89.2M**
  - Construction & Sitework: $69.8M
  - Moveable Equipment: $17.9M
  - Other: $1.5M

Novant Health Matthews Medical Center Expansion

- **8 Special Care Nursery beds and 2 antepartum beds**
- **3 triage rooms, 2 classrooms and 2 C-section rooms**
- **Bond Financed costs: $19.4M**
- **Total Project costs: $20.5M**
  - Construction & Sitework: $17.6M
  - Moveable Equipment: $2.9M
  - Other: $0

Novant Health Huntersville Medical Center Expansion

- **48 inpatient beds**
- **Bond Financed costs: $55.6M**
- **Total Project costs: $55.6M**
  - Construction & Sitework: $44.2M
  - Moveable Equipment: $10.7M
  - Other: $0.7M

Novant Health Presbyterian Medical Center Infrastructure

- **Enlargement of patient rooms and facilities and replaced HVAC systems**
- **Bond Financed costs: $70.8M**
- **Total Project costs: $72.7M**
  - Construction & Sitework: $60.4M
  - Moveable Equipment: $12.3M
  - Other: $0

Conclusion

Novant Health: Positioned for the Future

Novant Health continues to deliver **superior operating results** across our markets

Focus on operating metrics and **debt repayment initiatives** have created a strong balance sheet with significant liquidity

Established **culture of transparency** and **physician engagement**

Novant Health is building capabilities to **take on risk and shift to population health models** while still optimizing current fee-for-service reimbursement

Deliberate strategy exists for growth and scale to create a **super-regional healthcare system**, but any expansion will be intentional and will consider impact on core markets

NC Medical Care Commission

Quarterly Report on **Outstanding Debt** (End: 3rd Quarter FYE 2019)

Program Measures	FYE 2018 Ending: 6/30/2018	FYE 2019 Ending: 6/30/2019
Outstanding Debt	**$6,155,248,318**	**$5,878,126,412**
Outstanding Series	**138**	**131**[1]

Detail of Program Measures	Ending: 6/30/2018	Ending: 3/31/2019
Outstanding Debt per Hospitals and Healthcare Systems	$4,999,247,662	$4,672,572,057
Outstanding Debt per CCRCs	$1,093,285,656	$1,147,209,355
Outstanding Debt per Other Healthcare Service Providers	$62,715,000	$58,345,000
Outstanding Debt Total	**$6,155,248,318**	**$5,878,126,412**
Outstanding Series per Hospitals and Healthcare Systems	84	76
Outstanding Series per CCRCs	51	53
Outstanding Series per Other Healthcare Service Providers	3	2
Series Total	**138**	**131**
Number of Hospitals and Healthcare Systems with Outstanding Debt	20	19
Number of CCRCs with Outstanding Debt	20	20
Number of Other Healthcare Service Providers with Outstanding Debt	2	2
Facility Total	42	41

Note 1: For FYE 2019, NC MCC closed 14 **Bond Series** thru the 4th Quarter. Out of the 14 closed Bond Series: 5 were conversions, 8 were new money projects, and 1 refunding. The net loss of 4 for Bond Series outstanding from FYE 2018 to current represents all new money projects, refundings, conversions, and redemptions.

GENERAL NOTES: Facility Totals represent a parent entity total and do not represent each individual facility owned by the parent entity. CCRCs are licensed by the NC Department of Insurance. "Other Healthcare Service Providers" would include nursing homes, rehabilitation facilities, assisted living, blood donation centers, independent living, and hospice facilities. The following parent entities represent the "other healthcare service providers" with outstanding NC MCC debt: DePaul (Assisted Living); Lutheran Services (Assisted Living)

NC Medical Care Commission

Quarterly Report on **History** of NC MCC Finance Act Program (End: 3rd Quarter FYE 2019)

Program Measures	FYE 2018 Ending: 6/30/2018	FYE 2019 Ending: 6/30/2019
Total PAR Amount of Debt Issued	**$24,997,237,002**	**$25,538,623,155**
Total Project Debt Issued (excludes refunding/conversion proceeds) [1]	**$11,957,270,243**	**$12,288,054,987**
Total Series Issued	**615**	**629**

Detail of Program Measures		Ending: 6/30/2018	Ending: 3/31/2018
PAR Amount of Debt per Hospitals and Healthcare Systems		$20,346,421,032	$20,794,927,185
PAR Amount of Debt per CCRCs		$4,276,520,740	$4,369,400,740
PAR Amount of Debt per Other Healthcare Service Providers		$374,295,230	$374,295,230
	Par Amount Total	**$24,997,237,002**	**$25,538,623,155**
Project Debt per Hospitals and Healthcare Systems		$9,405,882,588	$9,643,788,740
Project Debt per CCRCs		$2,304,373,740	$2,397,252,332
Project Debt per Other Healthcare Service Providers		$247,013,915	$247,013,915
	Project Debt Total	**$11,957,270,243**	**$12,288,054,987**
Series per Hospitals and Healthcare Systems		388	397
Series per CCRCs		188	193
Series per Other Healthcare Service Providers		39	39
	Series Total	**615**	**629**
Number of Hospitals and Healthcare Systems issuing debt		99	99
Number of CCRCs issuing debt		40	40
Number of Other Healthcare Service Providers issuing debt		46	46
	Facility Total	185	185

Note 1: Project Debt excludes bond proceeds that directly refunded prior NCMCC outstanding issues and conversion par amounts. Project Debt is an accumulation of all new project money, issuance costs (including issuance costs for refundings/conversions (if any)), and refundings of non-NCMCC debt.

GENERAL NOTES: Facility Totals represent each individual facility and <u>do not</u> represent parent entity totals. CCRCs are licensed by the NC Department of Insurance. "Other Healthcare Service Providers" would include nursing homes, rehabilitation facilities, assisted living, blood donation centers, non-CCRC independent living, and hospice facilities.

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

The North Carolina Medical Care Commission
809 Ruggles Drive
Raleigh, North Carolina

MINUTES

CALLED MEETING OF THE EXECUTIVE COMMITTEE CONFERENCE TELEPHONE MEETING ORIGINATING FROM THE COMMISSION'S OFFICE JUNE 27, 2019 2:00 P.M.

Members of the Executive Committee Present:

John A. Fagg, M.D., Chairman
Charles H. Hauser
Eileen C. Kugler, RN, MSN, MPH, FNP
Albert F. Lockamy, RPh

Members of the Executive Committee Absent:

Joseph D. Crocker, Vice-Chairman
John J. Meier, IV, M.D.
Devdutta G. Sangvai, M.D.

Members of Staff Present:

S. Mark Payne, DHSR Director/MCC Secretary
Geary W. Knapp, JD, CPA, Assistant Secretary
Crystal Watson-Abbott, Auditor, MCC
Kathy C. Larrison, Auditor, MCC
Alice S. Creech, Executive Committee

Others Present:

Alice Adams, Robinson Bradshaw & Hinson, PA
Allen Robertson, Robinson Bradshaw & Hinson, PA
Fred Hargett, Novant Health
Kevin Griffin, Novant Health
Chris McCann, JP Morgan Securities
Jeff Poley, Parker Poe Adams & Bernstein, LLP
Cham Dickey, Friends Homes
Kendra Laughey, Southminster

1. Purpose of Meeting

To (a) authorize the sale of bonds, the proceeds of which are to be loaned to Novant Health, Inc.; (b) to amend a deed of trust pertaining to Friends Homes, Inc. Series 2011 bonds; (c) to appoint a successor bond trustee for Southminster, Inc. Series 2016 bonds; and (d) amend the Series 2016 MTI for Southminster, Inc.

a. Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of $306,985,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Novant Health Obligated Group), Series 2019A

Statements were given by Dr. John Fagg, Mr. Geary Knapp, and Mr. Fred Hargett.

Executive Committee Action: Motion was made to approve the resolution by Mrs. Eileen Kugler, seconded by Mr. Al Lockamy and unanimously approved with the recusals of Dr. John Fagg, and Mr. Charles Hauser.

WHEREAS, the North Carolina Medical Care Commission (the "Commission") is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities; and

WHEREAS, Novant Health, Inc. (the "Parent Corporation") is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a "non-profit agency" within the meaning of the Act; and

WHEREAS, the Parent Corporation has made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (a) pay, or reimburse the Parent Corporation for paying, the cost of the Project (described below), (b) refund existing indebtedness of the Parent Corporation, the proceeds of which were used to finance a portion of the Project and (c) pay certain expenses incurred in connection with the issuance of the Bonds (as defined below) by the Commission; and

WHEREAS, the Project includes (A) constructing, renovating, furnishing and equipping (1) a replacement Novant Health Charlotte Orthopedic Hospital, consisting of approximately 32 inpatient beds and located at 1901 Randolph Road, Charlotte, NC 28207; (2) additions to Novant Health Clemmons Medical Center, consisting of approximately 36 new inpatient beds and 3 operating rooms and located at 6915 Village Medical Circle, Clemmons, NC 27012; (3) a new health care facility known as Novant Health Mint Hill Medical Center, consisting of approximately 36 inpatient beds, four operating rooms, an endoscopy room, an emergency room and laboratory facilities and located at 8201 Healthcare Loop, Charlotte, NC 28215; (4) a two-story addition to Novant Health Matthews Medical Center located at 1500 Matthews Township Parkway,

Matthews, NC 28105; (5) renovations to multiple floors and the roof at the existing Novant Health Presbyterian Medical Center, including the adolescent behavioral health unit and the behavioral health gym, located at 200 Hawthorne Lane, Charlotte, NC 28204; and (6) an expansion of the existing Novant Health Huntersville Medical Center, including approximately 48 inpatient beds, an operating room and additional parking, located at 10030 Gilead Road, Huntersville, NC 28078; and (B) acquiring and installing medical, computer, office and capital equipment for use at Novant Health Presbyterian Medical Center, Novant Health Huntersville Medical Center, Novant Health Forsyth Medical Center located at 3333 Silas Creek Parkway, Winston-Salem, NC 27103, Novant Health Matthews Medical Center and Novant Health Mint Hill Medical Center; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted by the Commission on May 10, 2019, has approved the issuance of the Bonds, subject to compliance by the Parent Corporation with the conditions set forth in such resolution, and the Parent Corporation has complied with such conditions to the satisfaction of the Commission; and

WHEREAS, there have been presented to officers and staff of the Commission draft copies of the following documents relating to the issuance of the Bonds:

(a) a Contract of Purchase, dated June 27, 2019 (the "Purchase Agreement"), between the Local Government Commission of North Carolina and J.P. Morgan Securities LLC, individually and as representative of the other underwriters named therein (collectively, the "Underwriters"), and approved by the Commission and the Parent Corporation, pursuant to which the Underwriters have agreed to purchase the Bonds on the terms and conditions set forth therein and in the Trust Agreement (as defined below);

(b) a Trust Agreement, dated as of July 1, 2019 (the "Trust Agreement"), between the Commission and Regions Bank, as bond trustee (the "Bond Trustee"), the provisions of which relate to the issuance of and security for the Bonds and include the form of the Bonds;

(c) a Loan Agreement, dated as of July 1, 2019 (the "Loan Agreement"), between the Commission and the Parent Corporation, pursuant to which the Commission will lend the proceeds of the Bonds to the Parent Corporation;

(d) a Supplemental Master Indenture No. 28 dated as of July 1, 2019 ("Supplement No. 28"), among the Parent Corporation, Forsyth Memorial Hospital, Inc. ("Forsyth"), The Presbyterian Hospital ("Presbyterian") and Regions Bank, as Master Trustee (the "Master Trustee"), as successor to Wachovia Bank, National Association (the "Original Master Trustee") under the Master Trust Indenture (Amended and Restated), dated as of June 1, 2003 (as supplemented, the "Master Indenture"), among the Parent Corporation, Forsyth, Presbyterian and the Original Master Trustee;

(e) Master Obligation, Series 2019A (the "Master Obligation"), dated as of the date of delivery of the Bonds, to be issued by the Parent Corporation to the Commission; and

(f) a Preliminary Official Statement of the Commission dated June 18, 2019 relating to the Bonds (the "Preliminary Official Statement"); and

WHEREAS, the Commission has determined that the Parent Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, Supplement No. 28 and the Master Obligation; and

WHEREAS, the Commission has determined that adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

NOW, THEREFORE, THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE, as follows:

Section 1. Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Master Indenture, the Trust Agreement and the Loan Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Novant Health Obligated Group), Series 2019A (the "Bonds") in the aggregate principal amount of $306,985,000. The Bonds shall mature in such amounts and at such times, be subject to Sinking Fund Requirements and bear interest at such rates as are set forth in Schedule 1 attached hereto.

The Bonds shall be issued as fully registered bonds in the denominations of $5,000 or any whole multiple thereof. The Bonds shall be issuable in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid on each May 1 and November 1, beginning November 1, 2019, to and including November 1, 2052. Payments of principal of and interest on the Bonds shall be forwarded by the Bond Trustee to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to optional, extraordinary and mandatory redemption, all at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.08 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds to (i) finance and refinance a portion of the cost of the Project and (ii) pay costs of issuing the Bonds will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any other member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem

necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The form, terms and provisions of the Purchase Agreement are hereby approved in all respects, and the Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Purchase Agreement in substantially the form presented at this meeting, together with such changes, modifications, insertions and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The form of the Bonds set forth in the Trust Agreement is hereby approved in all respects, and the Chairman or Vice Chairman (or any other member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the form presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of Supplement No. 28 and the Master Obligation are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary or any Assistant Secretary of the Commission, with the advice of counsel, may deem necessary and appropriate, and the execution and delivery of the Trust Agreement by the Commission shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Underwriters at the purchase price of $325,910,386.89 (representing the principal amount of the Bonds plus net original issue premium of $20,583,105.90 and less underwriters' discount of $1,657,719.01).

Section 10. Upon their execution in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Bonds and, upon the satisfaction of the conditions set forth in Section 2.08 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Underwriters against payment therefor.

Section 11. The Commission hereby approves and ratifies the use and distribution of the Preliminary Official Statement and approves the use and distribution of a final Official Statement (the "Official Statement"), both in connection with the offer and sale of the Bonds. The Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman),

Secretary and any Assistant Secretary are hereby authorized to execute, on behalf of the Commission, the Official Statement in substantially the form of the Preliminary Official Statement, together with such changes, modifications and deletions as they, with the advice of counsel, may deem appropriate. Such execution shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Official Statement, the Trust Agreement, the Loan Agreement, the Master Indenture, Supplement No. 28 and the Master Obligation by the Underwriters in connection with such offer and sale.

Section 12. Regions Bank is hereby appointed as the initial Bond Trustee for the Bonds.

Section 13. The Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

Section 14. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, Steven Lewis, Chief of the Construction Section of the Division of Health Service Regulation, and Kathy C. Larrison and Crystal Watson-Abbott, Auditors for the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

Section 15. The Chairman, Vice Chairman (or any other member of the Commission designated by the Chairman), Secretary and any Assistant Secretary of the Commission are each hereby authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, the Purchase Agreement and the Official Statement.

Section 16. This Series Resolution shall take effect immediately upon its passage.

Schedule 1

Maturity Schedule Novant Health 2019A

$119,695,000 4.00% Term Bond due November 1, 2049

Due November 1	Sinking Fund Requirement
2047	$38,525,000
2048	40,015,000
2049	41,155,000

$25,000,000 3.125% Term Bond due November 1, 2049

Due November 1	Sinking Fund Requirement
2047	$7,895,000
2048	8,195,000
2049	8,910,000

$162,290,000 4.00% Term Bond due November 1, 2052

Due November 1	Sinking Fund Requirement
2050	$51,990,000
2051	54,070,000
2052	56,230,000

Professional Fees Comparison for
Novant Health 2019 Bonds

Professional	Fees Estimated In Preliminary Approval Resolution	Actual Fees
Underwriters' discount	$1,670,891	$1,657,719.01
Underwriters' counsel	80,000	88,000.00
Accountants	225,000	195,000.00
Corporation counsel	75,500	75,500.00
Bond counsel	130,000	130,000.00

NC MCC Bond Sale Approval Form								
Facility Name: Novant Health								
	Time of Preliminary Approval		**Time of Mailing POS (if applicable)**		**Time of Final Approval**		**Total Variance**	**Explanantion of Variance**
SERIES: 2019A	**5/10/2019**		**6/18/2019**		**6/26/2019**			
PAR Amount	$318,265,000		$288,585,000.00		$306,985,000.00		($11,280,000)	Lowered project fund size
Estimated Interest Rate	4.44%		4.44%		3.93%		-0.51%	Changes to coupon structure and rates
All-in True Interest Cost	3.90%		3.76%		3.61%		-0.28%	Changes to coupon structure and rates
Maturity Schedule (Interest) - Date	11/1 and 5/1		11/1 and 5/1		11/1 and 5/1		N/A	N/A
Maturity Schedule (Principal) - Date	11/1/2047 - 11/1/2052, annual		11/1/2047 - 11/1/2052, annual		11/1/2047 - 11/1/2052, annual		N/A	N/A
Bank Holding Period (if applicable) - Date	N/A		N/A		N/A		N/A	N/A
Estimated NPV Savings ($) (if refunded bonds)	N/A		N/A		N/A		N/A	N/A
Estimated NPV Savings (%) (if refunded bonds)	N/A		N/A		N/A		N/A	N/A

b. <u>Resolution of the North Carolina Medical Care Commission Authorizing an Amendment to Deed of Trust Relating to the Commission's Health Care Facilities First Mortgage Revenue Refunding Bonds (Friends Homes, Inc.) Series 2011</u>

Statements were given by Dr. John Fagg, Mr. Geary Knapp, and Mr. Jeff Poley.

<u>Executive Committee Action</u>: Motion was made to authorize the amendment to the Deed of Trust by Mr. Al Lockamy, seconded by Mr. Charles Hauser, and unanimously approved with the recusal of Dr. John Fagg.

WHEREAS, the North Carolina Medical Care Commission (the "*Commission*") is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "*Act*"), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities; and

WHEREAS, Friends Homes, Inc. (the "*Corporation*") is a nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and is a "non-profit agency" within the meaning of the Act; and

WHEREAS, the Corporation has requested the Commission to permit it to amend the Deed of Trust, as amended, that supports the Commission's Health Care Facilities First Mortgage Revenue Refunding Bonds (Friends Homes, Inc.), Series 2011 (the "*Bonds*") in order to release a portion of the mortgaged property so the City of Greensboro, North Carolina can install a sidewalk (see map included as Exhibit A); and

WHEREAS, Branch Banking and Trust Company is the sole owner of the Bonds and has consented to such amendment (see Exhibit B); and

WHEREAS, there has been presented at this meeting a draft copy of Partial Release to Deed of Trust, dated as of the date of delivery thereof (the "*Partial Release*"), among the Corporation, the deed of trustee named in the Partial Release and U.S. Bank National Association as master trustee and beneficiary, which Partial Release effectuates the change as set forth above;

WHEREAS, the Partial Release is the preferred method of releasing such property since the procedures in the current deed of trust are not cost efficient;

NOW, THEREFORE, THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE, as follows:

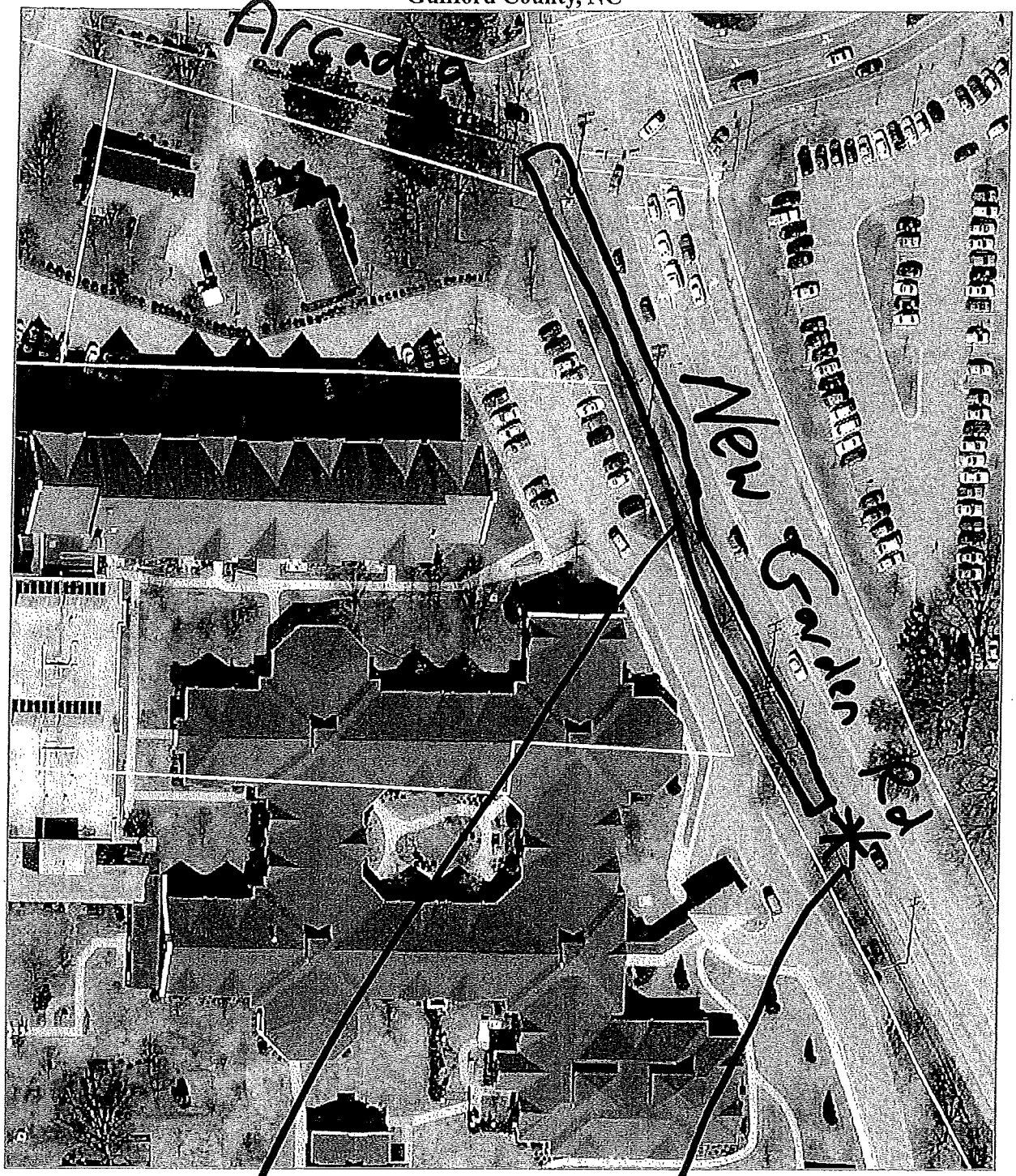
Section 1. The forms, terms and provisions of the Partial Release are hereby approved in all respects

Section 2. The Chairman or Vice Chairman and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver any

documents or certificates in support of the Partial Release that they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 3. This resolution shall take effect immediately upon its passage.

Guilford County, NC



Map Scale
1 inch = 83 feet
3/28/2019

c. Resolution of the North Carolina Medical Care Commission Approving the (1) Appointment of U.S. Bank National Association as successor Bond Trustee for the Series 2016 Bonds issued for the benefit of Southminster, Inc. ("Southminster") and (2) Appointment of U.S. Bank as successor Master Trustee under Southminster's Master Trust Indenture.

Statements were given by Mr. Geary Knapp.

Executive Committee Action: **Motion was made to approve the resolution authorizing the appointment of US Bank as a successor Bond Trustee for the 2016 Bonds and as successor Master Trustee under Southminster's Master Trust Indenture by Mr. Charles Hauser, seconded by Mr. Al Lockamy, and unanimously approved.**

WHEREAS, The Bank of New York Mellon Trust Company, N.A. ("BNY Mellon"), a national banking association duly organized and existing under the laws of the United States of America, serves as the master trustee under the Second Amended and Restated Master Trust Indenture dated as of November 1, 2007 (as amended and supplemented, the "Master Indenture") between Southminster, Inc. (the "Borrower" or "Southminster") and BNY Mellon, as master trustee (the "Master Trustee"); and

WHEREAS, the North Carolina Medical Care Commission (the "Commission"), a commission of the Department of Health and Human Services of the State of North Carolina, has issued its Retirement Facilities First Mortgage Revenue Refunding Bonds (Southminster Project), Series 2016 (the "Bonds") pursuant to a Trust Agreement, dated as of November 1, 2016 (as amended, the "Trust Agreement,"), between the Commission and BNY Mellon, as bond trustee, and loaned the proceeds thereof to the Borrower pursuant to a Loan Agreement, dated as of November 1, 2016 (the "Loan Agreement"), between the Commission and the Borrower; and

WHEREAS, at the request of the Borrower, BNY Mellon has agreed to resign as (1) Master Trustee under the Master Indenture and (2) Bond Trustee under the Trust Agreement; and

WHEREAS, the Master Indenture provides the Obligated Group Representative (as defined therein) may appoint a successor Master Trustee with the approval of the Commission and the Secretary of the North Carolina Local Government Commission (the "LGC"), and the Obligated Group Representative desires to appoint U.S. Bank National Association ("U.S. Bank") as successor Master Trustee under the Master Indenture;

WHEREAS, the Trust Agreement provides that the Commission may appoint a successor Bond Trustee (as defined in the Trust Agreement) upon the Borrower's recommendation, and the Borrower desires for the Commission to appoint U.S. Bank as Bond Trustee under the Trust Agreement; and

WHEREAS, U.S. Bank is willing to accept all such appointments;

WHEREAS, in order to accomplish such resignations, appointments and acceptances, the Borrower, U.S. Bank, BNY Mellon and the Commission will enter into an Agreement of Resignation, Appointment and Acceptance dated on or about July 11, 2019 (the "Agreement"), a draft of which has been presented to the staff of the Commission;

NOW, THEREFORE, THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE, as follows:

Section 1. The appointment of U.S. Bank as successor Master Trustee under the Master Indenture is hereby approved. The Chairman, Vice Chairman, the Secretary and the Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are hereby authorized and directed to take such action and to execute and deliver any and all documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the appointment of U.S. Bank as successor Master Trustee under the Master Indenture.

Section 2. The appointment of U.S. Bank as successor Bond Trustee under the Trust Agreement is hereby approved. The Chairman, Vice Chairman, the Secretary and the Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are hereby authorized and directed to take such action and to execute and deliver any and all documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the appointment of U.S. Bank as successor Bond Trustee under the Trust Agreement.

Section 3. The form, terms and provisions of the Agreement are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are hereby authorized and directed to execute and deliver the Agreement in substantially the form presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 4. This Resolution shall take effect immediately upon its passage.

d. <u>Resolution of the North Carolina Medical Care Commission Approving Amendments to Southminster, Inc.'s Master Trust Indenture.</u>

Statements were given by Dr. John Fagg, Mr. Geary Knapp, Mrs. Kenda Laughey, and Mr. Allen Robertson.

<u>Executive Committee Action</u>: Motion was made to approve the amendments to Southminster, Inc's Master Trust Indenture by Mrs. Eileen Kugler, seconded by Mr. Al Lockamy, and unanimously approved.

WHEREAS, Southminster, Inc. ("Southminster") has entered into a Second Amended and Restated Master Trust Indenture dated as of November 1, 2007 (as amended and supplemented, the "Master Indenture") between Southminster and The Bank of New York Trust Company, N.A., now known as The Bank of New York Mellon Trust Company, N.A. (the "Master Trustee"); and

WHEREAS, the North Carolina Medical Care Commission (the "Commission"), a commission of the Department of Health and Human Services of the State of North Carolina, has issued its Retirement Facilities First Mortgage Revenue Refunding Bonds (Southminster Project), Series 2016 pursuant to a Trust Agreement, dated as of November 1, 2016, between the Commission and The Bank of New York Mellon Trust Company, N.A., as bond trustee, and loaned the proceeds thereof to Southminster; and

WHEREAS, in connection with the issuance of additional tax-exempt bonds in 2018 (the "2018 Bonds") for Southminster's benefit, Southminster entered into a Supplemental Indenture for Obligation No. 16, dated as of July 1, 2018 (the "2018 Supplemental Indenture"), between Southminster and the Master Trustee; and

WHEREAS, Section 15 of the 2018 Supplemental Indenture contains amendments to the Master Indenture (the "2018 Amendments") that have been approved by the holders of the 2018 Bonds; and

WHEREAS, pursuant to Section 6.02 of the Master Indenture, the Commission must consent to the 2018 Amendments before the 2018 Amendments can become effective; and

WHEREAS, a copy of the 2018 Amendments and excerpts from the Official Statement for the 2018 Bonds reflecting the 2018 Amendments have been presented to the staff of the Commission (See Exhibit A); and

WHEREAS, Southminster has requested the Commission to consent to the 2018 Amendments; and

NOW, THEREFORE, THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE as follows:

Section 1. The 2018 Amendments are hereby approved and consented to.

Section 2. This Resolution shall take effect immediately upon its passage.

Attachment A

Section 15. Amendments to Master Indenture.

The following amendments to the Master Indenture are hereby made pursuant to Section 6.02 of the Master Indenture; provided however, that they will not become effective until the earlier of i) consent to such amendments by the Commission is received or (ii) no Commission Bonds are outstanding:

(a) The definition of "Indebtedness" in Section 1.01 of the Master Indenture is hereby amended by inserting the words "or finance" between the words "capital" and "lease" in clause (ii) thereof.

(b) The definition of "Long-Term Debt Service Requirement" in Section 1.01 of the Master Indenture is hereby amended by deleting subparagraph (i) thereof in its entirety and substituting the following therefor:

> (i) with respect to Balloon Long-Term Indebtedness, the amount of principal which would be payable in such Fiscal Year if the principal of such Balloon Long-Term Indebtedness to be amortized in succeeding Fiscal Years were amortized from the date of incurrence of such Balloon Long-Term Indebtedness over a period of thirty (30) years (or such shorter period as the Obligated Group may choose) on a level debt service basis at an interest rate set forth in an opinion of a banking institution or an investment banking institution knowledgeable in such matters of finance delivered to the Master Trustee as the interest rate at which the Obligated Group could reasonably expect to borrow the same by issuing an obligation with the same term and a fixed rate of interest as assumed above; provided, however, that if the date of calculation is within twelve (12) months of the stated maturity of such Balloon Long-Term Indebtedness, the full amount of principal payable at maturity shall be included in such calculation unless (A) a binding commitment to refinance such Balloon Long-Term Indebtedness shall be in effect, in which case the amortization schedule established by such commitment shall apply or (B) the Members of the Obligated Group have received a letter from a reputable financial institution or investment banking firm to the effect that such firm has evaluated the creditworthiness of the Obligated Group and concluded that it is reasonable to assume that the Obligated Group will have access to the debt markets at reasonable interest rates and setting forth the projected interest rate and assumed maximum amortization schedule for such debt, in which case the amortization schedule and projected interest rate established by such letter shall apply;

(c) The definition of "Long-Term Debt Service Requirement" in Section 1.01 of the Master Indenture is hereby amended by deleting clause (B) of subparagraph (ii) thereof in its entirety and substituting the following therefor:

> (B) in the case of Variable Rate Indebtedness proposed to be incurred, the rate which is equal to the average of the SIFMA Municipal Swap Index (or any other specified index or reference rate for such Variable Rate Indebtedness) for the most recent 12-month

period immediately preceding the date of calculation (or, if the SIFMA Municipal Swap Index or such other index or reference rate is not available for such 12-month period, the Revenue Bond Index most recently published by The Bond Buyer),plus or minus any specified fixed spread.

(d) Clause (c)(ii) of the definition of "Long-Term Indebtedness" in Section 1.01 of the Master Indenture is hereby amended by deleting the phrase "required to be capitalized" and replacing it with the phrase "classified as capital leases or finance leases."

(e) Clause (ii) of the definition of "Short-Term Indebtedness" in Section 1.01 of the Master Indenture is hereby amended by deleting the word "capitalized" and replacing it with the phrase "classified as capital leases or finance leases."

(f) Section 3.07(c) of the Master Indenture is hereby amended by deleting it in its entirety and substituting the following therefor:

(c) If the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year for which such Historical Debt Service Coverage Ratio must be calculated, is less than 1.20:1, the Master Trustee will require the Obligated Group, at the Obligated Group's expense, to retain a Management Consultant within 30 days (or such later date as results from following any process regarding the engagement of a Management Consultant required by any Supplement, Related Bond Indenture or other agreement relating to Related Bonds or Indebtedness incurred by the Obligated Group) following the calculation described herein to make recommendations with respect to the rates, fees and charges for the Obligated Group's Facilities and services, the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase such Historical Debt Service Coverage Ratio to at least 1.20:1 for the following Fiscal Year.

(g) Section 3.20 of the Master Indenture is hereby amended by deleting the first sentence of the fourth paragraph thereof in its entirety and substituting the following therefor:

If the Obligated Group has not achieved the required level of Days' Cash on Hand by the next Liquidity Testing Date following delivery of the Officer's Certificate required in the preceding paragraph, the Members of the Obligated Group will, within 30 days (or such later date as results from following any process regarding the engagement of a Management Consultant required by any Supplement, Related Bond Indenture or other agreement relating to Related Bonds or Indebtedness incurred by the Obligated Group) after delivery of the Officer's Certificate disclosing such second consecutive deficiency, retain a Management Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group, the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase the Obligated Group's liquidity to the required level for future periods.

(h) Section 6.01 of the Master Indenture is hereby amended by adding (h) at the end thereof as follows:

(h) To modify any defined term herein to mitigate the effect of any changes in accounting rules and/or principles.

2. Adjournment

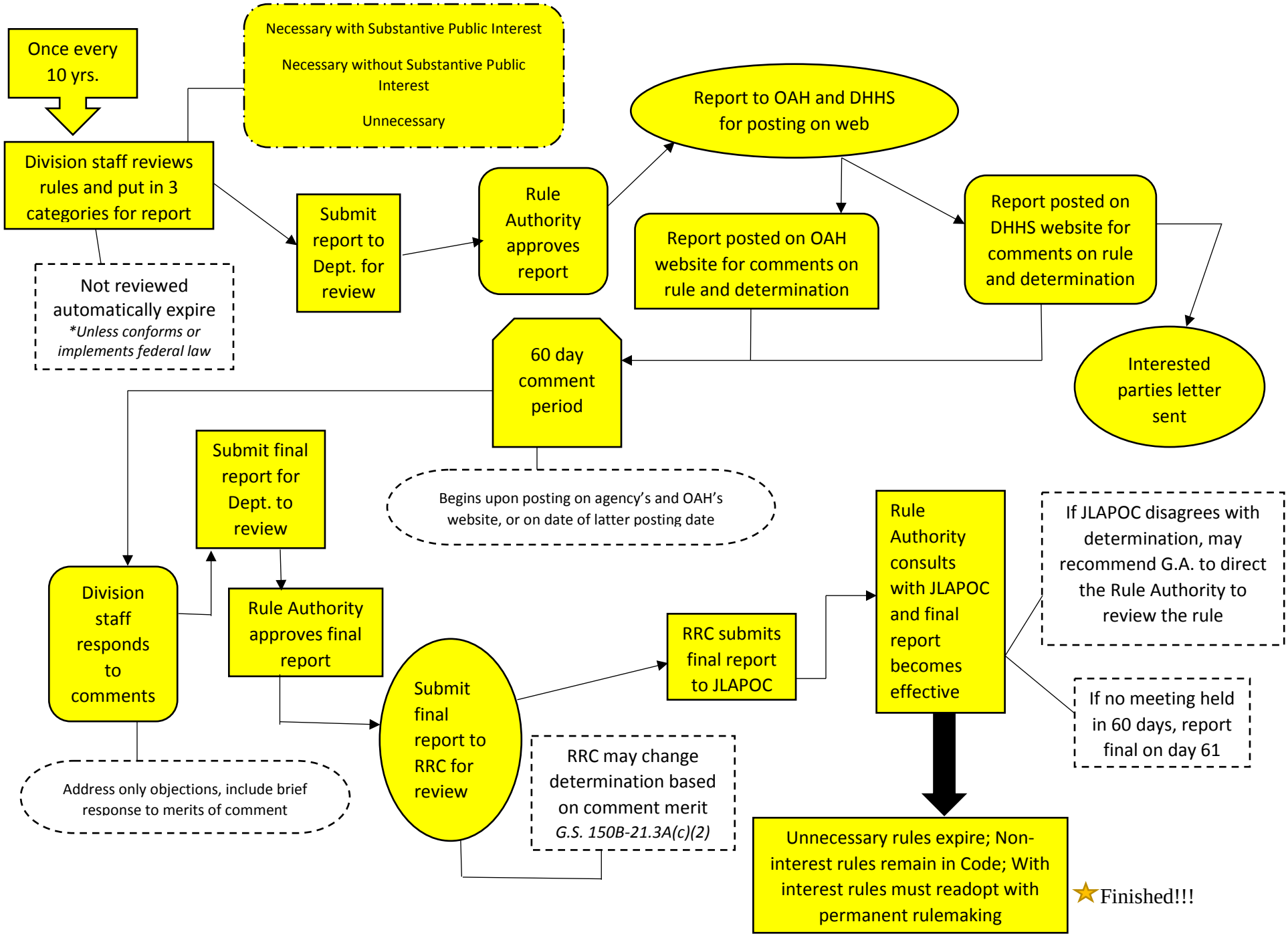
There being no further business, the meeting was adjourned at 2:31 p.m.

Respectfully submitted,

Geary W. Knapp
Assistant Secretary

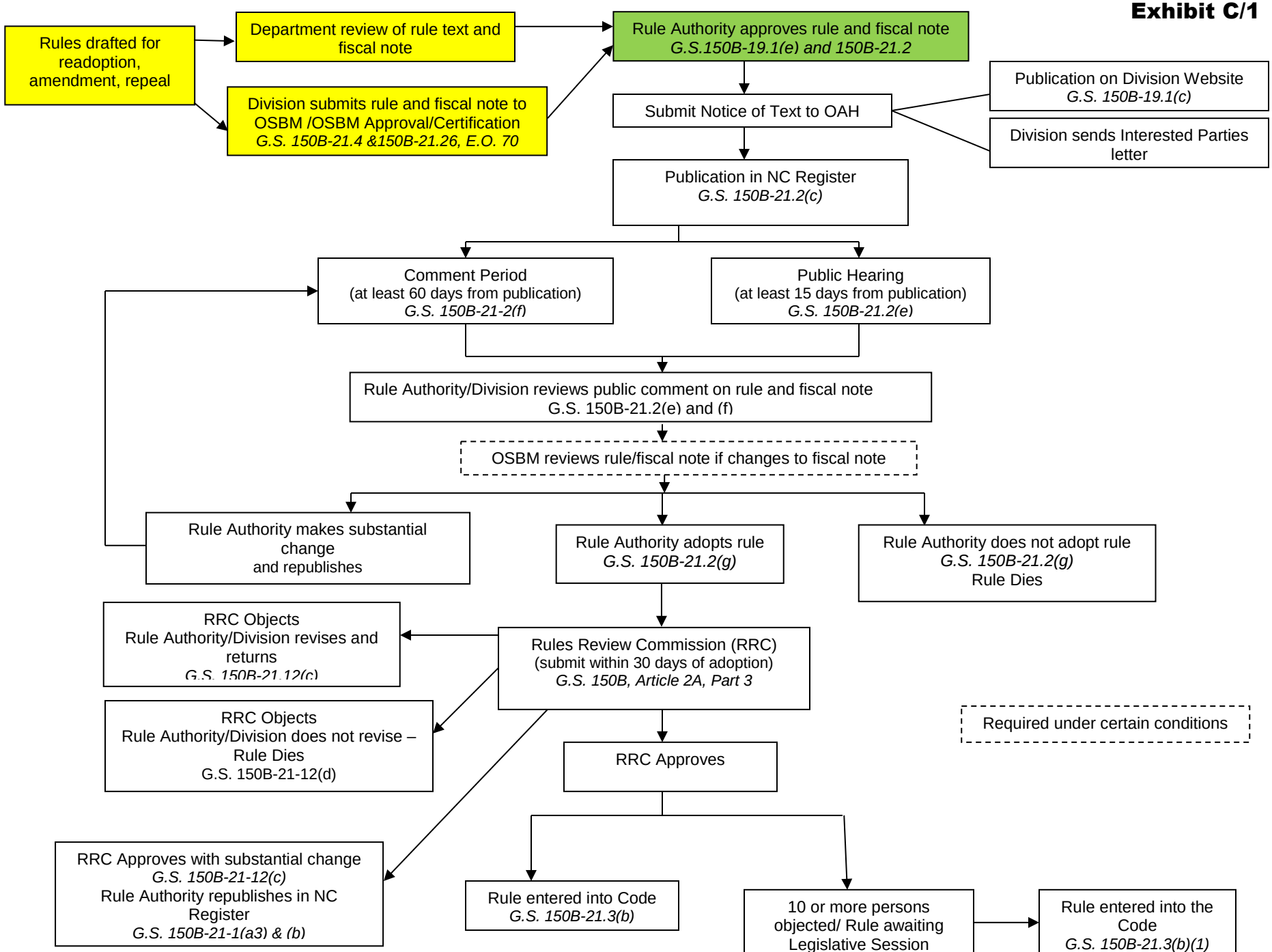
Exhibit C

Periodic Rules Review Process for: ACH, 10A NCAC 13F & FCH, 10A NCAC 13G



Permanent Rulemaking Process for: Adult Care Home & Family Care Home Readoption/Amendment/Repeal – Phase 1.5

Exhibit C/1



10A NCAC 13F .0202 is proposed for amendment as follows:

10A NCAC 13F .0202 THE LICENSE

(a) Except as otherwise provided in ~~Rule .0203 of this Section,~~ G.S. 131D-2.4, the Department shall issue an adult care home license to any person who submits the application material according to Rule .0204 of this Section and the Department determines that the applicant complies with the provisions of all ~~applicable~~ State adult care home licensure statutes and ~~rules.~~ rules of this Subchapter. All applications for a new license shall disclose the names of individuals who are co-owners, partners, or shareholders holding an ownership or controlling interest of five percent or more of the applicant entity.

(b) The license shall be conspicuously posted in a public place in the home.

(c) When a provisional license is ~~issued,~~ issued according to G.S. 131D-2.7, the administrator shall post the provisional license and a copy of the notice from the Division of Health Service Regulation identifying the reasons for it, conspicuously in a public place in the home and in place of the full license.

(d) The license is not transferable or assignable.

(e) An adult care home shall be licensed only as an adult care home and not for any other level of care or licensable entity or service. The license shall be terminated when the home is licensed to provide a higher level of care or a combination of a higher level of care and adult care home level of care.

History Note: *Authority G.S. 131D-2.4; 131D-2.7; 131D-2.16; 131D-4.5; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;
Amended Eff. April 1, 2020.

10A NCAC 13F .0204 is proposed for amendment as follows:

10A NCAC 13F .0204 APPLYING FOR A LICENSE TO OPERATE A FACILITY NOT CURRENTLY LICENSED

(a) Prior to submission of a license application, all Certificate of Need requirements shall be met according to G.S. 131E, Article 9.

(b) In applying for a license to operate an adult care home to be constructed or ~~renovated~~ renovated, or in an existing building that is not currently licensed, the applicant shall submit the following to the Division of Health Service Regulation:

(1) the Initial License Application ~~which~~ that is available ~~on the internet website,~~ online at ~~http://facility-services.state.nc.us/gcpage.htm~~ https://info.ncdhhs.gov/dhsr/acls/pdf/fcchgapp.pdf at no cost and includes the following: ~~or the Division of Health Service Regulation, Adult Care Licensure Section, 2708 Mail Service Center, Raleigh, NC 27699-2708;~~

(A) contact person, facility site and mailing addresses, and administrator;

(B) operation disclosure including names and contact information of the licensee, management company, and building owner;

(C) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members; and

(D) bed capacity including that of any special care unit for Alzheimer's and Related Disorders;

(2) plans and specifications as required in Section .0300 of this Subchapter and a construction review fee according to ~~G.S. 131E-267;~~ G.S. 131E-267 to be calculated and invoiced by the DHSR Construction Section;

(3) an approved fire and building safety inspection report from the local fire marshal to be submitted upon completion of construction or renovation;

(4) an approved sanitation report or a copy of the permit to begin operation from the sanitation division of the county health department to be submitted upon completion of construction or renovation;

(5) a nonrefundable license fee as required by G.S. ~~131D-2(b)(1);~~ G.S. 131D-2.5; and

(6) a certificate of occupancy or certification of compliance from the local building official to be submitted upon completion of construction or renovation.

Note: Rule .0207 of this Section applies to obtaining a license to operate a currently licensed facility.

(c) ~~A pre-licensing survey shall be made by program consultants of the Division of Health Service Regulation and an adult home specialist of the county department of social services.~~ Issuance of an adult care home license shall be based on the following:

(1) successful completion and approval of Subparagraphs 1 through 6 of Paragraph (b) of this Rule;

(2) the Division of Health Service Regulation's Construction Section's recommendation of licensure based on compliance with rules in Section .0300 of this Subchapter;

(3) a compliance history review of the facility and its principals and affiliates according to G.S. 131D-2.4;

(4) approval by the Adult Care Licensure Section of the facility's operational policies and procedures based on compliance with the rules of this Subchapter; and

(5) the facility's demonstration of compliance with Adult Care Home statutes and rules of this Subchapter as determined by a pre-licensing survey of the facility by the Adult Care Licensure Section.

(d) ~~The Division of Health Service Regulation shall provide to the applicant written notification of the decision to license or not to license the adult care home.~~ The Adult Care Licensure Section shall notify in writing the applicant licensee and the county department of social services of the decision to license or not to license the adult care home based on compliance with adult care home statutes and the rules of this Subchapter within 14 days from the decision to license or not to license the facility.

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-2.16; 143B-165;*
Readopted Eff. October 31, 1977;
Amended Eff. April 1, 1984;
Temporary Amendment Eff. September 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;
Amended Eff. April 1, 2020.

10A NCAC 13F .0208 is proposed for amendment as follows:

10A NCAC 13F .0208 RENEWAL OF LICENSE

(a) The ~~license shall be renewed annually,~~ licensee shall file a license renewal application annually on a calendar year basis ~~except as otherwise provided in Rule .0209 of this Subchapter, if the licensee submits an application for renewal~~ on the forms provided by the Department at no cost with a nonrefundable annual license fee according to ~~G.S. 131D-2(b)(1) and the Department determines that the licensee complies with the provisions of all applicable State adult care home licensure statutes and rules. When violations of licensure rules or statutes are documented and have not been corrected prior to expiration of license, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or revoke the license.~~ G.S. 131D-2.5. The renewal application form includes the following:

(1) contact person, facility site and mailing address, and administrator;

(2) operation disclosure including names and contact information of the licensee, management company, and building owner;

(3) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members holding an ownership or controlling interest of five percent or more of the applicant entity;

(4) bed capacity including that of any special care unit for Alzheimer's and Related Disorders; and

(5) population and census data.

~~(b) All applications for license renewal shall disclose the names of individuals who are co-owners, partners or shareholders holding an ownership or controlling interest of five percent or more of the applicant entity.~~

(b) In determining whether to renew a license under G.S. 131D-2.4, the Department shall take into consideration at least the following:

(1) the compliance history of the applicant facility with the provisions of all State adult care home licensure statutes and rules of this Subchapter;

(2) the compliance history of the owners, principals, and affiliates of the applicant facility in operating other adult care homes in the State;

(3) the extent to which the conduct of a related facility, its owners, principals, and affiliates is likely to affect the quality of care at the applicant facility; and

(4) the hardship on residents of the applicant facility if the license is not renewed.

(c) When violations of licensure rules or statutes are documented by the Department and have not been corrected by the facility prior to license expiration, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or deny the license.

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;

Amended Eff. July 1, 2000;

Temporary Amendment Eff. July 1, 2003;

Amended Eff. June 1, 2004;

Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;

Amended Eff. April1, 2020.

10A NCAC 13F .0209 is proposed for repeal as follows:

10A NCAC 13F .0209 CONDITIONS FOR LICENSE RENEWAL

History Note: *Authority G.S. 131D-2.4; 131D-2.16; 143B-165;*
Temporary Adoption Eff. December 1, 1999;
Eff. July 1, 2000;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;
Repealed Eff. April 1, 2020.

10A NCAC 13F .0212 is proposed for amendment as follows:

10A NCAC 13F .0212 DENIAL OR REVOCATION OF LICENSE

(a) A license may be denied by the Division of Health Service Regulation for failure to comply with the rules of this Subchapter.

(b) Denial of a license by the Division of Health Service Regulation shall be effected by mailing to the ~~applicant,~~ applicant licensee, by registered mail, a notice setting forth the particular reasons for such action.

(c) A license may be revoked by the Division of Health Service Regulation in accordance with ~~G.S. 131D-2(b)~~ G.S. 131D-2.7(b) and G.S. 131D-29.

(d) When a facility receives a notice of revocation, the administrator shall inform each resident and the resident's responsible person in writing of the notice and the basis on which it was ~~issued.~~ issued within five calendar days of the notice of revocation being received by the licensee of the facility.

History Note: *Authority G.S. 131D-2.7; 131D-2.16; 131D-4.3; 131D-29; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;
Amended Eff. April 1, 2020.

10A NCAC 13G .0202 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .0202 THE LICENSE

(a) Except as otherwise provided in ~~Rule .0203 of this Subchapter,~~ G.S. 131D-2.4, the Department of Health and Human Services shall issue a family care home license to any person who submits ~~an application on the forms provided by the Department with a non-refundable license fee as required by G.S. 131D-2(b)(1)~~ the application material according to Rule .0204 of this Section and the Department determines that the applicant complies with the provisions of all ~~applicable~~ State ~~family care~~ adult care home licensure statutes and ~~rules.~~ rules of this Subchapter. All applications for a new license shall disclose the names of individuals who are co-owners, partners, or shareholders holding an ownership or controlling interest of five percent or more of the applicant entity.

(b) The license shall be conspicuously posted in a public place in the home.

~~(c) The license shall be in effect for 12 months from the date of issuance unless revoked for cause, voluntarily or involuntarily terminated, or changed to provisional licensure status.~~

~~(d) A provisional license may be issued in accordance with G.S. 131D-2(b).~~

~~(e)~~(c) When a provisional license is ~~issued,~~ issued according to G.S. 131D-2.7, the administrator shall post the provisional license and a copy of the notice from the Division of Health Service Regulation identifying the reasons for it, conspicuously in a public place in the home in place of the full license.

~~(f)~~(d) The license is not transferable or assignable.

~~(g)~~(e) A family care home shall be licensed only as a family care home and not for any other level of care or licensable entity or service. The license shall be terminated when the home is licensed to provide a higher level of care or a combination of a higher level of care and family care home level of care.

History Note: *Authority G.S. 131D-2.4; 131D-2.7; 131D-2.16; 131D-4.5; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. April 1, 1984;
Temporary Amendment Eff. January 1, 1998;
Amended Eff. April 1, 1999;
Temporary Amendment Eff. December 1, 1999;
Amended Eff. July 1, 2000;
Temporary Amendment Eff. July 1, 2004;
Amended Eff. July 1, ~~2005.~~ 2005;
Readopted Eff. April 1. 2020.

10A NCAC 13G .0204 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .0204 APPLYING FOR A LICENSE TO OPERATE A HOME NOT CURRENTLY LICENSED

(a) An application for a license to operate a family care home for adults in an existing building where no alterations are necessary as determined by the Construction Section of the Division of Health Service Regulation or a family care home ~~which~~ that is to be constructed, added ~~to~~ to, or renovated shall be made at the county department of social ~~services.~~ in the county where the licensed family care home will be located.

~~(b) If during the study of the administrator and the home, it does not appear that the qualifications of the administrator or requirements for the home can be met, the county department of social services shall so inform the applicant, indicating in writing the reason and give the applicant an opportunity to withdraw the application. Upon the applicant's request, the application shall be completed and submitted to the Division of Health Service Regulation for consideration.~~

~~(c)~~(b) The applicant shall submit the following ~~forms and reports through~~ material to the county department of social services for submission to the Division of Health Service ~~Regulation:~~ Regulation within ten business days of receipt by the county department of social services:

(1) the Initial Licensure ~~Application;~~ Application that is available online at www2.ncdhhs.gov/dhsr/acls/pdf/acchgapp.pdf at no cost and includes the following:
   (A) contact person, facility site and mailing addresses, and administrator;
   (B) operation disclosure including names and contact information of licensee, management company, and building owner;
   (C) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members; and
   (D) bed capacity;
(2) an approval letter from the local zoning jurisdiction for the proposed location;
(3) a photograph of each side of the existing structure and at least one of each of the interior spaces if an existing structure;
(4) a set of blueprints or a floor plan of each level indicating the following:
   (A) the layout of all ~~rooms,~~ rooms;
   (B) the room dimensions (including ~~closets),~~ closets);
   (C) the door widths (exterior, bedroom, ~~bathroom~~ bathroom, and kitchen ~~doors),~~ doors);
   (D) the window sizes and window sill ~~heights,~~ heights;
   (E) the type of ~~construction,~~ construction;
   (F) the use of the basement and ~~attic,~~ attic; and
   (G) the proposed resident bedroom locations including the number of occupants and the bedroom and number (including the ages) of any non-resident who will be residing within the home;

(5) a cover letter ~~or transmittal form~~ prepared by the adult home specialist of the county department of social services ~~identifying~~ stating the following:

(A) the prospective home site ~~address,~~ address;

(B) the name of the contact person (including address, telephone numbers, ~~fax numbers),~~ email address); and

(C) the name and address of the applicant (if different from the contact ~~person) and the total number and the expected evacuation capability of the residents;~~ person); and

(6) ~~a construction review fee according to G.S. 131E-267.~~ a non-refundable license fee as required by G.S. 131D-2.5.

~~(d) The Construction Section of the Division of Health Service Regulation shall review the information and notify the applicant and the county department of social services of any required changes that must be made to the building to meet the rules in Section .0300 of this Subchapter along with the North Carolina State Building Code. At the end of the letter there shall be a list of final documentation required from the local jurisdiction that must be submitted upon completion of any required changes to the building or completion of construction.~~

~~(e) Any changes to be made during construction that were not proposed during the initial review shall require the approval of the Construction Section to assure that licensing requirements are maintained.~~

~~(f) Upon receipt of the required final documentation from the local jurisdiction, the Construction Section shall review the information and may either make an on-site visit or approve the home for construction by documentation. If all items are met, the Construction Section shall notify the Adult Care Licensure Section of the Division of Health Service Regulation of its recommendation for licensure.~~

~~(g) Following review of the application, references, all forms and the Construction Section's recommendation for licensure, a pre-licensing visit shall be made by a consultant of the Adult Care Licensure Section. The consultant shall report findings to the Division of Health Service Regulation which shall notify, in writing, the applicant and the county department of social services of the decision to license or not to license the family care home.~~

(c) Issuance of a family care home license shall be based on the following:

(1) successful completion and approval of Subparagraphs 1 through 6 of Paragraph (b) of this Rule;

(2) the Division of Health Service Regulation's Construction Section's recommendation of licensure based on compliance with rules in Section .0300 of this Subchapter;

(3) a compliance history review of the facility and its principals and affiliates according to G.S. 131D-2.4;

(4) approval by the Adult Care Licensure Section of the facility's operational policies and procedures based on compliance with the rules of this Subchapter; and

(5) the facility's demonstration of compliance with Adult Care Home statutes and rules of this Subchapter as determined by a pre-licensing survey of the facility by the Adult Care Licensure Section.

(d) The Adult Care Licensure Section shall notify in writing the applicant licensee and the county department of social services of the decision to license or not to license the adult care home based on compliance with adult care home statutes and the rules of this Subchapter within 14 days from the decision to license or not to license the facility.

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. July 1, 1990; April 1, 1987; April 1, 1984;
ARRC Objection Lodged November 14, 1990;
Amended Eff. May 1, 1991;
Temporary Amendment Eff. September 1, 2003;
Amended Eff. July 1, 2005; July 1, ~~2004.~~ 2004;
Readopted Eff. April 1, 2020.

10A NCAC 13G .0208 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .0208 RENEWAL OF LICENSE

(a) The ~~license shall be renewed annually,~~ licensee shall file a license renewal application annually on a calendar year basis ~~except as otherwise provided in Rule .0209 of this Subchapter, if the licensee submits an application for renewal~~ on the forms provided by the Department at no cost ~~and the Department determines that the licensee complies with the provisions of all applicable State adult care home licensure statutes and rules. When violations of licensure rules or statutes are documented and have not been corrected prior to expiration of license, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or revoke the license for cause.~~ with a nonrefundable annual license fee according to G.S. 131D-2.5. The renewal application includes the following:

(1) contact person, facility site and mailing address, and administrator;

(2) operation disclosure including names and contact information of the licensee, management company, and building owner;

(3) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members holding an ownership or controlling interest of five percent or more of the applicant entity;

(4) bed capacity; and

(5) population and census data.

~~(b) All applications for license renewal shall disclose the names of individuals who are co-owners, partners or shareholders holding an ownership or controlling interest of 5% or more of the applicant entity.~~

(b) In determining whether to renew a license under G.S. 131D-2.4, the Department shall take into consideration at least the following:

(1) the compliance history of the applicant facility with the provisions of all State adult care home licensure statutes and rules of this Subchapter;

(2) the compliance history of the owners. principals and affiliates of the applicant facility in operating other adult care homes in the State;

(3) the extent to which the conduct of a related facility, its owners, principals, and affiliates is likely to affect the quality of care at the applicant facility; and

(4) the hardship on residents of the applicant facility if the license is not renewed.

(c) When violations of licensure rules or statutes are documented by the Department and have not been corrected by the facility prior to license expiration, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or deny the license.

History Note: *Authority G.S. 131D-2.4; 131D-2.16; 131D-4.5; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. December 1, 1992; July 1, 1990; April 1, 1987; April 1, 1984;

Temporary Amendment Eff. December 1, 1999;

Amended Eff. July 1, ~~2000.~~ 2000;

Readoption Eff. April 1, 2020.

10A NCAC 13G .0209 is proposed for readoption as a repeal as follows:

10A NCAC 13G .0209 CONDITIONS FOR LICENSE RENEWAL

History Note: *Authority G.S. 131D-2.4; 131D-2.16; 131D-4.5; 143B-165;*
Temporary Adoption Eff. December 1, 1999;
Eff. July 1, ~~2000.~~ 2000;
Repealed Eff. April 1, 2020.

10A NCAC 13G .0212 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .0212 DENIAL AND REVOCATION OF LICENSE

(a) A license may be denied by the Division of Health Service Regulation for failure to comply with the rules of this Subchapter.

(b) Denial of a license by the Division of Health Service Regulation shall be effected by mailing to the ~~applicant,~~ applicant licensee, by registered mail, a notice setting forth the particular reasons for such action.

(c) A license may be revoked by the Division of Health Service Regulation in accordance with ~~G.S. 131D-2(b)~~ G.S. 131D-2.7(b) and G.S. 131D-29.

(d) When a facility receives a notice of revocation, the administrator shall inform each resident and ~~his~~ the resident's responsible person in writing of the notice and the basis on which it was ~~issued.~~ issued within five calendar days of the notice of revocation being received by the licensee of the facility.

History Note: *Authority G.S. 131D-2.7; 131D-2.16; 131D-4.3; 131D-29; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. April 1, 1984; May 1, 1981;
Temporary Amendment Eff. January 1, 1998;
Amended Eff. April 1, ~~1999.~~ 1999;
Readopted Eff. April 1, 2020.

10A NCAC 13G .0213 is proposed for readoption as a repeal as follows:

10A NCAC 13G .0213 APPEAL OF LICENSURE ACTION

History Note: *Authority 131D-2.4; 131D-2.16; 143B-165; 150B-23;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. July 1, 1990; April 1, ~~1984.~~ 1984;
Repealed Eff. April 1, 2020.

Exhibit C/4
Fiscal Note 13F/G
Phase 1.5

DHSR Adult Care Licensure Section

Fiscal Impact Analysis

Permanent Rule Adoptions without Substantial Economic Impact

Agency:	North Carolina Medical Care Commission	
Contact Persons:	Nadine Pfeiffer, MCC/DHSR Rulemaking Coordinator, 919-855-3811	
	Megan Lamphere, Chief, Adult Care Licensure Section, 919-855-3784	
	Doug Barrick, Policy Coordinator, Adult Care Licensure Section, 919 - 855-3778	
Impact:	Federal Government Impact:	No
	State Government Impact:	Yes
	Local Government Impact:	Yes
	Private Entities	Yes
	Substantial Economic Impact:	No

Titles of Rule Changes and N.C. Administrative Code citations

Rule Repeal:

10A NCAC 13F.0209 Conditions for License Renewal

10A NCAC 13G .0209 Conditions for License Renewal

10A NCAC 13G .0213 Appeal of Licensure Action

Rule Readoptions (*See proposed text of these rules in Appendix A):*

10A NCAC 13G .0202 The License

10A NCAC 13G .0204 Applying for a License to Operate a Home Not Currently Licensed

10A NCAC 13G .0208 Renewal of License

10A NCAC 13G .02012 Denial and Revocation of License

Rule Amendments *(See proposed text of these rules in Appendix B)*

10A NCAC 13F .0202 The License

10A NCAC 13F .0204 Applying for a License to Operate a Facility Not Currently Licensed

10A NCAC 13F .0208 Renewal of License

10A NCAC 13F .0212 Denial or Revocation of License

Authorizing Statutes: G.S. 131D-2.1; 131D- 2.4; 131D-2.5; 131D-2.7; 131D-4.3; 131D-4.5; 131D-2.16; 131D-29; 143B-165

Introduction and Background

Under the authority of G.S. 150B-21.3A, Periodic review and expiration of existing rules, the North Carolina Medical Care Commission and Rule Review Commission approved the Subchapter reports with classifications for the rules under 10A NCAC 13F Licensing of Adult Care Homes of Seven or More Beds and 10A NCAC 13G Licensing of Family Care Homes. The rules were classified in the reports as necessary with substantive public interest. Rules 10A NCAC 13G .0202, .0204, .0208 and .0212 are being presented for readoption with substantive changes. The following rules were not identified for readoption with substantive changes based on public comment but are being proposed for amendment to correlate with the 13G rules of same title and similar content being proposed for readoption: 10A NCAC 13F .0202, 13F .0204, 13F .0208 and 13F .0212. Most of the rules for both types of assisted living residences, adult care homes of seven beds or more and family care homes, are the same with the primary exception of staffing and physical plant requirements since they serve the same population based on need for care and services. Therefore, the 13F rules corresponding to the 13G rules being proposed for readoption with changes are being amended concurrently to assure this traditional consistency. Rules 10A NCAC 13F .0209, 13G .0209 and 13G .0213 are being readopted as repeals and will not be discussed in this analysis.

Rule Summary and Anticipated Fiscal Impact

10A NCAC 13G .0202/10A NCAC 13F .0202 The License: These rules address the issuance of licenses for family care homes and adult care homes of seven beds or more based on application and disclosure of specific information, the posting of the license and a provisional license if issued, and the nature of the license.

1. In Paragraph (a), the reference to Subchapter Rule .0203 is proposed for deletion since that rule is being repealed and reference is being made to the law regarding the issuance of a license and to Subchapter Rule .0204 that addresses the license application process.

Fiscal Impact: None

2. In proposed Paragraph (c), the requirement of posting a provisional license conspicuously in the facility is an addition to this rule.

Rationale: The addition is necessary to complement the posting requirement in Paragraph (b) of this Rule. Since the provisional license becomes the facility's current license until its expiration, the disclosure of the current status of the license should be made well-visible to residents and the public to the same extent as a standard license. The law addressing provisional licenses is cited here for reference purposes.

Fiscal Impact: This proposed change to posting "conspicuously" carries no determinable or quantifiable fiscal impact from current rule. Current rule already requires posting and the change simply assures posting in a clearly visible location to the public eye.

3. Proposed Paragraph (e) contains the statement indicating that the facility will be issued and hold only one license from the Division of Health Services Regulation (DHSR), being a family care home license or an adult care home license, and not hold any other license from a licensing entity.

Rationale: This has been the case in DHSR policy for at least 30 years with no other rules or law allowing for more than one license. There is no record of double licensing being allowed but this change formalizes the long-held policy to assure that there is no sharing of licensing and regulatory authority that may impact care of residents and create confusion across lines of authority and services. If a family care home or adult care home desires to change their level of services, a new license must be applied for and would replace the current license.

Fiscal Impact: There is no fiscal impact to this proposed change in rule since historically there has never been multiple licenses allowed for family care homes.

4. This section only applies to 10A NCAC 13G .0202. Current Paragraphs (c) and (d) are proposed for deletion because G.S. 131D-2.4 and G.S. 131D-2.7 address how long the license is in effect and the issuance of a provisional license, and so the citation for these is no longer correct.

Rationale: The reorganization of G.S. 131D-2 in 2009 requires new law references in rules being readopted that contain such references.

Fiscal Impact: There is no fiscal impact to the correct identification of the law based on its reorganization.

Notification of Applicant Licensee and County Department of Social Services

Proposed paragraph (d) of 10A NCAC 13G .0204 and proposed paragraph (d) of 10A NCAC 13F .0204 both require written notification of DHSR's decision regarding the licensing of the facility within 14 days of the licensing decision to the applicant licensee and the county department of social services in which the facility is located. The proposed addition to Paragraph (c) of 10A NCAC 13G .0204 is a listing of what is required for a facility to be licensed.

Rationale: These proposed requirements have been established DHSR policy and procedure for at least ten years and, therefore, the standard of licensure practice that has been consistently followed over that period. The incorporation into rule assures DHSR the authority to deny a

license if conditions are not met, objectivity in that decision-making process by DHSR, and clarity to applicant licensees on the process and consistency in its application. The 14-day written notification period is in line with both past and current practice. By adding the 14-day period to the rule, DHSR is providing the applicant awareness of an expected timeframe for DHSR's decision to license or not to license the facility. It has typically and traditionally been provided well within a 14-day time period.

Fiscal Impact: The incorporation of long-established licensure practice into rule does not involve additional cost for affected parties since it has been the accepted standard of licensure practice for many years and forms the baseline. Email is and has been an acceptable form of written notification.

10A NCAC 13G .0204: This section discusses the rule impacts regarding the license application process for family care homes not currently licensed by specifying how and what information needs to be submitted to the Adult Care Licensure Section (ACLS) and the basis on which the Section can issue a license.

1. Paragraph (a) contains strictly clarifying information with no fiscal impact. Current Paragraph (b) is proposed for deletion because it is outdated by not reflecting current practice.

Rationale: While the county departments of social services still collect the information to forward to ACLS, they do not make any determination about applicant administrators since they are pre-approved by ACLS and county staff should not be in the position of determining if the requirements of the home can be met. That is determined by the Construction Section in its review of physical plant and ACLS in its review of policies and procedures as has been customary for many years per licensure rules regarding construction and facility policies and procedures. The shift in policies and procedures for review of all licensure application through the counties occurred over ten years ago

Fiscal Impact: There is positive fiscal impact due to cost savings by the county department of social services not reviewing/studying license application material to either return to applicant or submit to DHSR. However, those savings are indeterminable because of the inability to project the number of family care home applications that will be received in the future each year by the 97 county departments of social. This number varies considerably by county and any data related to the time required on such a process has not been followed for over ten years. Currently there are 633 licensed family care homes across the state. There is also no data on any applications returned to applicants instead of forwarding to DHSR for review and processing. Neither is there any data on any possible non-recommended applications by the county that the applicant may have requested to be forwarded to DHSR in spite of a lack of recommendation by the county. There would be no additional cost to the State in DHSR staff time since it has always been the responsibility of DHSR to review and process all licensure applications it receives. There may have been some minimal cost savings to the State in not having to review any applications that were not forwarded from counties, but again, these savings cannot be determined due to the lack of any data from so many years ago.

2. Paragraph (b) adds the requirement of submission of application material by the county departments of social services to DHSR within a 10-business-day time period and specifies information to be provided by the applicant on the application.

Rationale: While most applications are submitted within that time frame, this specified time frame will help assure timely submittal by all counties so that the licensing process is not delayed which happens occasionally and results in inquiries by applicants of the county and DHSR and by the Division of Social Services in the counties. Failure to submit applications within a specified time frame may negatively impact the annual evaluation of the county department of social services because the Division has oversight of the county's work in the area of adult and family care home regulation under the direction and leadership of DHSR. Part 1 of this paragraph lists what information the license application requires which is what has been on the application currently being used. Part (4) lists what has been in narrative format to make it easier and clearer to follow. The same holds true for Part (5) plus deletion of phrase in Subpart (c) regarding number of residents and evacuation capability which has to be evaluated and approved by the Construction Section of DHSR. Part (6) references the license fee required by law and deletes references to the Construction review fee which is being proposed for inclusion in Section .0300 of this Subchapter which contains the physical plant rules being readopted.

Fiscal Impact: The organizational changes in content have no fiscal impact. The 10-day period for submission of license application by the county to the Division is within the normal time range of submission. Failure to meet that would not result in any fiscal impact since the county is not fined for singular failures such as this. Any negative impact would be in the Division's periodic evaluation of the county's work.

3. Paragraphs (d), (e), and (f) addressing responsibilities of DHSR's Construction are proposed for deletion.

Rationale: The physical plant rules in Section .0300 of this Subchapter will be readopted to incorporate the requirements in Paragraphs (d), (e) and (f) with possible revisions by the Construction Section which is responsible for building plan reviews.

10A NCAC 13F .0204: This rule directs the license application process for adult care homes of seven or more beds not currently licensed by specifying how and what information needs to be submitted to the Adult Care Licensure Section (ACLS) and the basis on which the Section can issue a license.

1. Paragraph (b)(1) lists what information the license application requires. This information has been on the application currently being used but is now being proposed for disclosure in rule for the purposes of transparency and clarity. Contact information is also updated. Part (2) references the fee requirement in law and the responsibility of the Construction Section to calculate and invoice the fee, which has been and is currently Division policy.

Rationale: Updating of information is required and the inclusion of operational policy in current and traditional practice for several years and as referenced in law is added to assure conformity with current and traditional policy implementation and practice.

Fiscal Note: Since these requirements uphold past and current policy with no change in implementation, there is no additional cost to implementation of the requirements and general statute.

10A NCAC 13G .0208/10A NCAC 13F .0208: This rule addresses when and how a home's license is to be renewed, including information about the licensee and home to be considered for renewal. Rules 13G .0208 and .0209 are proposed for consolidation since contents of both are about license renewal and having just one rule for renewal streamlines the regulatory requirements in a cohesive, logical and non-repetitive manner. Rules 13F .0208 and .0209 are also proposed for consolidation for the same reasons as Rules 13G .0208 and .0209. Therefore, Rule 13G .0208 and Rule 13F .0208 are proposed for readoption to incorporate the requirements of Rule 13G .0209 and Rule 13F .0209, respectively, which are both being proposed for repeal as to being unnecessary with readoption of 13G .0208 and 13F .0208.

1. Paragraph (a) has deletion of reference to Rule .0209 which is proposed for repeal due to its proposed consolidation into this Rule, .0208. Forms have always been provided at no cost but it is stated directly so for readoption. The other deletions in this paragraph are a result of the requirements being moved to Paragraphs (b) and (c) of this Rule for reorganization purposes to be inclusive of requirements in repealed Rule .0209 and for greater clarity. The non-refundable license fee has been mandated by G.S. 131D-2.5 for many years. The contents of the renewal application are listed for greater clarity and disclosure purposes.

Rationale: The changes are proposed for clarity and organizational purposes to allow for the incorporation of repealed Rule .0209 for consolidation of two rules addressing license renewal. The content of both rules lends itself to this reorganization and consolidation.

Fiscal Impact: No costs are associated with these changes.

2. Paragraph (b) of current rule is proposed for deletion to have its contents included in the proposed Paragraph (b), which incorporates the requirements in Rule .0208 and .0209 that are currently proposed for repeal.

Rationale: The changes are a result of incorporating requirements from current Rule .0208 and Rule .0209 that are proposed for repeal for consolidation purposes. The requirement of (b) as proposed for deletion is proposed as (a)(3) of this rule for organizational purposes.

Fiscal Note: Changes are reorganizational to allow for incorporation of repealed Rule .0209 and have no fiscal impact.

3. Paragraph (c) is a repeat of requirement being deleted in Paragraph (a).

Rationale: This change reorganizes the language in the previous rule and provides for clarity as Rules .0208 and .0209 are consolidated.

Fiscal Impact: None

10A NCAC 13G .0212/10A NCAC 13F .1212: These rules address the regulatory action of DHSR in denying and revoking facility licenses.

Paragraphs (b) and (c) contain technical changes for clarity and an updated statutory reference with no fiscal impact.

Paragraph (d) is proposed to require a facility's written notification of resident and responsible person of the notice of revocation of the facility's license. The notification is to be within five calendar days of facility's receipt of the revocation notice.

Rationale: Residents and their responsible persons should be clearly made aware of the revocation of the license of the facility, the residents' home, within a reasonable amount of time so that plans can be made accordingly for relocation. Furthermore, notification in writing provides its own documentation for regulatory compliance purposes as opposed to just verbal communication.

Fiscal Note: Notification is already required in current rule, just not in written form. Since verbal notification itself needs documentation to assure compliance with the rule, the fiscal impact on the facility of written notification is negligible.

Conclusion:

The proposed rule readoptions and amendments in this report are intended to update rules to bring them into line with current licensure processes and procedures, update statutory references, clarify wording and unify family care home and adult care home rules as much as possible for efficient and effective regulation since both types of assisted living facilities are licensed and intended by law to serve residents with similar needs for care and services. This ensures consistency of regulation of facility types determined by capacity in regard to issuing and renewing facility licenses. The proposed changes also include notification timeframes of residents by facilities and of the county departments and applicant licensees by DHSR thereby formalizing DHSR's traditional standards of practice and assuring full transparency and disclosure.

These rule readoptions and amendments concur with licensing and license renewal practices of the past 10 years resulting from law and policy changes impacting process and procedures of the Adult Care Licensure Section of the Division of Health Service Regulation. The changes provide clear guidance and expectations based on current licensure practice to adult care home and family care home licensees to ensure a more streamlined and efficient licensure process. Fiscal impact is minimal in most cases and indeterminable in another where historical and current data is not available or inaccessible.

10A NCAC 13G .0202 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .0202 THE LICENSE

(a) Except as otherwise provided in ~~Rule .0203 of this Subchapter,~~ G.S. 131D-2.4, the Department of Health and Human Services shall issue a family care home license to any person who submits ~~an application on the forms provided by the Department with a non-refundable license fee as required by G.S. 131D-2(b)(1)~~ the application material according to Rule .0204 of this Section and the Department determines that the applicant complies with the provisions of all ~~applicable~~ State ~~family care~~ adult care home licensure statutes and ~~rules.~~ rules of this Subchapter. All applications for a new license shall disclose the names of individuals who are co-owners, partners, or shareholders holding an ownership or controlling interest of five percent or more of the applicant entity.

(b) The license shall be conspicuously posted in a public place in the home.

~~(c) The license shall be in effect for 12 months from the date of issuance unless revoked for cause, voluntarily or involuntarily terminated, or changed to provisional licensure status.~~

~~(d) A provisional license may be issued in accordance with G.S. 131D-2(b).~~

~~(e)~~(c) When a provisional license is ~~issued,~~ issued according to G.S. 131D-2.7, the administrator shall post the provisional license and a copy of the notice from the Division of Health Service Regulation identifying the reasons for it, conspicuously in a public place in the home in place of the full license.

~~(f)~~(d) The license is not transferable or assignable.

~~(g)~~(e) A family care home shall be licensed only as a family care home and not for any other level of care or licensable entity or service. The license shall be terminated when the home is licensed to provide a higher level of care or a combination of a higher level of care and family care home level of care.

History Note: *Authority G.S. 131D-2.4; 131D-2.7; 131D-2.16; 131D-4.5; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. April 1, 1984;
Temporary Amendment Eff. January 1, 1998;
Amended Eff. April 1, 1999;
Temporary Amendment Eff. December 1, 1999;
Amended Eff. July 1, 2000;
Temporary Amendment Eff. July 1, 2004;
Amended Eff. July 1, ~~2005.~~ 2005;
Readopted Eff. April 1. 2020.

10A NCAC 13F .0202 is proposed for amendment as follows:

10A NCAC 13F .0202 THE LICENSE

(a) Except as otherwise provided in ~~Rule .0203 of this Section,~~ G.S. 131D-2.4, the Department shall issue an adult care home license to any person who submits the application material according to Rule .0204 of this Section and the Department determines that the applicant complies with the provisions of all ~~applicable~~ State adult care home licensure statutes and ~~rules.~~ rules of this Subchapter. All applications for a new license shall disclose the names of individuals who are co-owners, partners, or shareholders holding an ownership or controlling interest of five percent or more of the applicant entity.

(b) The license shall be conspicuously posted in a public place in the home.

(c) When a provisional license is ~~issued,~~ issued according to G.S. 131D-2.7, the administrator shall post the provisional license and a copy of the notice from the Division of Health Service Regulation identifying the reasons for it, conspicuously in a public place in the home and in place of the full license.

(d) The license is not transferable or assignable.

(e) An adult care home shall be licensed only as an adult care home and not for any other level of care or licensable entity or service. The license shall be terminated when the home is licensed to provide a higher level of care or a combination of a higher level of care and adult care home level of care.

History Note: *Authority G.S. 131D-2.4; 131D-2.7; 131D-2.16; 131D-4.5; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;
Amended Eff. April 1, 2020.

Temporary Amendment Eff. September 1, 2003;
Amended Eff. July 1, 2005; July 1, ~~2004.~~ 2004;
Readopted Eff. April 1, 2020.

10A NCAC 13G .0204 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .0204 APPLYING FOR A LICENSE TO OPERATE A HOME NOT CURRENTLY LICENSED

(a) An application for a license to operate a family care home for adults in an existing building where no alterations are necessary as determined by the Construction Section of the Division of Health Service Regulation or a family care home ~~which~~ that is to be constructed, added ~~to~~ to, or renovated shall be made at the county department of social ~~services.~~ in the county where the licensed family care home will be located.

~~(b) If during the study of the administrator and the home, it does not appear that the qualifications of the administrator or requirements for the home can be met, the county department of social services shall so inform the applicant, indicating in writing the reason and give the applicant an opportunity to withdraw the application. Upon the applicant's request, the application shall be completed and submitted to the Division of Health Service Regulation for consideration.~~

~~(c)~~(b) The applicant shall submit the following ~~forms and reports through~~ material to the county department of social services for submission to the Division of Health Service ~~Regulation:~~ Regulation within ten business days of receipt by the county department of social services:

(1) the Initial Licensure ~~Application;~~ Application that is available online at https://info.ncdhhs.gov/dhsr/acls/pdf/acchgapp.pdf at no cost and includes the following:
   (A) contact person, facility site and mailing addresses, and administrator;
   (B) operation disclosure including names and contact information of licensee, management company, and building owner;
   (C) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members; and
   (D) bed capacity;
(2) an approval letter from the local zoning jurisdiction for the proposed location;
(3) a photograph of each side of the existing structure and at least one of each of the interior spaces if an existing structure;
(4) a set of blueprints or a floor plan of each level indicating the following:
   (A) the layout of all ~~rooms,~~ rooms;
   (B) the room dimensions (including ~~closets),~~ closets);
   (C) the door widths (exterior, bedroom, ~~bathroom~~ bathroom, and kitchen ~~doors),~~ doors);
   (D) the window sizes and window sill ~~heights,~~ heights;
   (E) the type of ~~construction,~~ construction;
   (F) the use of the basement and ~~attic,~~ attic; and
   (G) the proposed resident bedroom locations including the number of occupants and the bedroom and number (including the ages) of any non-resident who will be residing within the home;
(5) a cover letter ~~or transmittal form~~ prepared by the adult home specialist of the county department of social services ~~identifying~~ stating the following:

(A) the prospective home site ~~address,~~ address;

(B) the name of the contact person (including address, telephone numbers, ~~fax numbers),~~ email address); and

(C) the name and address of the applicant (if different from the contact ~~person) and the total number and the expected evacuation capability of the residents;~~ person); and

(6) ~~a construction review fee according to G.S. 131E-267.~~ a non-refundable license fee as required by G.S. 131D-2.5.

~~(d) The Construction Section of the Division of Health Service Regulation shall review the information and notify the applicant and the county department of social services of any required changes that must be made to the building to meet the rules in Section .0300 of this Subchapter along with the North Carolina State Building Code. At the end of the letter there shall be a list of final documentation required from the local jurisdiction that must be submitted upon completion of any required changes to the building or completion of construction.~~

~~(e) Any changes to be made during construction that were not proposed during the initial review shall require the approval of the Construction Section to assure that licensing requirements are maintained.~~

~~(f) Upon receipt of the required final documentation from the local jurisdiction, the Construction Section shall review the information and may either make an on-site visit or approve the home for construction by documentation. If all items are met, the Construction Section shall notify the Adult Care Licensure Section of the Division of Health Service Regulation of its recommendation for licensure.~~

~~(g) Following review of the application, references, all forms and the Construction Section's recommendation for licensure, a pre-licensing visit shall be made by a consultant of the Adult Care Licensure Section. The consultant shall report findings to the Division of Health Service Regulation which shall notify, in writing, the applicant and the county department of social services of the decision to license or not to license the family care home.~~

(c) Issuance of a family care home license shall be based on the following:

(1) successful completion and approval of Subparagraphs 1 through 6 of Paragraph (b) of this Rule;

(2) the Division of Health Service Regulation's Construction Section's recommendation of licensure based on compliance with rules in Section .0300 of this Subchapter;

(3) a compliance history review of the facility and its principals and affiliates according to G.S. 131D-2.4;

(4) approval by the Adult Care Licensure Section of the facility's operational policies and procedures based on compliance with the rules of this Subchapter; and

(5) the facility's demonstration of compliance with Adult Care Home statutes and rules of this Subchapter as determined by a pre-licensing survey of the facility by the Adult Care Licensure Section.

(d) The Adult Care Licensure Section shall notify in writing the applicant licensee and the county department of social services of the decision to license or not to license the adult care home based on compliance with adult care home statutes and the rules of this Subchapter within 14 days from the decision to license or not to license the facility.

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. July 1, 1990; April 1, 1987; April 1, 1984;
ARRC Objection Lodged November 14, 1990;
Amended Eff. May 1, 1991;
Temporary Amendment Eff. September 1, 2003;
Amended Eff. July 1, 2005; July 1, ~~2004.~~ 2004;
Readopted Eff. April 1, 2020.

10A NCAC 13F .0204 is proposed for amendment as follows:

10A NCAC 13F .0204 APPLYING FOR A LICENSE TO OPERATE A FACILITY NOT CURRENTLY LICENSED

(a) Prior to submission of a license application, all Certificate of Need requirements shall be met according to G.S. 131E, Article 9.

(b) In applying for a license to operate an adult care home to be constructed or ~~renovated~~ renovated, or in an existing building that is not currently licensed, the applicant shall submit the following to the Division of Health Service Regulation:

(1) the Initial License Application ~~which~~ that is available ~~on the internet website,~~ online at ~~http://facility-services.state.nc.us/gcpage.htm~~ https://info.ncdhhs.gov/dhsr/acls/pdf/fcchgapp.pdf at no cost and includes the following: ~~or the Division of Health Service Regulation, Adult Care Licensure Section, 2708 Mail Service Center, Raleigh, NC 27699-2708;~~

(A) contact person, facility site and mailing addresses, and administrator;

(B) operation disclosure including names and contact information of the licensee, management company, and building owner;

(C) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members; and

(D) bed capacity including that of any special care unit for Alzheimer's and Related Disorders;

(2) plans and specifications as required in Section .0300 of this Subchapter and a construction review fee according to ~~G.S. 131E-267;~~ G.S. 131E-267 to be calculated and invoiced by the DHSR Construction Section;

(3) an approved fire and building safety inspection report from the local fire marshal to be submitted upon completion of construction or renovation;

(4) an approved sanitation report or a copy of the permit to begin operation from the sanitation division of the county health department to be submitted upon completion of construction or renovation;

(5) a nonrefundable license fee as required by G.S. ~~131D-2(b)(1);~~ G.S. 131D-2.5; and

(6) a certificate of occupancy or certification of compliance from the local building official to be submitted upon completion of construction or renovation.

Note: Rule .0207 of this Section applies to obtaining a license to operate a currently licensed facility.

(c) ~~A pre-licensing survey shall be made by program consultants of the Division of Health Service Regulation and an adult home specialist of the county department of social services.~~ Issuance of an adult care home license shall be based on the following:

(1) successful completion and approval of Subparagraphs 1 through 6 of Paragraph (b) of this Rule;

(2) the Division of Health Service Regulation's Construction Section's recommendation of licensure based on compliance with rules in Section .0300 of this Subchapter;

(3) a compliance history review of the facility and its principals and affiliates according to G.S. 131D-2.4;

(4) approval by the Adult Care Licensure Section of the facility's operational policies and procedures based on compliance with the rules of this Subchapter; and

(5) the facility's demonstration of compliance with Adult Care Home statutes and rules of this Subchapter as determined by a pre-licensing survey of the facility by the Adult Care Licensure Section.

(d) ~~The Division of Health Service Regulation shall provide to the applicant written notification of the decision to license or not to license the adult care home.~~ The Adult Care Licensure Section shall notify in writing the applicant licensee and the county department of social services of the decision to license or not to license the adult care home based on compliance with adult care home statutes and the rules of this Subchapter within 14 days from the decision to license or not to license the facility.

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-2.16; 143B-165;*
Readopted Eff. October 31, 1977;
Amended Eff. April 1, 1984;
Temporary Amendment Eff. September 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;

Amended Eff. April 1, 2020.

10A NCAC 13G .0208 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .0208 RENEWAL OF LICENSE

(a) The ~~license shall be renewed annually,~~ licensee shall file a license renewal application annually on a calendar year basis ~~except as otherwise provided in Rule .0209 of this Subchapter, if the licensee submits an application for renewal~~ on the forms provided by the Department at no cost ~~and the Department determines that the licensee complies with the provisions of all applicable State adult care home licensure statutes and rules. When violations of licensure rules or statutes are documented and have not been corrected prior to expiration of license, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or revoke the license for cause.~~ with a nonrefundable annual license fee according to G.S. 131D-2.5. The renewal application includes the following:

(1) contact person, facility site and mailing address, and administrator;

(2) operation disclosure including names and contact information of the licensee, management company, and building owner;

(3) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members holding an ownership or controlling interest of five percent or more of the applicant entity;

(4) bed capacity; and

(5) population and census data.

~~(b) All applications for license renewal shall disclose the names of individuals who are co-owners, partners or shareholders holding an ownership or controlling interest of 5% or more of the applicant entity.~~

(b) In determining whether to renew a license under G.S. 131D-2.4, the Department shall take into consideration at least the following:

(1) the compliance history of the applicant facility with the provisions of all State adult care home licensure statutes and rules of this Subchapter;

(2) the compliance history of the owners. principals and affiliates of the applicant facility in operating other adult care homes in the State;

(3) the extent to which the conduct of a related facility, its owners, principals, and affiliates is likely to affect the quality of care at the applicant facility; and

(4) the hardship on residents of the applicant facility if the license is not renewed.

(c) When violations of licensure rules or statutes are documented by the Department and have not been corrected by the facility prior to license expiration, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or deny the license.

History Note: Authority G.S. 131D-2.4; 131D-2.16; 131D-4.5; 143B-165;

Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. December 1, 1992; July 1, 1990; April 1, 1987; April 1, 1984;
Temporary Amendment Eff. December 1, 1999;
Amended Eff. July 1, ~~2000.~~ 2000;
Readoption Eff. April 1, 2020.

10A NCAC 13F .0208 is proposed for amendment as follows:

10A NCAC 13F .0208 RENEWAL OF LICENSE

(a) The ~~license shall be renewed annually,~~ licensee shall file a license renewal application annually on a calendar year basis ~~except as otherwise provided in Rule .0209 of this Subchapter, if the licensee submits an application for renewal~~ on the forms provided by the Department at no cost with a nonrefundable annual license fee according to ~~G.S. 131D-2(b)(1) and the Department determines that the licensee complies with the provisions of all applicable State adult care home licensure statutes and rules. When violations of licensure rules or statutes are documented and have not been corrected prior to expiration of license, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or revoke the license.~~ G.S. 131D-2.5. The renewal application form includes the following:

(1) contact person, facility site and mailing address, and administrator;

(2) operation disclosure including names and contact information of the licensee, management company, and building owner;

(3) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members holding an ownership or controlling interest of five percent or more of the applicant entity;

(4) bed capacity including that of any special care unit for Alzheimer's and Related Disorders; and

(5) population and census data.

~~(b) All applications for license renewal shall disclose the names of individuals who are co-owners, partners or shareholders holding an ownership or controlling interest of five percent or more of the applicant entity.~~

(b) In determining whether to renew a license under G.S. 131D-2.4, the Department shall take into consideration at least the following:

(1) the compliance history of the applicant facility with the provisions of all State adult care home licensure statutes and rules of this Subchapter;

(2) the compliance history of the owners, principals, and affiliates of the applicant facility in operating other adult care homes in the State;

(3) the extent to which the conduct of a related facility, its owners, principals, and affiliates is likely to affect the quality of care at the applicant facility; and

(4) the hardship on residents of the applicant facility if the license is not renewed.

(c) When violations of licensure rules or statutes are documented by the Department and have not been corrected by the facility prior to license expiration, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or deny the license.

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Temporary Amendment Eff. December 1, 1999;
Amended Eff. July 1, 2000;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, 2018. 2018;
Amended Eff. April1, 2020.

10A NCAC 13G .0212 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .0212 DENIAL AND REVOCATION OF LICENSE

(a) A license may be denied by the Division of Health Service Regulation for failure to comply with the rules of this Subchapter.

(b) Denial of a license by the Division of Health Service Regulation shall be effected by mailing to the ~~applicant,~~ applicant licensee, by registered mail, a notice setting forth the particular reasons for such action.

(c) A license may be revoked by the Division of Health Service Regulation in accordance with ~~G.S. 131D-2(b)~~ G.S. 131D-2.7(b) and G.S. 131D-29.

(d) When a facility receives a notice of revocation, the administrator shall inform each resident and ~~his~~ the resident's responsible person in writing of the notice and the basis on which it was ~~issued.~~ issued within five calendar days of the notice of revocation being received by the licensee of the facility.

History Note: *Authority G.S. 131D-2.7; 131D-2.16; 131D-4.3; 131D-29; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. April 1, 1984; May 1, 1981;

Temporary Amendment Eff. January 1, 1998;
Amended Eff. April 1, ~~1999.~~ 1999;
Readopted Eff. April 1, 2020.

10A NCAC 13F .0212 is proposed for amendment as follows:

10A NCAC 13F .0212 DENIAL OR REVOCATION OF LICENSE

(a) A license may be denied by the Division of Health Service Regulation for failure to comply with the rules of this Subchapter.

(b) Denial of a license by the Division of Health Service Regulation shall be effected by mailing to the ~~applicant,~~ applicant licensee, by registered mail, a notice setting forth the particular reasons for such action.

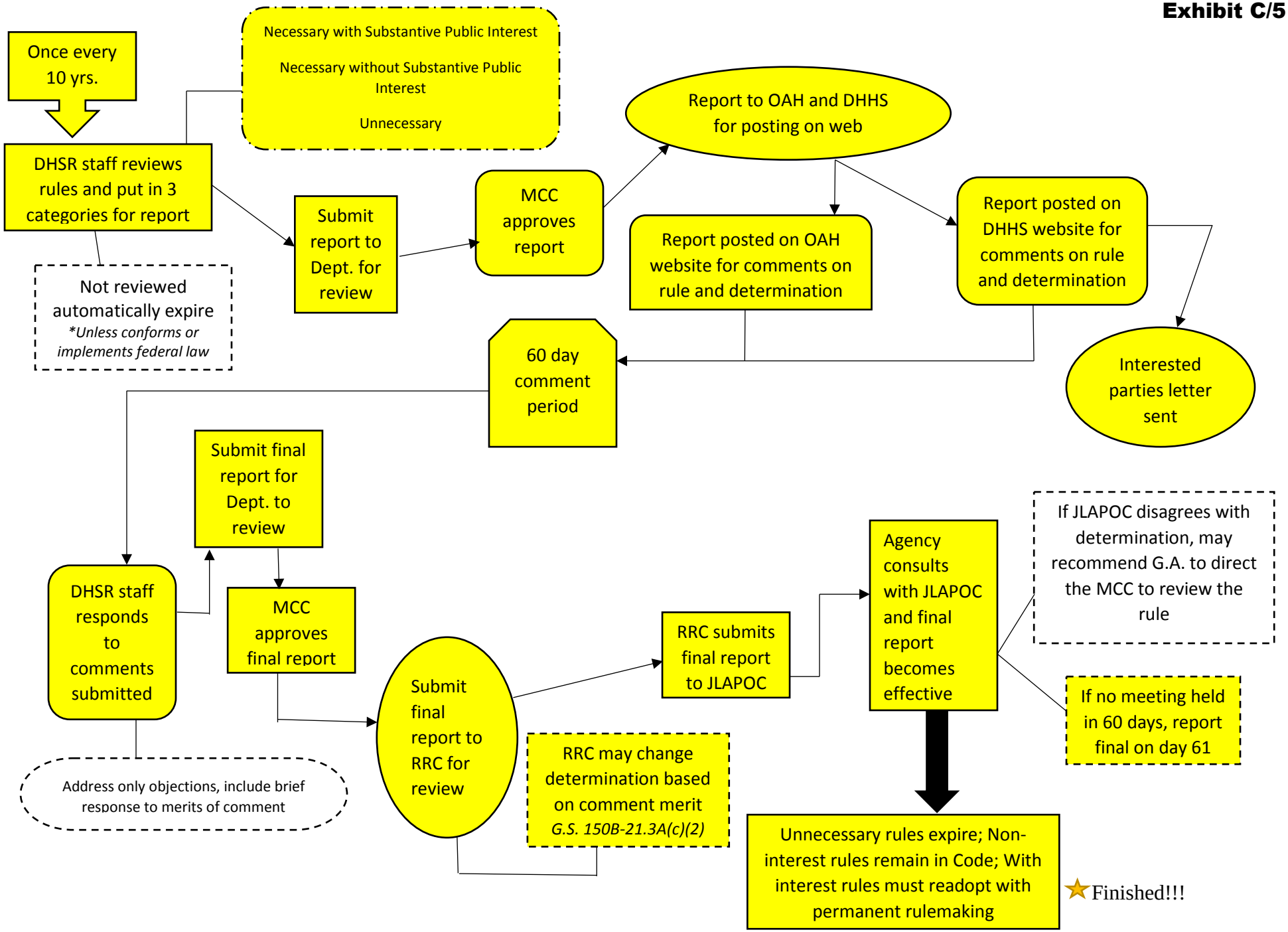
(c) A license may be revoked by the Division of Health Service Regulation in accordance with ~~G.S. 131D-2(b)~~ G.S. 131D-2.7(b) and G.S. 131D-29.

(d) When a facility receives a notice of revocation, the administrator shall inform each resident and the resident's responsible person in writing of the notice and the basis on which it was ~~issued.~~ issued within five calendar days of the notice of revocation being received by the licensee of the facility.

History Note: *Authority G.S. 131D-2.7; 131D-2.16; 131D-4.3; 131D-29; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;
Amended Eff. April 1, 2020.

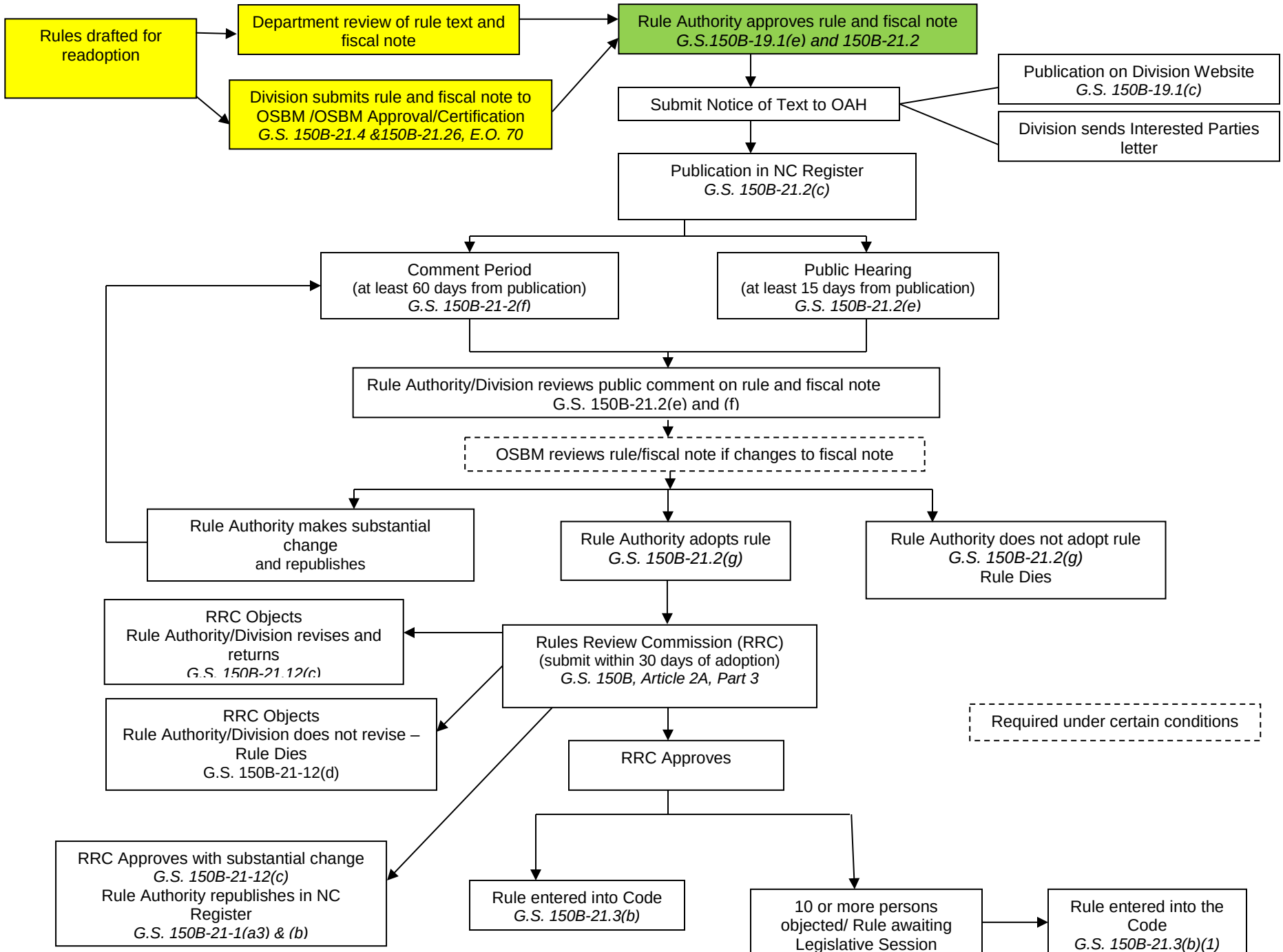
Periodic Rules Review Process for: 13 Hospital Rules - 10A NCAC 13B, Phase III Readoptions

Exhibit C/5



Permanent Rulemaking Process for: 13 Hospital Rules – 10A NCAC 13B, Phase III Readoption

Exhibit C/6



10A NCAC 13B .1902 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .1902 DEFINITIONS

The following definitions shall apply throughout this Section, unless text otherwise clearly indicates to the contrary:

(1) "Accident" means something occurring by chance or without intention ~~which~~ that has caused physical or mental harm to a patient, ~~resident~~ resident, or employee.

(2) "Administer" means ~~the direct application of a drug to the body of a patient by injection, inhalation, ingestion or other means.~~ as defined in G.S. 90-87.

(3) "Administrator" means the person who has authority for and is responsible to the governing board for the overall operation of a facility.

(4) "Brain injury long-term care" is defined as an interdisciplinary, intensive maintenance program for patients who have incurred brain damage caused by external physical trauma and who have completed a primary course of rehabilitative treatment and have reached a point of no gain or progress for more than three consecutive months. Services are provided through a medically supervised interdisciplinary process and are directed toward maintaining the individual at the optimal level of physical, ~~cognitive~~ cognitive, and behavioral functioning.

~~(5) "Capacity" means the maximum number of patient or resident beds which the facility is licensed to maintain at any given time. This number shall be determined as follows:~~

~~(a) Bedrooms shall have minimum square footage of 100 square feet for a single bedroom and 80 square feet per patient or resident in multi-bedded rooms. This minimum square footage shall not include space in toilet rooms, washrooms, closets, vestibules, corridors, and built-in furniture.~~

~~(b) Dining, recreation and common use areas available shall total no less than 25 square feet per bed for skilled nursing and intermediate care beds and no less than 30 square feet per bed for adult care home beds. Such space must be contiguous to patient and resident bedrooms.~~

~~(6)~~(5) "Combination Facility" means any hospital with nursing home beds ~~which~~ that is licensed to provide more than one level of care such as a combination of intermediate care ~~and/or~~ and skilled nursing care and adult care home care.

~~(7) "Convalescent Care" means care given for the purpose of assisting the patient or resident to regain health or strength.~~

~~(8)~~(6) "Department" means the North Carolina Department of Health and Human Services.

~~(9)~~(7) "Director of Nursing" means the nurse who has authority and ~~direct~~ responsibility for all nursing services and nursing care.

~~(10)~~(8) "Dispense" means ~~preparing and packaging a prescription drug or device in a container and labeling the container with information required by state and federal law. Filling or refilling drug containers~~

~~with prescription drugs for subsequent use by a patient is "dispensing". Providing quantities of unit dose prescription drugs for subsequent administration is "dispensing".~~ as defined in G.S. 90-87.

~~(11)~~(9) "Drug" means ~~substances:~~

~~(a) recognized in the official United States Pharmacopoeia, official National Formulary, or any supplement to any of them;~~

~~(b) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals;~~

~~(c) intended to affect the structure or any function of the body of man or other animals, i.e., substances other than food; and~~

~~(d) intended for use as a component of any article specified in (a), (b), or (c) of this Subparagraph; but does not include devices or their components, parts, or accessories.~~

as defined in G.S. 90-87.

~~(12)~~(10) "Duly Licensed" means holding a current and valid license as required under the General Statues of North Carolina.

~~(13) "Existing Facility" means a licensed facility; or a proposed facility, proposed addition to a licensed facility or proposed remodeled licensed facility that will be built according to plans and specifications which have been approved by the department through the preliminary working drawings stage prior to the effective date of this Rule.~~

~~(14) "Exit Conference" means the conference held at the end of a survey, inspection or investigation, but prior to finalizing the same, between the department's representatives who conducted the survey, inspection or investigation and the facility administration representative(s).~~

~~(15)~~(11) "Incident" means an intentional or unintentional action, occurrence or happening ~~which~~ that is likely to cause or lead to physical or mental harm to a patient, ~~resident~~ resident, or employee.

~~(16)~~(12) "Licensed Practical Nurse" means ~~a nurse who is duly licensed as a practical nurse under G.S. 90, Article 9A.~~ as defined in G.S. 90-171.30 or G.S. 90-171.32.

~~(17) "Licensee" means the person, firm, partnership, association, corporation or organization to whom a license has been issued.~~

~~(18)~~(13) "Medication" means drug as defined in ~~(12)~~ Item (9) of this Rule.

~~(19) "New Facility" means a proposed facility, a proposed addition to an existing facility or a proposed remodeled portion of an existing facility that is constructed according to plans and specifications approved by the department subsequent to the effective date of this Rule. If determined by the department that more than one half of an existing facility is remodeled, the entire existing facility shall be considered a new facility.~~

~~(20)~~(14) "Nurse Aide" means any individual providing nursing or nursing-related services to patients in a facility, and is not a licensed health professional, a qualified dietitian or someone who volunteers to provide such services without pay, and who is listed in a nurse aide registry approved by the Department.

~~(21)~~(15) "Nurse Aide Trainee" means an individual who has not completed an approved nurse aide training course and competency evaluation and is demonstrating knowledge, while performing tasks ~~for which~~ that they have been found proficient in by an instructor. These tasks shall be performed under the ~~direct~~ supervision of a registered nurse. The term does not apply to volunteers.

~~(22)~~(16) "Nursing Facility" means that portion of a nursing home certified under Title XIX of the Social Security Act (Medicaid) as in compliance with federal program standards for nursing facilities. It is often used ~~as~~ synonymous with the term "nursing ~~home"~~ home," ~~which is~~ the usual prerequisite level for state licensure for nursing facility (NF) certification and Medicare skilled nursing facility (SNF) certification.

~~(23)~~(17) "Nurse in Charge" means the nurse to whom duties for a specified number of patients and staff for a specified period of time have been delegated, such as for Unit A on the 7-3 or 3-11 shift.

~~(24)~~(18) "On Duty" means personnel who are awake, dressed, and responsive to patient needs and ~~physically~~ present in the facility performing assigned duties.

~~(25)~~(19) "Patient" means any person admitted for care to a skilled nursing or intermediate care facility.

~~(26)~~(20) "Physician" means ~~a person licensed under G.S. Chapter 90, Article 1 to practice medicine in North Carolina.~~ as defined in G.S. 90-9.1 or G.S. 90-9.2.

~~(27)~~(21) "Qualified Dietitian" means ~~a person who meets the standards and qualifications established by the Committee on Professional Registration of the American Dietetic Association included in "Standards of Practice" seven dollars and twenty five cents ($7.25) or "Code of Ethics for the Profession of Dietetics" two dollars and fifteen cents ($2.15), American Dietetic Association, 216 W. Jackson Blvd., Chicago, IL 60606-6995.~~ as defined in 42 CFR 483.60(a)(1), herein incorporated by reference including subsequent amendments and editions. Electronic copies of 42 CFR 483.60 can be obtained free of charge at https://www.ecfr.gov/cgi-bin/text-idx?SID=1260800a39929487f0ca55b0ab5e710b&mc=true&tpl=/ecfrbrowse/Title42/42cfrv5_02.tpl#0.

~~(28)~~(22) "Registered Nurse" means ~~a nurse who is duly licensed as a registered nurse under~~ as defined in G.S. 90, Article 9A.

~~(29)~~(23) "Resident" means ~~any person admitted for care to an adult care home.~~ as defined in G.S.131D-2.1.

~~(30) "Sitter" means an individual employed to provide companionship and social interaction to a particular resident or patient, usually on a private duty basis.~~

~~(31)~~(24) "Supervisor-in-Charge" means a duly licensed nurse to whom supervisory duties have been delegated by the Director of Nursing.

~~(32)~~(25) "Ventilator dependence" means physiological dependency by a patient on the use of a ventilator for more than eight hours a day.

History Note: *Filed as a Temporary Amendment Eff. October 1, 1990 For a Period of 142 Days to Expire on February 28, 1991;*

Authority G.S. 131E-79;
Eff. February 1, 1986;
Amended Eff. February 1, 1993; December 1, 1991; March 1, 1991; March 1, ~~1990.~~ 1990;
Readopted Eff. April 1, 2020.

10A NCAC 13B .1915 is proposed for readoption without substantive changes as follows:

10A NCAC 13B .1915 ADULT CARE HOME PERSONNEL REQUIREMENTS

(a) The administrator shall designate a person to be in charge of the adult care home residents at all times. The nurse in charge of nursing services may also serve as supervisor-in-charge of the adult care home beds.

(b) If adult care home beds are located in a separate building or a separate level of the same building, there ~~must~~ shall be a person on duty in the adult care home areas at all times.

(c) A licensed facility shall provide ~~sufficient~~ staff to assure that activities of daily living, personal grooming, and assistance with eating are provided to each resident. Medication administration as indicated by each resident's condition or physician's orders shall be carried out as identified in each resident's plan of care.

(d) Adult care home facilities ~~(Home for the Aged beds)~~ licensed as a part of a combination facility shall comply with the staffing requirements ~~of 10A NCAC 42D .1407 as adopted by the Social Services Commission for freestanding adult care homes.~~ in 10A NCAC 13F .0605 herein incorporated by reference including subsequent amendments and editions.

History Note: *Filed as a Temporary Amendment Eff. October 1, 1990 For a Period of 142 Days to Expire on February 28, 1991;*
Authority G.S. 131E-79; 42 U.S.C. 1396 r (a);
Eff. February 1, 1986;
Amended Eff. March 1, ~~1991.~~ 1991;
Readopted Eff. April 1, 2020.

10A NCAC 13B .1918 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .1918 TRAINING

(a) A licensed facility shall provide ~~for all~~ patient or resident care employees a planned orientation and continuing education program emphasizing patient or resident assessment and planning, activities of daily living, personal grooming, rehabilitative nursing or restorative care, other patient or resident care policies and procedures, patients' rights, and staff performance expectations. Attendance and subject matter covered shall be documented for each ~~session~~ session, retained in accordance with policy established by the facility, and available for licensure inspections.

(b) The administrator shall assure that ~~each employee is~~ employees are oriented within the first week of employment to the facility's philosophy and goals.

(c) ~~Each employee~~ Employees shall have specific on-the-job training as necessary ~~for the employee~~ to ~~properly~~ perform ~~his~~ their individual job assignment.

(d) Unless otherwise prohibited, a nurse aide trainee may be employed to perform the duties of a nurse aide for a period of time not to exceed four months. During this period of time the nurse aide trainee shall be permitted to perform only those tasks ~~for which minimum acceptable~~ that competence has been demonstrated and documented on a skills check-off record. ~~Job applicants for nurse aide positions who were formerly qualified nurse aides but have not been gainfully employed as such for a period of 24 consecutive months or more shall be employed only as nurse aide trainees and must re-qualify as nurse aides within four months of hire by successfully passing an approved competency evaluation. Any individual, nursing home, or education facility may offer Department approved vocational education for nursing home nurse aides. An accurate record~~ Nurse aide I shall meet the training and competency evaluation standards in 10A NCAC 13O .0301, incorporated herein by reference including subsequent amendments and editions. A record of nurse aide qualifications shall be maintained for each nurse aide used by a facility and shall be retained in the general personnel files of the ~~facility.~~ facility in accordance with policy established by the facility.

(e) ~~The curriculum content required for nurse aide education programs shall be subject to approval by the Division of Health Service Regulation and shall include, as a minimum, basic nursing skills, personal care skills, cognitive, behavioral and social care, basic restorative services, and patients' rights. Successful course completion shall be determined by passing a competency evaluation test. The minimum number of course hours shall be 75 of which at least 20 hours shall be classroom and at least 40 hours of supervised practical experience.~~ The initial orientation to the facility shall be exclusive of the 75 hour training program. Competency evaluation shall be conducted in each of the following areas:

(1) Observation and documentation,
(2) Basic nursing skills,
(3) Personal care skills,
(4) Mental health and social service needs,
(5) Basic restorative services, and
(6) Residents' Rights.

~~(f) Successful course completion and skill competency shall be determined by competency evaluation approved by the Department. Commencing July 1, 1989, nurse aides who had formerly been fully qualified under nurse aide training requirements may re-establish their qualifications by successfully passing a competency evaluation test~~.

History Note: *Filed as a Temporary Rule Eff. October 1, 1990 For a Period of 142 Days to Expire on February 28, 1991;*
Authority G.S. 131E-79; 42 U.S.C. 1396 r (b)(5);
Eff. February 1, 1986;
Amended Eff. March 1, 1991; March 1, ~~1990.~~ 1990;
Readopted Eff. April 1, 2020.

10A NCAC 13B .1925 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .1925 REQUIRED SPACES

~~The total space requirements shall be those set forth in Rule .1902(5) of this Section. Physical therapy and occupational therapy space shall not be included in these totals.~~ (a) A combination or nursing facility shall meet the following requirements for bedrooms, dining, recreation, and common use areas:

(1) single bedrooms shall be provided with not less than 100 square feet of floor area;

(2) bedrooms with more than one bed shall be provided with not less than 80 square feet of floor area per bed;

(3) dining, recreation, and common use areas shall:

(A) total not less than 25 square feet of floor area per bed for skilled nursing and intermediate care beds;

(B) total not less than 30 square feet of floor area per bed for adult care home beds; and

(C) be contiguous to patient and resident bedrooms.

(b) Floor space for the following rooms, areas, and furniture shall not be included in the floor areas required by Paragraph (a) of this Rule:

(1) toilet rooms;

(2) vestibules;

(3) bath areas;

(4) closets;

(5) lockers;

(6) built-in furniture;

(7) movable wardrobes;

(6) corridors; and

(7) areas for physical and occupational therapy.

History Note: *Authority G.S. 131E-79;*
Eff. February 1, ~~1986.~~ 1986;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3001 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3001 DEFINITIONS

Notwithstanding Section .1900 of this Subchapter, ~~The~~ the following definitions shall apply throughout this ~~Section~~ Subchapter unless the context clearly indicates to the contrary:

(1) "Appropriate" means suitable or fitting, or conforming to standards of care as established by professional organizations.

(2) "Authority having jurisdiction" means the Division of Health Service Regulation.

(3) "Certified Dietary Manager" or "CDM" means an individual who is certified by the Certifying Board of the Dietary Managers and meets the standards and qualification as referenced in the "Dietary Manager Training Program Requirements." These standards include any subsequent amendments and editions of the referenced manual. Copies of the "Dietary Manager Training Program Requirements" may be ~~purchased for fifteen dollars ($15.00) from the Dietary Managers Association, 406 Surry Woods Dr., St. Charles, IL 60174.~~ obtained free of charge at https://www.cbdmonline.org/.

(4) "Competence" means the state or quality of being able to perform specific functions well; skill; ability.

(5) "Comprehensive" means covering completely, inclusive; large in scope or content.

(6) "Construction documents" means final building plans and specifications for the construction of a facility that a governing body submits to the Construction Section for approval as specified in Rule .3102 of this Subchapter.

(7) "Construction Section" means the Construction Section of the Division of Health Service Regulation.

~~(6)~~(8) "Continuous" means ongoing or uninterrupted, 24 hours per day.

~~(7)~~(9) "CRNA" means a Certified Registered Nurse Anesthetist as ~~credentialed by the Council on Certification of Nurse Anesthetists and recognized by the Board of Nursing in 21 NCAC 36 .0226.~~ defined in G.S. 90-171.21(d)(4).

~~(8)~~(10) "Credentialed" means that the individual having a given title or position has been credited with the right to exercise official responsibilities to provide specific patient care and treatment services, within defined limits, based primarily upon the individual's license, education, training, experience, competence, and judgment.

~~(9)~~(11) "Department" means the Department of Health and Human Services.

~~(10)~~(12) "Dietetics" means ~~the integration and application of principles derived from the science of nutrition, biochemistry, physiology, food and management and from behavioral and social sciences to achieve and maintain optimal nutritional status.~~ as defined in G.S. 90-352.

~~(11)~~(13) "Dietitian" means ~~an individual who is licensed according to~~ as defined in G.S. 90, ~~Article 25, or is registered by the Commission on Dietetic Registration (CDR) of the American Dietetic Association~~

~~(ADA) according to the standards and qualifications as referenced in the second edition of the "Accreditation/Approval Manual for Dietetic Education Programs", "The Registration Eligibility Application for Dietitians" and the "Continuing Professional Education" and subsequent amendments or editions of the reference material. Copies of the "Accreditation/Approval Manual for Dietetic Education Programs" may be purchased for twenty-one dollars and ninety-five cents ($21.95) plus three dollars ($3.00) minimum shipping and handling from ADA 216 W. Jackson Blvd., Chicago, IL 60606-9-6995.~~ Article 25.

~~(12)~~(14) "Dietetic Technician Registered" or "DTR" means ~~an individual who is registered by the Commission on Dietetic Registration (CDR) of the American Dietetic Association (ADA) according to the standards and qualifications as referenced in the second edition of the "Accreditation/Approval Manual for Dietetic Education Programs" which is incorporated by reference including any subsequent amendments and editions. Copies of the "Accreditation/Approval Manual for Dietetic Education Programs" may be purchased for twenty-one dollars and ninety-five cents ($21.95) plus three dollars ($3.00) minimum for shipping and handling from the ADA 216 W. Jackson Blvd., Chicago, IL 60606-9-6995.~~ as defined in G.S. 90-352.

~~(13)~~(15) "Direct Supervision" means the state of being under the immediate control of a supervisor, manager, or other person of authority.

~~(14)~~(16) "Division" means the Division of Health Service Regulation.

~~(15)~~(17) "Facility" means a hospital as defined in G.S. 131E-76.

~~(16)~~(18) "Free standing facility" means a facility that is physically separated from the primary hospital building or separated by a three hour fire containment wall.

~~(17)~~(19) "Full-time equivalent" means a unit of measure of employee work time that is equal to the number of hours that one full-time employee would work during one calendar year if the employee worked eight hours a day, five days a week, and 52 weeks a year; i.e. 2,080 hours per year.

~~(18)~~(20) "Governing body" means the authority as defined in G.S. 131E-76.

~~(19)~~(21) "Imaging" means a reproduction or representation of a body or body part for diagnostic purposes by radiologic intervention that may include conventional fluoroscopic exam, magnetic resonance, nuclear or radio-isotope scan.

~~(20)~~(22) "Invasive procedure" means a procedure involving puncture or incision of the skin, insertion of an instrument or foreign material into the body (excluding venipuncture and intravenous therapy).

~~(21)~~(23) "LDRP" (labor, delivery, recovery, post-partum) means a specific single occupancy obstetrical use room counted as a licensed bed.

~~(22)~~(24) "License" means formal permission to provide services as granted by the State.

~~(23)~~(25) "Medical staff" means the formal organization that is comprised of ~~all of those~~ individuals who have sought and obtained clinical privileges in a facility. Those members of the medical staff who regularly and routinely admit patients to a facility constitute the active medical staff.

~~(24)~~(26) "Mission statement" means a written statement of the philosophy and beliefs of the organization or hospital as approved by the governing body.

~~(25)~~(27) "Neonate" means the newborn from birth to one month.

~~(26)~~(28) "NP" means a Nurse Practitioner as defined in ~~G.S. 90-6;~~ G.S. 90-8.2, ~~90-18(14)~~ 90-18(14), and 90-18.2.

~~(27)~~(29) "Nurse executive" means ~~a registered nurse who is the director of nursing services or a representative of decentralized nursing management staff.~~ as defined in Rule 21 NCAC 36 .0109.

~~(28)~~(30) "Nurse midwife" means ~~a Certified Nurse Midwife~~ as defined in ~~G.S. 90, Article 10.~~ G.S.90-171.21 (4).

~~(29)~~(31) "Nursing facility" means ~~that portion of a hospital that is approved to provide skilled nursing care.~~ as defined in G.S. 131E-116 (2).

~~(30)~~(32) "Nursing staff" means the registered nurses, licensed practical nurses, nurse aides, and others under nurse supervision, who provide ~~direct~~ patient care. The term also includes clerical personnel who work in clinical areas under nurse supervision.

(33) "Nutrition and Dietetic Technician Registered" means as defined by the Academy of Nutrition and Dietetics. A copy of the requirements can be obtained at https://www.eatrightpro.org/about-us/what-is-an-rdn-and-dtr/what-is-a-nutrition-and-dietetics-technician-registered at no cost.

~~(31)~~(34) "Nutrition therapy" ranges from intervention and counseling on diet modification to administration of specialized nutrition therapies as determined necessary to manage a condition or treat illness or injury. Specialized nutrition therapies include supplementation with medical foods, enteral and parenteral nutrition. Nutrition therapy integrates information from the nutrition assessment with information on food and other sources of nutrients and meal preparation consistent with cultural background and socioeconomic status.

~~(32)~~(35) "Observation bed" means a bed used for no more than 24-hours, to evaluate and determine the condition and disposition of a patient and is not considered a part of the hospital's licensed bed capacity.

~~(33)~~(36) "Patient" means any person receiving diagnostic or medical services at a hospital.

~~(34)~~(37) "Pharmacist" means ~~a person licensed according to G.S. 90, Article 4A, by the N.C. Board of Pharmacy to practice pharmacy.~~ as defined in G.S. 90-85.3.

~~(35)~~(38) "Physical Rehabilitation Services" means any combination of physical therapy, occupational therapy, speech ~~therapy~~ therapy, or vocational rehabilitation.

~~(36)~~(39) "Physician" means ~~a person licensed according to G.S. 90, Article 1, by the N.C. Board of Medical Examiners to practice medicine.~~ as defined in G.S.90-9.1 or G.S. 90-9.2.

~~(37)~~(40) "Provisional license" means a hospital license recognizing ~~significantly~~ less than full compliance with the licensure rules.

~~(38)~~(41) "Qualified" means having complied with the specific conditions for employment or the performance of a function.

~~(39)~~(42) "Reference" means to use in consultation to obtain information.

~~(40)~~(43) "Special Care Unit" means a ~~designated~~ unit or area of a hospital ~~with a concentration of qualified professional staff and support services that provide intensive or extra ordinary care on a 24 hour basis to critically ill patients; these units may include but are not limited to Cardiac Care, Medical or Surgical Intensive Care Unit, Cardiothoracic Intensive Care Unit, Burn Intensive Care Unit, Neurologic Intensive Care Unit or Pediatric Intensive Care Unit.~~ that includes a critical care unit, an intermediate care unit, or a pediatric care unit.

~~(41)~~(44) "Unit" means a designated area of the hospital for the delivery of patient care services.

History Note: *Authority G.S. 131E-79;*
RRC Objection due to lack of Statutory Authority Eff. July 13, 1995;
Eff. January 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3101 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3101 GENERAL REQUIREMENTS

(a) An application for licensure shall be submitted to the Division prior to a license being issued or patients admitted.

(b) An existing facility shall not sell, ~~lease~~ lease, or subdivide a portion of its bed capacity without the approval of the Division.

(c) Application forms may be obtained by contacting the Division.

(d) The Division shall be notified in writing 30 days prior to the occurrence of any of the following:

(1) addition or deletion of a licensable service;

(2) increase or decrease in bed capacity;

(3) change of chief executive officer;

(4) change of mailing address;

(5) ownership change; or

(6) name change.

(e) Each application shall contain the following information:

(1) legal identity of applicant;

(2) name or names ~~under which~~ used to present the hospital or services ~~are presented~~ to the public;

(3) name of the chief executive officer;

(4) ownership disclosure;

(5) bed complement;

(6) bed utilization data;

(7) accreditation data;

(8) physical plant inspection data; and

(9) service data.

(f) A license shall include only facilities or premises within a single county.

History Note: *Authority G.S. 131E-79;*
Eff. January 1, 1996;
Amended Eff. April 1, ~~2003.~~ 2003;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3110 is proposed for readoption without substantial changes as follows:

10A NCAC 13B .3110 ITEMIZED CHARGES

(a) The facility shall ~~either~~ present an itemized list of charges to ~~all~~ discharged patients or the facility shall include on patients' bills that are not itemized, notification of the right to request an itemized bill within three years of receipt of the non-itemized bill or so long as the hospital, a collections agency, or other assignee asserts the patient has an obligation to pay the bill.

(b) If requested, the facility shall present an itemized list of charges to ~~each~~ the patient or the patient's representative. This list shall detail in language comprehensible to an ordinary layperson the specific nature of the charges or expenses incurred by the patient.

(c) The itemized listing shall include each specific chargeable item or service in the following service areas:

(1) room ~~rate~~ rate;
(2) laboratory;
(3) radiology and nuclear medicine;
(4) surgery;
(5) anesthesiology;
(6) pharmacy;
(7) emergency services;
(8) outpatient services;
(9) specialized care;
(10) extended care;
(11) prosthetic and orthopedic appliances; and
(12) professional services provided by the facility.

History Note: *Authority G.S. 131E-79; 131E-91; ~~S.L. 2013-382, s. 13.1;~~*
Eff. January 1, 1996;
Temporary Amendment Eff. May 1, 2014;
Amended Eff. November 1, ~~2014.~~ 2014;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3204 is proposed for readoption without substantive changes as follows:

10A NCAC 13B .3204 TRANSFER AGREEMENT

(a) Any facility ~~which~~ that does not provide hospital based nursing facility service shall maintain written agreements with institutions offering this kind of care. Such agreements shall provide for the transfer and admission of patients who no longer require the services of the hospital but do require nursing facility services.

(b) A patient shall not be transferred to another medical care facility unless prior arrangements for admission have been made. Clinical records ~~of sufficient content~~ to provide continuity of care shall accompany the patient.

History Note: *Authority G.S. 131E-79;*
Eff. January 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3205 is proposed for readoption without substantive changes as follows:

10A NCAC 13B .3205 DISCHARGE OF MINOR OR INCOMPETENT

~~Any individual~~ Individuals who cannot legally consent to his or her own care shall be discharged ~~only~~ to the custody of parents, legal guardian, person standing in loco parentis, or another competent adult unless otherwise directed by the parent or ~~guardian~~ guardian, or court of competent jurisdiction. If the parent or guardian directs that discharge be made otherwise, ~~he~~ they shall so state in writing, and the statement shall become a part of the permanent medical record of the patient.

History Note: *Authority G.S. 131E-79;*
Eff. January 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3302 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3302 MINIMUM PROVISIONS OF PATIENT'S BILL OF RIGHTS

This Rule does not apply to patients in licensed nursing facility beds since these individuals are granted rights pursuant to G.S. 131E-117. A patient in a facility subject to this Rule has the following rights:

(1) A patient has the right to respectful care given by competent personnel.

(2) A patient has the right, upon request, to be given the name of his attending physician, the names of all other physicians directly participating in his or her care, and the names and functions of other health care persons having direct contact with the patient.

(3) A patient has the right to privacy concerning his or her own medical care program. Case discussion, consultation, examination, and treatment are considered confidential and shall be conducted discreetly.

~~(4) A patient has the right to have all records pertaining to his medical care treated as confidential except as otherwise provided by law or third-party contractual arrangements.~~

~~(5)~~(4) A patient has the right to know what facility rules and regulations apply to his or her conduct as a patient.

~~(6)~~(5) A patient has the right to expect emergency procedures to be implemented without ~~unnecessary~~ delay.

~~(7)~~(6) A patient has the right to ~~good~~ quality care and ~~high~~ professional standards that are ~~continually~~ maintained and reviewed.

~~(8)~~(7) A patient has the right to full information in laymen's terms, concerning his diagnosis, treatment and prognosis, including information about alternative treatments and possible complications. When it is not possible or medically advisable to give such information to the patient, the information shall be given on his or her behalf to the patient's designee.

~~(9)~~ (8) Except for emergencies, a physician must obtain ~~necessary~~ informed consent prior to the start of any procedure or ~~treatment, or both.~~ treatment.

~~(10)~~ (9) A patient has the right to be advised when a physician is considering the patient as a part of a medical care research program or donor program. Informed consent ~~must~~ shall be obtained prior to ~~actual~~ participation in such a ~~program and the~~ program. The patient or legally responsible party~~, may, at any time,~~ may refuse to continue in any ~~such~~ program ~~to which~~ that he or she has previously given informed consent. An Institutional Review Board (IRB) may waive or alter the informed consent requirement if it reviews and approves a research study in ~~accord~~ accordance with federal regulations for the protection of human research subjects including U.S. Department of Health and Human Services (HHS) regulations under 45 CFR Part 46 and U.S. Food and Drug Administration (FDA) regulations under 21 CFR Parts 50 and 56. For any research study proposed for conduct under an FDA "Exception from Informed Consent Requirements for Emergency Research" or an HHS "Emergency Research Consent Waiver" ~~in which~~ that waives informed consent ~~is waived~~ but

community consultation and public disclosure about the research are required, any facility proposing to be engaged in the research study shall also ~~must~~ verify that the proposed research study has been registered with the North Carolina Medical Care Commission. When the IRB ~~reviewing the research study~~ has authorized the start of the community consultation process required ~~by the federal regulations~~ for emergency research, but before the beginning of that process, notice of the proposed research study ~~by the facility~~ shall be provided to the North Carolina Medical Care Commission. The notice shall include:

(a) the title of the research study;

(b) a description of the research study, including a description of the population to be enrolled;

(c) a description of the planned community consultation process, including ~~currently~~ proposed meeting dates and times;

(d) ~~an explanation of the way that people choosing not to participate in~~ instructions for opting out of the research ~~study may opt out;~~ study; and

(e) contact information including mailing address and phone number for the IRB and the principal investigator.

The Medical Care Commission may publish all or part of the above information in the North Carolina Register, and may require the institution proposing to conduct the research study to attend a public meeting convened by a Medical Care Commission member in the community where the proposed research study is to take place to present and discuss the study or the community consultation process proposed.

~~(11)~~ (10) A patient has the right to refuse any drugs, treatment or procedure offered by the facility, to the extent permitted by law, and a physician shall inform the patient of his or her right to refuse any drugs, treatment or procedures and of the medical consequences of the patient's refusal of any drugs, treatment or procedure.

~~(12)~~ (11) A patient has the right to assistance in obtaining consultation with another physician at the patient's request and expense.

~~(13)~~ (12) A patient has the right to medical and nursing services without discrimination based upon race, color, religion, sex, sexual orientation, gender identity, national origin or source of payment.

~~(14)~~ (13) A patient who does not speak English shall have ~~access, when possible,~~ access to an interpreter.

~~(15)~~ (14) ~~A facility shall provide a patient, or patient designee, upon request, access to all information contained in the patient's medical records.~~ A patient or his or her designee has the right to have all records pertaining to his or her medical care treated as confidential except as otherwise provided by law or third party contractual arrangements. A patient's access to medical records may be restricted by the patient's attending physician. If the physician restricts the patient's access to information in the patient's medical record, the physician shall record the reasons on the patient's medical record. Access shall be restricted only for sound medical reason. A patient's designee may have access to

the information in the patient's medical records even if the attending physician restricts the patient's access to those records.

~~(16)~~ (15)A patient has the right not to be awakened by hospital staff unless it is medically necessary.

~~(17)~~ (16)The patient has the right to be free from duplication of medical and nursing procedures as determined by the attending physician.

~~(18)~~ (17)The patient has the right to medical and nursing treatment that avoids unnecessary physical and mental discomfort.

~~(19)~~ (18)When medically permissible, a patient may be transferred to another facility only after he or his next of kin or other legally responsible representative has received complete information and an explanation concerning the needs for and alternatives to such a transfer. The facility ~~to which~~ that the patient is to be transferred must first have accepted the patient for transfer.

~~(20)~~ (19)The patient has the right to examine and receive a detailed explanation of his bill.

~~(21)~~ (20)The patient has a right to full information and counseling on the availability of known financial resources for his health care.

~~(22)~~ (21)A patient has the right to be informed upon discharge of his or her continuing health care requirements following discharge and the means for meeting them.

~~(23)~~ (22)A patient shall not be denied the right of access to an individual or agency who is authorized to act on his or her behalf to assert or protect the rights set out in this Section.

~~(24)~~ (23)A patient has the right to be informed of his rights at the earliest possible time in the course of his or her hospitalization.

~~(25)~~ (24)A patient has the right to designate visitors who shall receive the same visitation privileges as the patient's immediate family members, regardless of whether the visitors are legally related to the patient.

History Note: *Authority G.S. 131E-75; 131E-79; 143B-165;*
RRC Objection due to ambiguity Eff. July 13, 1995;
Eff. January 1, 1996;
Temporary Amendment Eff. April 1, 2005;
Amended Eff. January 1, 2011; May 1, 2008; November 1, ~~2005.~~ 2005;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3303 is proposed for readoption without substantive changes as follows:

10A NCAC 13B .3303 PROCEDURE

(a) The facility shall develop and implement procedures to inform ~~each patient~~ patients of his or her rights. Copies of the facilities' Patient's Bill of Rights shall be made available through one of the following ways:

(1) displayed in prominent ~~displays in appropriate~~ locations in addition to copies available upon request; or

(2) provision of a copy to each patient or responsible party upon admission or as soon after admission as is feasible.

(b) The address and telephone number of the section in the Department responsible for the enforcement of the provisions of this part shall be posted.

(c) The facility shall adopt procedures to ensure ~~effective and fair~~ a comprehensive investigation of violations of patients' rights and to ensure their enforcement. These procedures shall ensure that:

(1) a system is established to identify formal written complaints;

(2) formal written complaints are recorded and investigated;

(3) investigation and resolution of formal complaints shall be conducted; and

(4) disciplinary and education procedures shall be developed for members of the hospital and medical staff who are noncompliant with facility policies.

(d) The Division shall investigate or refer to ~~appropriate~~ other State agencies all complaints within the jurisdiction of the rules in this Subchapter.

History Note: *Authority G.S. 131E-79;*
Eff. January 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

10A NCAC 13B .5412 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .5412 ADDITIONAL REQUIREMENTS FOR TRAUMATIC BRAIN INJURY PATIENTS

Inpatient rehabilitation facilities providing services to ~~persons~~ patients with traumatic brain injuries shall ~~meet the requirements in this Rule in addition to those identified in this Section.~~ provide staff to meet the needs of patients in accordance with the patient assessment, treatment plan, and physician orders.

~~(1) Direct care nursing personnel staffing ratios established in Rule .5408 of this Section shall not be applied to nursing services for traumatic brain injury patients in the inpatient, rehabilitation facility or unit. The minimum nursing hours per traumatic brain injury patient in the unit shall be 6.5 nursing hours per patient day. At no time shall direct care nursing staff be less than two full time equivalents, one of which shall be a registered nurse.~~

~~(2) The inpatient rehabilitation facility or unit shall employ or provide by contractual agreements physical, occupational or speech therapists in order to provide a minimum of 4.5 hours of specific or combined rehabilitation therapy services per traumatic brain injury patient day.~~

~~(3)~~ (1) The facility shall ~~provide special facility or~~ have access to special equipment to meet the needs ~~for patients~~ of patients with traumatic brain ~~injury, including specially designed wheelchairs, tilt tables and standing tables.~~ injury.

~~(4) The medical director of an inpatient traumatic brain injury program shall have two years management in a brain injury program, one of which may be in a clinical fellowship program and board eligibility or certification in the medical specialty of the physician's training.~~

~~(5)~~ (2) The facility shall provide the consulting services of a neuropsychologist.

~~(6)~~ (3) The facility shall provide continuing education in the care and treatment of brain injury patients for all staff.

~~(7)~~ (4) The size of the brain injury program shall ~~be adequate to~~ support a comprehensive, dedicated ongoing brain injury program.

History Note: *Authority G.S. 131E-79;*
RRC Objection due to lack of statutory authority Eff. January 18, 1996;
Eff. May 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

10A NCAC 13B .5413 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .5413 ADDITIONAL REQUIREMENTS FOR SPINAL CORD INJURY PATIENTS

Inpatient rehabilitation facilities providing services to ~~persons~~ patients with spinal cord injuries shall ~~meet the requirements in this Rule in addition to those identified in this Section.~~ provide staff to meet the needs of patients in accordance with the patient assessment, treatment plan, and physician orders.

~~(1) Direct care nursing personnel staffing ratios established in Rule .5408 of this Section shall not be applied to nursing services for spinal cord injury patients in the inpatient rehabilitation facility or unit. The minimum nursing hours per spinal cord injury patient in the unit shall be 6.0 nursing hours per patient day. At no time shall direct care nursing staff be less than two full-time equivalents, one of which shall be a registered nurse.~~

~~(2) The inpatient rehabilitation facility or unit shall employ or provide by contractual agreements physical, occupational or speech therapists in order to provide a minimum of 4.0 hours of specific or combined rehabilitation therapy services per spinal cord injury patient day.~~

~~(3)~~ (1) The facility shall ~~provide special facility or~~ have access to special equipment to meet the needs of patients with spinal cord ~~injury, including specially designed wheelchairs, tilt tables and standing tables.~~ injury.

~~(4) The medical director of an inpatient spinal cord injury program shall have either two years experience in the medical care of persons with spinal cord injuries or six months minimum in a spinal cord injury fellowship.~~

~~(5)~~ (2) The facility shall provide continuing education in the care and treatment of spinal cord injury patients for all staff.

~~(6)~~ (3) The facility shall provide specific staff training and education in the care and treatment of spinal cord injury.

~~(7)~~ (4) The size of the spinal cord injury program shall ~~be adequate to~~ support a comprehensive, dedicated ongoing spinal cord injury program.

History Note: *Authority G.S. 131E-79;*
RRC Objection due to lack of statutory authority Eff. January 18, 1996;
Eff. May 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

Fiscal Impact Analysis of
Permanent Rule Readoption without Substantial Economic Impact

Agency Proposing Rule Change
North Carolina Medical Care Commission

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Impact Summary

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Title of Rules Changes and Statutory Citations

10A NCAC 13B

Section .1900 – Supplemental Rules for the Licensure of the Skilled: Intermediate: Adult Care Home Beds in a Hospital

- Definitions 10A NCAC 13B .1902 (Readopt)
- Adult Care Home Personnel Requirements 10A NCAC 13B .1915 (Readopt)
- Training 10A NCAC 13B .1918 (Readopt)
- Required Spaces 10A NCAC 13B .1925 (Readopt)

Section .3000 – General Information

- Definitions 10A NCAC 13B .3001 (Readopt)
- General Requirements 10A NCAC 13B .3101 (Readopt)
- Itemized Charges 10A NCAC 13B .3110 (Readopt)

Section .3200 -- General Hospital Requirements

- Transfer Agreement 10A NCAC 13B .3204 (Readopt)
- Discharge of Minor or Incompetent 10A NCAC 13B .3205 (Readopt)

Section .3300 – Patient's Bill of Rights

- Minimum Provisions of Patient's Bill of Rights 10A NCAC 13B .3302 (Readopt)
- Procedure 10A NCAC 13B .3303 (Readopt)

Section .5400 –Comprehensive Inpatient Rehabilitation

- Additional Requirements for Traumatic Brain Injury Patients 10A NCAC 13B .5412 (Readopt)
- Additional Requirements for Spinal Cord Injury Patients 10A NCAC 13B .5413 (Readopt)

See proposed text of these rules in Appendix 1

Statutory Authority

G.S. 131E-79-169

Background and Purpose

Under authority of G.S. 150B-21-3A, Periodic review and expiration of existing rules, the Medical Care Commission, Rules Review Commission and the Joint Legislative Administrative Procedure Oversight Committee approved the Subchapter report with classifications for the rules located at 10A NCAC 13B—Rules for the Licensing of Hospitals on February 10, 2017, May 18, 2017, and July 22, 2017, respectively. A total of 13 rules were determined necessary with substantive public interest and therefore subject to readoptions as new rules. The Medical Care Commission is proposing to readopt 13 hospital licensure rules. These rules are a collection of the supplemental rules for the licensure of skilled nursing, intermediate, and adult care home beds in a hospital, comprehensive rehabilitation, and general information regarding hospital licensure. Of those 13 rules, eight are proposed for readoption with substantive changes. (10A NCAC 13B .1902, .1918, .1925, .3001, .3101, .3302, .5412, and .5413).

Five rules are proposed for readoption without substantive changes and will not be discussed in this analysis. (10A NCAC 13B .1915, .3110, .3204, .3205, and .3303).

There are 119 licensed hospitals in North Carolina, of which 21 are combination facilities licensed for Skilled Nursing Beds. There are also five licensed Comprehensive Inpatient Rehabilitation Hospitals and 21 Rehabilitation Units within Acute Care Hospital facilities. The rule readoptions presented in this fiscal analysis will be the third phase of the hospital rule readoptions required by G.S. 150B-21.3.A. The readoptions will update rules that, in some cases, have not been updated in 29 years. The readoptions will update practices and language, address previous Rules Review Commission objections, and implement technical changes. Changes will also allow reference to the General Statute. When a hospital offers nursing facility or adult care home long-term care services, the services shall be included under one hospital license. The general requirements included in this Subchapter shall apply when applicable but in addition the nursing facility care and adult care home care unit must meet the supplemental requirements of this Section. A hospital stakeholder group was put together to assist in rule readoption by providing expertise on hospital processes, current standards of practice, and to ensure hospitals have an opportunity to provide input as we move forward with the readoption process.

Rules Summary and Anticipated Fiscal Impact

Rule 13B .1902 – Definitions
The agency is proposing to readopt this rule with substantive changes. This rule lists definitions that apply throughout the Subchapter and is being changed to update definitions, delete definitions that are no longer used in the Subchapter, to relocate definitions to other existing rules, and to reference definitions in the General Statute. Generally, the definitions in the statute are the same as those used in the rule. There are several minor differences that are noted in the General Statute definitions, but those minor differences do not materially change the scope of the definition and are not any more stringent than the definitions in the current rule. The definitions in the General Statute will always prevail. Two definitions are not utilized in the Subchapter and were deleted.

In addition, the agency removed redundancy by deleting definitions for Existing Facility and New Facility. Those definitions are in Rule 10A NCAC 13B .6102 and .6105 of this Subchapter.

Fiscal Impact:
Federal Government Entities: No Impact

State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Rule 13B .1918 – Training

The agency is proposing to readopt this rule with substantive changes. The rule was last amended in 1991. This rule identifies training requirements for Nurse Aide I patient care employees. This rule previously specified curriculum content for nurse aide training programs and subjected the programs to approval by DHSR. It also specified the breakdown of educational hours between classroom hours and supervised practical experience. The rule also allowed nurse aides who had formerly been fully qualified under the nurse aide training requirements to re-instate their requirements by passing an approved competency evaluation test.

The new changes incorporate the training and competency evaluation standards for Nurse Aide 1 that are contained in 42 CFR 483, Subpart D. The referenced standards establish the requirements for the state approved Nurse Aide 1 training and evaluation program. Regardless of the facility of employment, all Nurse Aide 1s who meet the required training and evaluation are eligible to be put on the Nurse Aide 1 Registry. Therefore, the current baseline incorporates the changes already made to the Nurse Aide 1 registry requirements. The fiscal note for Nurse Aide Registry changes, 10A NCAC 13 .0301 is available at https://ncosbm.s3.amazonaws.com/s3fs-public/documents/files/DHHS07082015.pdf, details the cost associated with the initial switch to the current program. The new rules, 10A NCAC 13 .0301, were designed to result in the public receiving safer/more competent hands-on, direct patient/resident/client care.

DHSR does not require any additional training above the minimum and therefore does not expect any additional costs for training above the current minimum standards. However, a facility or program may go above the minimum training standards for Nurse Aide Is, if they so desire. In the event a new training topic needs to the added to the Nurse Aide I trainings curriculum, approved trainers will not change class time. While new training objectives would be added to the existing class time, there is a possibility that new materials would be required to be purchased in order to teach new skills. However, these are unknown at this time and would be expected to be minimal.
Facilities are responsible for providing their initial facility specific orientation exclusive of the 75-hour training requirement and for checking the Nurse Aide Registry to ensure potential Nurse Aide Is are on the registry prior to employment.

In addition, changes to the rule require training programs to establish a policy for retention of attendance and subject matter covered during the training. This information is currently retained by the training programs. We are instructing them to document their policy for doing so for compliance purposes. Dependent on current practices, there may be some minimal staff time/cost involved in establishing a retention schedule regarding attendance and subject matter covered during the training. There are currently 261 state-approved Nurse Aide I training programs. Changes to this rule won't result in any modification to the training program or process.

Fiscal Impact:

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Rule 13B .1925 – Required Spaces
The agency is proposing to readopt this rule with substantive changes. This rule lists the space requirements for a combination facility (nursing facility within a hospital) and is changed to update requirements, make technical changes, and to reorganize text. Space requirements are being relocated from Rule 10A NCAC 13B .1902 to this Rule. This change will pull similar information together in one location.

Technical changes include changing language to update "washrooms" to "bath areas" and deleting the reference to 10 A NCAC 13B .1902 as it was no longer applicable. This was a technical change and is not expected to have an impact. Lockers and movable wardrobes were added to the rule as additional options in lieu of closets. Closets, lockers or wardrobes space are not counted against the space requirements for bedrooms. The current requirement is one closet or wardrobe per bed. The lockers will give facilities an additional option they can use in lieu of closets or wardrobes. Some of the old facilities may still utilize lockers instead of closets or wardrobes. The nursing home wing in a hospital is required to follow the nursing facility standards regarding space identified in 10A NCAC 13D .3201. It is unknown how many facilities, if any, will take advantage of the additional options. The overall requirements regarding space, closets, or wardrobes in combination facilities remains unchanged. These changes will not expand the scope of this rule or result in any additional administrative or staff time and is unlikely to have financial implications for combination facilities.

Fiscal Impact:

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Rule 13B .3001 -- Definitions
The agency is proposing to readopt this rule with substantive changes. This rule lists definitions that apply throughout the Subchapter and are being changed to satisfy previous Rules Review Commission objections, to update definitions and terminology, and to reference the General Statute. Changes were also made to remove repealed statutes and update statute location. There were nine definitions the Rules Review Commission objected to regarding lack of authority. All were definitions that were defined in the general statute. The nine definitions were replaced with references to the general statute. Changing the definition to referencing the statute does not make any material changes to the definitions or expand or decrease the scope of the definition. Furthermore, the definitions in the statutes constitute the current baseline because the definitions in the general statutes take legal precedence over the current definitions written in rules because the statute is the higher-level authority. Two definitions were relocated from an existing rule to eliminate redundancy. The definition of Special Care units was condensed into three categories. Those three categories are inclusive of all the items identified in the current rule.

As the current baseline includes the definitions as found in the general statutes, there is no impact to this rule change and it does not require any additional actions by the facility or staff.

Fiscal Impact:

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact

Substantial Impact: No Impact

Rule 13B .3101 – General Requirements
The agency is proposing to readopt this rule with substantive changes. This rule lays out general requirements regarding licensure, lease, and bed changes. Changes to the rule establish 30 days as the standard for prior notification of licensure changes. Facilities are currently required to notify the agency in writing at any time prior to the occurrence of licensure changes. The change to the rule will establish a consistent timeframe to make notification. There were also several technical changes. These changes will not result in any increase in administrative or staff time and are unlikely to have any fiscal implications.

Fiscal Impact:

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Rule 13B .3302 – Minimum Provisions of Patient's Bill of Rights
The agency is proposing to readopt this rule with substantive changes. This rule establishes minimal provisions of patient's bill of rights. The rule is changed to consolidate language regarding the patients right to information with the patients access to medical records. This change will combine related information and eliminate redundancy. In addition, the agency made several technical changes to take out ambiguous language. There was no expansion or reduction to the provision of the patient bill of rights and the changes won't result in any administrative or facility costs.

Fiscal Impact:

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Rule 13B .5412 – Additional Requirements for Traumatic Brain Injury Patients
The agency is proposing to readopt this rule with substantive changes. This rule establishes additional requirements for inpatient rehabilitation facilities providing services to persons with traumatic brain injuries. It is being changed to resolve the conflict between the rule and the current standards of practice, and to reflect current standards of care regarding nursing, physical, occupational, and speech therapy hours. The current rule was last amended in 1996 and is highly prescriptive without offering flexibility for hospitals to encourage the efficient use of resources. The rule also does not have any basis in evidence based practice standards that contribute to better patient outcomes.

During the readoption process for these rules, DHSR asked stakeholder groups for input regarding current rules. The stakeholder group was composed of staff from rehabilitation units at acute care hospitals as well as staff from rehabilitation hospitals. Two members of the stakeholder group, both staff at rehabilitation facilities, acknowledged that the standard of practice regarding nursing, physical, occupational, and speech therapy for traumatic brain injury patients is to provide nursing, physical, occupational, and speech therapy hours to meet the needs of the patient in accordance with the patient assessment, treatment plan, and physician orders.

The current rules required a minimum of 6.5 nursing hours per patient day and that direct care nursing staff required at least 2 FTEs, one of which is a registered nurse. According to the CMS Measures Inventory Tool, nursing care hours per patient day is the number of productive hours worked by nursing staff, including RNs, LPN/LVNs, and UAP (unlicensed assistive personnel) with direct patient care responsibilities per patient day for each in-patient unit in a calendar month.[1] While evidence suggests that higher nursing staffing ratios can have impacts on patient outcomes including patient readmission rates[2], preventable events such as falls and pressure ulcers, and medical and medication errors[3], other factors also must be taken into account when developing optimal nursing hours per patient day levels such as patient complexity and acuity and nursing skill mix. Due to these reasons, the rule as currently written does not ensure efficient, high quality care for traumatic brain injury patients, which is the intent of the rule. According to reports from stakeholder groups, this rule is both incredibly onerous and does not represent current practices and has not been followed for some time due to these reasons.

The range of traumatic brain injuries (TBI) is wide and the severity of the injury may vary widely from a mild concussion to severe memory loss and extended period of unconsciousness after injuries. However, this condition is wide ranging – in 2014, there were about "2.87 million TBI-related emergency department (ED) visits, hospitalizations, and deaths[4]" that occurred in the United States. The leading cause of TBIs were falls, which disproportionately affect children aged 0-4 and older adults aged 75 years and older. "Motor vehicle crashes were the leading cause of hospitalizations for adolescents and adults aged 15 to 44 years of age.[5]"

"Inpatient TBI rehabilitation practice remains highly variable, which, in part, reflects lack of empirical evidence of how the complex interweaving of rehabilitations from different professionals, in conjunction with patient prognostic factors (e.g. comorbidities, injury severity), influences recovery.[6]" More research is necessary to determine standardized rehabilitation options across traumatic brain injury patients. Due to the range of symptoms that may occur in TBI patients, each patient should have a care plan that is individualized to them based on their specific needs. However, there is evidence to suggest that similar treatment options based on cognitive functions and other assessments such as the Comprehensive Severity Index that takes into account a patient's comorbidities and severity of illness are more able to be standardized.[7] However, due to the complexity of these factors for every patient, these decisions are generally individualized to each patient based on their cognitive function level and comorbidities as part of their care plan developed by their medical team.

As part of current practice and federal regulations for conditions of payment under the inpatient rehabilitation facility prospective payment system for Medicare and Medicaid, rehabilitation facilities are to furnish through the use of qualified personnel, rehabilitation nursing, physician therapy, and occupational therapy, plus as needed, speech-language pathology, social services, psychological services

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1 https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=12&cad=rja&uact=8&ved=2ahUKEwjH7fvK0sbjAhWLv1kKHdOSA-4QFjALegQIABAC&url=https%3A%2F%2Fcmit.cms.gov%2FCMIT_public%2FReportMeasure%3FmeasureRevisionId%3D1580&usg=AOvVaw2txLly8zRwRfRNN4tkpDlV

2 https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2013.0613

3 https://www.pteqicon.org/wp-content/uploads/2019/01/NurseStaffingWhitePaper_Final.pdf?name=Mary%20Evans&email=mary.evans%40osbm.nc.gov&organization=NC%20Office%20of%20State%20Budget%20and%20Management&job_title=Not%20currently%20working%20in%20nursing&what_best_describes_where_you_work=Other&top_interest_area_1_=Excellence&top_interest_area_2=Care%20Management&top_interest_area_3=Accreditation

4 https://www.cdc.gov/traumaticbraininjury/get_the_facts.html

5 https://www.cdc.gov/traumaticbraininjury/get_the_facts.html

6 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4516907/

7 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4516907/

(including neuropsychological services), and orthotic and prosthetic services. In addition, federal regulation 42 CFR 412.622 (ii) requires intensive rehabilitation therapy programs to generally consist of at least three hours of therapy per day, at least five days per week. However, as noted in stakeholder meetings, meeting these targets also depends on the patient's ability to tolerate these therapies.

A change was also made to eliminate the medical director qualifications because of an existing Rules Review Commission objection. The Rules Review Commission determined that the agency has no authority to set the medical director qualifications. In order to receive reimbursement for Medicare and Medicaid patients, facilities are responsible for providing the appropriate director of rehabilitation per 42 CFR 412.29(g).

As federal regulations already require hospitals to be organized and staffed to provide care according to a patient's assessment and plan of care developed by their medical team as well as the fact that existing rules have not been practiced for some time as they are outdated, the current baseline already reflects the new rules. The new rule also allows hospitals the flexibility to provide care without negatively impacting in any way the wellbeing of the patient. It is unlikely that there will be any additional fiscal impact from this rule update. This readoption also will not result in any changes to current practices or processes and is unlikely to have any fiscal implications for administrative/professional staff, state, or local staff.

Fiscal Impact:

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Rule 13B .5413 – Additional Requirements for Spinal Cord Injury Patients

The agency is proposing to readopt this rule with substantive changes. This rule establishes additional requirements for inpatient rehabilitation facilities providing services to persons with spinal cord injury. It is being changed to resolve the conflict between the outdated rule and the current standards of practice, as well as reflect current standards of care regarding nursing, physical, occupational, and speech therapy hours. Current industry standards for intensive rehabilitation therapy programs generally consist of at least three hours of therapy per day at least five days per week.

An estimated 291,000 people are living with SCI in the United States today. In the United States alone, approximately 17,730 new SCI cases occur each year. Most new spinal cord injuries affect men, who account for 78% of new cases. The average age at the time of injury is 43 years. Most spinal cord injuries are caused by car crashes, followed closely by falls and violent acts. The average Acute Care hospital stay is 11 days. Rehabilitation facility stays average 31 days.[8]

The previously mentioned stakeholder group also provided expertise regarding spinal cord patient care standards. They acknowledged that the standard of practice regarding nursing care and physical, occupational, and speech therapy for spinal cord patients is to provide physical, occupational, and speech therapy hours to meet the needs of the patient in accordance with the patient assessment, treatment plan, and physician orders.

8 https://www.spineuniverse.com/conditions/spinal-cord-injury/traumatic-spinal-cord-injury-facts-figures

Doctors determine the appropriate level of care and treatment plan for SCI patients. Hospitals determine the appropriate level of staffing to meet treatment plan. The current rules required a minimum of 6.0 nursing hours per patient day and that direct care nursing staff required at least 2 FTEs, one of which is a registered nurse. Similarly to the reasons listed for the traumatic brain injury patients, the care of spinal cord patients is also extremely varied based on their individual injuries and comorbidities. Therefore, it is not an efficient or effective practice to mandate minimum numbers of nursing hours per patient day for such a general population. The current rule standards are also not supported by evidence-based practice.

The following current federal regulations set the current industry standards. 42 CFR 482.56 requires hospitals that provide rehabilitation to be organized and staffed to ensure the health and safety of patients. Federal regulation 42 CFR 412.29 as a condition for payment for Medicare and Medicaid patients under the inpatient rehabilitation facility prospective payment system, rehabilitation facilities are to furnish through the use of qualified personnel, rehabilitation nursing, physical therapy, and occupational therapy, plus as needed, speech-language pathology, social services, psychological services (including neuropsychological services), and orthotic and prosthetic services.

In addition, a change was made to eliminate the medical director qualifications because of an existing Rules Review Commission objection. The Rules Review Commission determined that the agency has no authority to set the medical director qualifications. Similarly to traumatic brain injury patients, facilities are responsible for providing the appropriate medical director to meet the needs of patients per 42 CFR 412.29(g).

While changes to rules reflect current practices, it is unlikely that there will be any fiscal impact. Acute care hospitals with rehabilitation units and rehabilitation facilities are currently complying with the federal regulations. Hospitals are required to be in compliance with the federal requirements set forth in the Medicare Conditions of Participation (CoP) in order to receive Medicare/Medicaid payment. This readoption will not result in any changes to current standards, practices, or processes and is unlikely to have any fiscal implications for administrative/professional staff, state, or local staff.

Fiscal Impact:

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Impact Summary

These readoptions update rules to account for current practices and language, remove ambiguity, address previous Rule Review Commission objections, and implement technical changes. Changes also allow reference to the General Statute where appropriate. The changes reflect current practices and eliminates the conflict between current standards of practice and rules 13B .5412 and .5413. It is unlikely that there will be any fiscal impact. Updates to current standards or processes is unlikely to have any fiscal implications for facilities since rehabilitation facilities currently adhere to the standards. Changes made to reference the statute will have no impact, as the statutes will always prevail. There were no new requirements added, or changes in scope. It is unlikely changes will have any fiscal impact on facility cost, administrative cost, patient costs, or impact state or local staff.

Appendix 1

10A NCAC 13B .1902 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .1902 DEFINITIONS

The following definitions shall apply throughout this Section, unless text otherwise clearly indicates to the contrary:

(1) "Accident" means something occurring by chance or without intention ~~which~~ that has caused physical or mental harm to a patient, ~~resident~~ resident, or employee.

(2) "Administer" means ~~the direct application of a drug to the body of a patient by injection, inhalation, ingestion or other means.~~ as defined in G.S. 90-87.

(3) "Administrator" means the person who has authority for and is responsible to the governing board for the overall operation of a facility.

(4) "Brain injury long-term care" is defined as an interdisciplinary, intensive maintenance program for patients who have incurred brain damage caused by external physical trauma and who have completed a primary course of rehabilitative treatment and have reached a point of no gain or progress for more than three consecutive months. Services are provided through a medically supervised interdisciplinary process and are directed toward maintaining the individual at the optimal level of physical, ~~cognitive~~ cognitive, and behavioral functioning.

~~(5) "Capacity" means the maximum number of patient or resident beds which the facility is licensed to maintain at any given time. This number shall be determined as follows:~~

~~(a) Bedrooms shall have minimum square footage of 100 square feet for a single bedroom and 80 square feet per patient or resident in multi-bedded rooms. This minimum square footage shall not include space in toilet rooms, washrooms, closets, vestibules, corridors, and built-in furniture.~~

~~(b) Dining, recreation and common use areas available shall total no less than 25 square feet per bed for skilled nursing and intermediate care beds and no less than 30 square feet per bed for adult care home beds. Such space must be contiguous to patient and resident bedrooms.~~

~~(6)~~(5) "Combination Facility" means any hospital with nursing home beds ~~which~~ that is licensed to provide more than one level of care such as a combination of intermediate care ~~and/or~~ and skilled nursing care and adult care home care.

~~(7) "Convalescent Care" means care given for the purpose of assisting the patient or resident to regain health or strength.~~

~~(8)~~(6) "Department" means the North Carolina Department of Health and Human Services.

~~(9)~~(7) "Director of Nursing" means the nurse who has authority and ~~direct~~ responsibility for all nursing services and nursing care.

~~(10)~~(8) "Dispense" means ~~preparing and packaging a prescription drug or device in a container and labeling the container with information required by state and federal law. Filling or refilling drug containers~~

~~with prescription drugs for subsequent use by a patient is "dispensing". Providing quantities of unit dose prescription drugs for subsequent administration is "dispensing".~~ as defined in G.S. 90-87.

~~(11)~~(9) "Drug" means ~~substances:~~

~~(a) recognized in the official United States Pharmacopoeia, official National Formulary, or any supplement to any of them;~~

~~(b) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals;~~

~~(c) intended to affect the structure or any function of the body of man or other animals, i.e., substances other than food; and~~

~~(d) intended for use as a component of any article specified in (a), (b), or (c) of this Subparagraph; but does not include devices or their components, parts, or accessories.~~

as defined in G.S. 90-87.

~~(12)~~(10) "Duly Licensed" means holding a current and valid license as required under the General Statues of North Carolina.

~~(13) "Existing Facility" means a licensed facility; or a proposed facility, proposed addition to a licensed facility or proposed remodeled licensed facility that will be built according to plans and specifications which have been approved by the department through the preliminary working drawings stage prior to the effective date of this Rule.~~

~~(14) "Exit Conference" means the conference held at the end of a survey, inspection or investigation, but prior to finalizing the same, between the department's representatives who conducted the survey, inspection or investigation and the facility administration representative(s).~~

~~(15)~~(11) "Incident" means an intentional or unintentional action, occurrence or happening ~~which~~ that is likely to cause or lead to physical or mental harm to a patient, ~~resident~~ resident, or employee.

~~(16)~~(12) "Licensed Practical Nurse" means ~~a nurse who is duly licensed as a practical nurse under G.S. 90, Article 9A.~~ as defined in G.S. 90-171.30 or G.S. 90-171.32.

~~(17) "Licensee" means the person, firm, partnership, association, corporation or organization to whom a license has been issued.~~

~~(18)~~(13) "Medication" means drug as defined in ~~(12)~~ Item (9) of this Rule.

~~(19) "New Facility" means a proposed facility, a proposed addition to an existing facility or a proposed remodeled portion of an existing facility that is constructed according to plans and specifications approved by the department subsequent to the effective date of this Rule. If determined by the department that more than one half of an existing facility is remodeled, the entire existing facility shall be considered a new facility.~~

~~(20)~~(14) "Nurse Aide" means any individual providing nursing or nursing-related services to patients in a facility, and is not a licensed health professional, a qualified dietitian or someone who volunteers to provide such services without pay, and who is listed in a nurse aide registry approved by the Department.

~~(21)~~(15) "Nurse Aide Trainee" means an individual who has not completed an approved nurse aide training course and competency evaluation and is demonstrating knowledge, while performing tasks ~~for which~~ that they have been found proficient in by an instructor. These tasks shall be performed under the ~~direct~~ supervision of a registered nurse. The term does not apply to volunteers.

~~(22)~~(16) "Nursing Facility" means that portion of a nursing home certified under Title XIX of the Social Security Act (Medicaid) as in compliance with federal program standards for nursing facilities. It is often used ~~as~~ synonymous with the term "nursing ~~home"~~ home," ~~which is~~ the usual prerequisite level for state licensure for nursing facility (NF) certification and Medicare skilled nursing facility (SNF) certification.

~~(23)~~(17) "Nurse in Charge" means the nurse to whom duties for a specified number of patients and staff for a specified period of time have been delegated, such as for Unit A on the 7-3 or 3-11 shift.

~~(24)~~(18) "On Duty" means personnel who are awake, dressed, and responsive to patient needs and ~~physically~~ present in the facility performing assigned duties.

~~(25)~~(19) "Patient" means any person admitted for care to a skilled nursing or intermediate care facility.

~~(26)~~(20) "Physician" means ~~a person licensed under G.S. Chapter 90, Article 1 to practice medicine in North Carolina.~~ as defined in G.S. 90-9.1 or G.S. 90-9.2.

~~(27)~~(21) "Qualified Dietitian" means ~~a person who meets the standards and qualifications established by the Committee on Professional Registration of the American Dietetic Association included in "Standards of Practice" seven dollars and twenty five cents ($7.25) or "Code of Ethics for the Profession of Dietetics" two dollars and fifteen cents ($2.15), American Dietetic Association, 216 W. Jackson Blvd., Chicago, IL 60606-6995.~~ as defined in 42 CFR 483.60(a)(1), herein incorporated by reference including subsequent amendments and editions. Electronic copies of 42 CFR 483.60 can be obtained free of charge at https://www.ecfr.gov/cgi-bin/text-idx?SID=1260800a39929487f0ca55b0ab5e710b&mc=true&tpl=/ecfrbrowse/Title42/42cfrv5_02.tpl#0.

~~(28)~~(22) "Registered Nurse" means ~~a nurse who is duly licensed as a registered nurse under~~ as defined in G.S. 90, Article 9A.

~~(29)~~(23) "Resident" means ~~any person admitted for care to an adult care home.~~ as defined in G.S.131D-2.1.

~~(30) "Sitter" means an individual employed to provide companionship and social interaction to a particular resident or patient, usually on a private duty basis.~~

~~(31)~~(24) "Supervisor-in-Charge" means a duly licensed nurse to whom supervisory duties have been delegated by the Director of Nursing.

~~(32)~~(25) "Ventilator dependence" means physiological dependency by a patient on the use of a ventilator for more than eight hours a day.

History Note: *Filed as a Temporary Amendment Eff. October 1, 1990 For a Period of 142 Days to Expire on February 28, 1991;*

Authority G.S. 131E-79;
Eff. February 1, 1986;
Amended Eff. February 1, 1993; December 1, 1991; March 1, 1991; March 1, ~~1990.~~ 1990;
Readopted Eff. April 1, 2020.

10A NCAC 13B .1918 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .1918 TRAINING

(a) A licensed facility shall provide ~~for all~~ patient or resident care employees a planned orientation and continuing education program emphasizing patient or resident assessment and planning, activities of daily living, personal grooming, rehabilitative nursing or restorative care, other patient or resident care policies and procedures, patients' rights, and staff performance expectations. Attendance and subject matter covered shall be documented for each ~~session~~ session, retained in accordance with policy established by the facility, and available for licensure inspections.

(b) The administrator shall assure that ~~each employee is~~ employees are oriented within the first week of employment to the facility's philosophy and goals.

(c) ~~Each employee~~ Employees shall have specific on-the-job training as necessary ~~for the employee~~ to ~~properly~~ perform ~~his~~ their individual job assignment.

(d) Unless otherwise prohibited, a nurse aide trainee may be employed to perform the duties of a nurse aide for a period of time not to exceed four months. During this period of time the nurse aide trainee shall be permitted to perform only those tasks ~~for which minimum acceptable~~ that competence has been demonstrated and documented on a skills check-off record. ~~Job applicants for nurse aide positions who were formerly qualified nurse aides but have not been gainfully employed as such for a period of 24 consecutive months or more shall be employed only as nurse aide trainees and must re-qualify as nurse aides within four months of hire by successfully passing an approved competency evaluation. Any individual, nursing home, or education facility may offer Department approved vocational education for nursing home nurse aides. An accurate record~~ Nurse aide I shall meet the training and competency evaluation requirements in 42 CFR 483, Subpart D incorporated herein by reference including subsequent amendments and editions. A record of nurse aide qualifications shall be maintained for each nurse aide used by a facility and shall be retained in the general personnel files of the ~~facility.~~ facility in accordance with policy established by the facility.

(e) ~~The curriculum content required for nurse aide education programs shall be subject to approval by the Division of Health Service Regulation and shall include, as a minimum, basic nursing skills, personal care skills, cognitive, behavioral and social care, basic restorative services, and patients' rights. Successful course completion shall be determined by passing a competency evaluation test. The minimum number of course hours shall be 75 of which at least 20 hours shall be classroom and at least 40 hours of supervised practical experience.~~ The initial orientation to the facility shall be exclusive of the 75 hour training program. Competency evaluation shall be conducted in each of the following areas:

(1) Observation and documentation,

(2) Basic nursing skills,

(3) Personal care skills,

(4) Mental health and social service needs,

(5) Basic restorative services, and

(6) Residents' Rights.

~~(f) Successful course completion and skill competency shall be determined by competency evaluation approved by the Department. Commencing July 1, 1989, nurse aides who had formerly been fully qualified under nurse aide training requirements may re-establish their qualifications by successfully passing a competency evaluation test~~.

History Note: *Filed as a Temporary Rule Eff. October 1, 1990 For a Period of 142 Days to Expire on February 28, 1991;*
Authority G.S. 131E-79; 42 U.S.C. 1396 r (b)(5);
Eff. February 1, 1986;
Amended Eff. March 1, 1991; March 1, ~~1990.~~ 1990;
Readopted Eff. April 1, 2020.

10A NCAC 13B .1925 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .1925 REQUIRED SPACES

~~The total space requirements shall be those set forth in Rule .1902(5) of this Section~~. Physical therapy and occupational therapy space shall not be included in these totals. (a) A combination or nursing facility shall meet the following requirements for bedrooms, dining, recreation, and common use areas:

(1) single bedrooms shall be provided with not less than 100 square feet of floor area;

(2) bedrooms with more than one bed shall be provided with not less than 80 square feet of floor area per bed;

(3) dining, recreation, and common use areas shall:

(A) total not less than 25 square feet of floor area per bed for skilled nursing and intermediate care beds;

(B) total not less than 30 square feet of floor area per bed for adult care home beds; and

(C) be contiguous to patient and resident bedrooms.

(b) Floor space for the following rooms, areas, and furniture shall not be included in the floor areas required by Paragraph (a) of this Rule:

(1) toilet rooms;

(2) vestibules;

(3) bath areas;

(4) closets, lockers, or moveable wardrobes;

(5) built-in furniture; and

(6) corridors.

History Note: *Authority G.S. 131E-79;*
Eff. February 1, ~~1986.~~ 1986;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3001 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3001 DEFINITIONS

Notwithstanding Section .1900 of this Subchapter, ~~The~~ the following definitions shall apply throughout this ~~Section~~ Subchapter unless the context clearly indicates to the contrary:

(1) "Appropriate" means suitable or fitting, or conforming to standards of care as established by professional organizations.

(2) "Authority having jurisdiction" means the Division of Health Service Regulation.

(3) "Certified Dietary Manager" or "CDM" means an individual who is certified by the Certifying Board of the Dietary Managers and meets the standards and qualification as referenced in the "Dietary Manager Training Program Requirements." These standards include any subsequent amendments and editions of the referenced manual. Copies of the "Dietary Manager Training Program Requirements" may be ~~purchased for fifteen dollars ($15.00) from the Dietary Managers Association, 406 Surry Woods Dr., St. Charles, IL 60174.~~ obtained free of charge at https://www.cbdmonline.org/.

(4) "Competence" means the state or quality of being able to perform specific functions well; skill; ability.

(5) "Comprehensive" means covering completely, inclusive; large in scope or content.

(6) "Construction documents" means final building plans and specifications for the construction of a facility that a governing body submits to the Construction Section for approval as specified in Rule .3102 of this Subchapter.

(7) "Construction Section" means the Construction Section of the Division of Health Service Regulation.

~~(6)~~(8) "Continuous" means ongoing or uninterrupted, 24 hours per day.

~~(7)~~(9) "CRNA" means a Certified Registered Nurse Anesthetist as ~~credentialed by the Council on Certification of Nurse Anesthetists and recognized by the Board of Nursing in 21 NCAC 36 .0226.~~ defined in G.S. 90-171.21(d)(4).

~~(8)~~(10) "Credentialed" means that the individual having a given title or position has been credited with the right to exercise official responsibilities to provide specific patient care and treatment services, within defined limits, based primarily upon the individual's license, education, training, experience, competence, and judgment.

~~(9)~~(11) "Department" means the Department of Health and Human Services.

~~(10)~~(12) "Dietetics" means ~~the integration and application of principles derived from the science of nutrition, biochemistry, physiology, food and management and from behavioral and social sciences to achieve and maintain optimal nutritional status.~~ as defined in G.S. 90-352.

~~(11)~~(13) "Dietitian" means ~~an individual who is licensed according to~~ as defined in G.S. 90, ~~Article 25, or is registered by the Commission on Dietetic Registration (CDR) of the American Dietetic Association (ADA) according to the standards and qualifications as referenced in the second edition of the "Accreditation/Approval Manual for Dietetic Education Programs", "The Registration Eligibility Application for Dietitians" and the "Continuing Professional Education" and subsequent amendments or editions of the reference material. Copies of the "Accreditation/Approval Manual for Dietetic Education Programs" may be purchased for twenty-one dollars and ninety-five cents ($21.95) plus three dollars ($3.00) minimum shipping and handling from ADA 216 W. Jackson Blvd., Chicago, IL 60606-9-6995.~~ Article 25.

~~(12)~~(14) "Dietetic Technician Registered" or "DTR" means ~~an individual who is registered by the Commission on Dietetic Registration (CDR) of the American Dietetic Association (ADA) according to the standards and qualifications as referenced in the second edition of the "Accreditation/Approval Manual for Dietetic Education Programs" which is incorporated by reference including any subsequent amendments and editions. Copies of the "Accreditation/Approval Manual for Dietetic Education Programs" may be purchased for twenty-one dollars and ninety-five cents ($21.95) plus three dollars ($3.00) minimum for shipping and handling from the ADA 216 W. Jackson Blvd., Chicago, IL 60606-9-6995.~~ as defined in G.S. 90-352.

~~(13)~~(15) "Direct Supervision" means the state of being under the immediate control of a supervisor, manager, or other person of authority.

~~(14)~~(16) "Division" means the Division of Health Service Regulation.

~~(15)~~(17) "Facility" means a hospital as defined in G.S. 131E-76.

~~(16)~~(18) "Free standing facility" means a facility that is physically separated from the primary hospital building or separated by a three hour fire containment wall.

~~(17)~~(19) "Full-time equivalent" means a unit of measure of employee work time that is equal to the number of hours that one full-time employee would work during one calendar year if the employee worked eight hours a day, five days a week, and 52 weeks a year; i.e. 2,080 hours per year.

~~(18)~~(20) "Governing body" means the authority as defined in G.S. 131E-76.

~~(19)~~(21) "Imaging" means a reproduction or representation of a body or body part for diagnostic purposes by radiologic intervention that may include conventional fluoroscopic exam, magnetic resonance, nuclear or radio-isotope scan.

~~(20)~~(22) "Invasive procedure" means a procedure involving puncture or incision of the skin, insertion of an instrument or foreign material into the body (excluding venipuncture and intravenous therapy).

~~(21)~~(23) "LDRP" (labor, delivery, recovery, post-partum) means a specific single occupancy obstetrical use room counted as a licensed bed.

~~(22)~~(24) "License" means formal permission to provide services as granted by the State.

~~(23)~~(25) "Medical staff" means the formal organization that is comprised of ~~all of those~~ individuals who have sought and obtained clinical privileges in a facility. Those members of the medical staff who regularly and routinely admit patients to a facility constitute the active medical staff.

~~(24)~~(26) "Mission statement" means a written statement of the philosophy and beliefs of the organization or hospital as approved by the governing body.

~~(25)~~(27) "Neonate" means the newborn from birth to one month.

~~(26)~~(28) "NP" means a Nurse Practitioner as defined in ~~G.S. 90-6;~~ G.S. 90-8.2, ~~90-18(14)~~ 90-18(14), and 90-18.2.

~~(27)~~(29) "Nurse executive" means ~~a registered nurse who is the director of nursing services or a representative of decentralized nursing management staff.~~ as defined in Rule 21 NCAC 36 .0109.

~~(28)~~(30) "Nurse midwife" means ~~a Certified Nurse Midwife~~ as defined in ~~G.S. 90, Article 10.~~ G.S.90-171.21 (4).

~~(29)~~(31) "Nursing facility" means ~~that portion of a hospital that is approved to provide skilled nursing care.~~ as defined in G.S. 131E-116 (2).

~~(30)~~(32) "Nursing staff" means the registered nurses, licensed practical nurses, nurse aides, and others under nurse supervision, who provide ~~direct~~ patient care. The term also includes clerical personnel who work in clinical areas under nurse supervision.

(33) "Nutrition and Dietetic Technician Registered" means as defined by the Academy of Nutrition and Dietetics. A copy of the requirements can be obtained at https://www.eatrightpro.org/about-us/what-is-an-rdn-and-dtr/what-is-a-nutrition-and-dietetics-technician-registered at no cost.

~~(31)~~(34) "Nutrition therapy" ranges from intervention and counseling on diet modification to administration of specialized nutrition therapies as determined necessary to manage a condition or treat illness or injury. Specialized nutrition therapies include supplementation with medical foods, enteral and parenteral nutrition. Nutrition therapy integrates information from the nutrition assessment with information on food and other sources of nutrients and meal preparation consistent with cultural background and socioeconomic status.

~~(32)~~(35) "Observation bed" means a bed used for no more than 24-hours, to evaluate and determine the condition and disposition of a patient and is not considered a part of the hospital's licensed bed capacity.

~~(33)~~(36) "Patient" means any person receiving diagnostic or medical services at a hospital.

~~(34)~~(37) "Pharmacist" means ~~a person licensed according to G.S. 90, Article 4A, by the N.C. Board of Pharmacy to practice pharmacy.~~ as defined in G.S. 90-85.3.

~~(35)~~(38) "Physical Rehabilitation Services" means any combination of physical therapy, occupational therapy, speech ~~therapy~~ therapy, or vocational rehabilitation.

~~(36)~~(39) "Physician" means ~~a person licensed according to G.S. 90, Article 1, by the N.C. Board of Medical Examiners to practice medicine.~~ as defined in G.S.90-9.1 or G.S. 90-9.2.

~~(37)~~(40) "Provisional license" means a hospital license recognizing ~~significantly~~ less than full compliance with the licensure rules.

~~(38)~~(41) "Qualified" means having complied with the specific conditions for employment or the performance of a function.

~~(39)~~(42) "Reference" means to use in consultation to obtain information.

~~(40)~~(43) "Special Care Unit" means a ~~designated~~ unit or area of a hospital ~~with a concentration of qualified professional staff and support services that provide intensive or extra ordinary care on a 24 hour basis to critically ill patients; these units may include but are not limited to Cardiac Care, Medical or Surgical Intensive Care Unit, Cardiothoracic Intensive Care Unit, Burn Intensive Care Unit, Neurologic Intensive Care Unit or Pediatric Intensive Care Unit.~~ that includes a critical care unit, an intermediate care unit, or a pediatric care unit.

~~(41)~~(44) "Unit" means a designated area of the hospital for the delivery of patient care services.

History Note: *Authority G.S. 131E-79;*
RRC Objection due to lack of Statutory Authority Eff. July 13, 1995;
Eff. January 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3101 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3101 GENERAL REQUIREMENTS

(a) An application for licensure shall be submitted to the Division prior to a license being issued or patients admitted.

(b) An existing facility shall not sell, ~~lease~~ lease, or subdivide a portion of its bed capacity without the approval of the Division.

(c) Application forms may be obtained by contacting the Division.

(d) The Division shall be notified in writing 30 days prior to the occurrence of any of the following:

(1) addition or deletion of a licensable service;

(2) increase or decrease in bed capacity;

(3) change of chief executive officer;

(4) change of mailing address;

(5) ownership change; or

(6) name change.

(e) Each application shall contain the following information:

(1) legal identity of applicant;

(2) name or names ~~under which~~ used to present the hospital or services ~~are presented~~ to the public;

(3) name of the chief executive officer;

(4) ownership disclosure;

(5) bed complement;

(6) bed utilization data;

(7) accreditation data;

(8) physical plant inspection data; and

(9) service data.

(f) A license shall include only facilities or premises within a single county.

History Note: *Authority G.S. 131E-79;*
Eff. January 1, 1996;
Amended Eff. April 1, ~~2003.~~ 2003;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3302 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3302 MINIMUM PROVISIONS OF PATIENT'S BILL OF RIGHTS

This Rule does not apply to patients in licensed nursing facility beds since these individuals are granted rights pursuant to G.S. 131E-117. A patient in a facility subject to this Rule has the following rights:

(1) A patient has the right to respectful care given by competent personnel.

(2) A patient has the right, upon request, to be given the name of his attending physician, the names of all other physicians directly participating in his or her care, and the names and functions of other health care persons having direct contact with the patient.

(3) A patient has the right to privacy concerning his or her own medical care program. Case discussion, consultation, examination, and treatment are considered confidential and shall be conducted discreetly.

~~(4) A patient has the right to have all records pertaining to his medical care treated as confidential except as otherwise provided by law or third party contractual arrangements.~~

~~(5)~~(4) A patient has the right to know what facility rules and regulations apply to his or her conduct as a patient.

~~(6)~~(5) A patient has the right to expect emergency procedures to be implemented without ~~unnecessary~~ delay.

~~(7)~~(6) A patient has the right to ~~good~~ quality care and ~~high~~ professional standards that are ~~continually~~ maintained and reviewed.

~~(8)~~(7) A patient has the right to full information in laymen's terms, concerning his diagnosis, treatment and prognosis, including information about alternative treatments and possible complications. When it is not possible or medically advisable to give such information to the patient, the information shall be given on his or her behalf to the patient's designee.

~~(9)~~ (8) Except for emergencies, a physician must obtain ~~necessary~~ informed consent prior to the start of any procedure or ~~treatment, or both.~~ treatment.

~~(10)~~ (9) A patient has the right to be advised when a physician is considering the patient as a part of a medical care research program or donor program. Informed consent ~~must~~ shall be obtained prior to ~~actual~~ participation in such a ~~program and the~~ program. The patient or legally responsible party~~, may, at any time,~~ may refuse to continue in any ~~such~~ program ~~to which~~ that he or she has previously given informed consent. An Institutional Review Board (IRB) may waive or alter the informed consent requirement if it reviews and approves a research study in ~~accord~~ accordance with federal regulations for the protection of human research subjects including U.S. Department of Health and Human Services (HHS) regulations under 45 CFR Part 46 and U.S. Food and Drug Administration (FDA) regulations under 21 CFR Parts 50 and 56. For any research study proposed for conduct under an FDA "Exception from Informed Consent Requirements for Emergency Research" or an HHS "Emergency Research Consent Waiver" ~~in which~~ that waives informed consent ~~is waived~~ but community consultation and public disclosure about the research are required, any facility proposing to be engaged in the research study shall also ~~must~~ verify that the proposed research study has been registered with the North Carolina Medical Care Commission. When the IRB ~~reviewing the research study~~ has authorized the start of the community consultation process required ~~by the federal regulations~~ for emergency research, but before the beginning of that process, notice of the proposed research study ~~by the facility~~ shall be provided to the North Carolina Medical Care Commission. The notice shall include:

(a) the title of the research study;

(b) a description of the research study, including a description of the population to be enrolled;

(c) a description of the planned community consultation process, including ~~currently~~ proposed meeting dates and times;

(d) ~~an explanation of the way that people choosing not to participate in~~ instructions for opting out of the research ~~study may opt out;~~ study; and

(e) contact information including mailing address and phone number for the IRB and the principal investigator.

The Medical Care Commission may publish all or part of the above information in the North Carolina Register, and may require the institution proposing to conduct the research study to attend a public meeting convened by a Medical Care Commission member in the community where the proposed research study is to take place to present and discuss the study or the community consultation process proposed.

~~(11)~~ (10)A patient has the right to refuse any drugs, treatment or procedure offered by the facility, to the extent permitted by law, and a physician shall inform the patient of his or her right to refuse any drugs, treatment or procedures and of the medical consequences of the patient's refusal of any drugs, treatment or procedure.

~~(12)~~ (11)A patient has the right to assistance in obtaining consultation with another physician at the patient's request and expense.

~~(13)~~ (12)A patient has the right to medical and nursing services without discrimination based upon race, color, religion, sex, sexual orientation, gender identity, national origin or source of payment.

~~(14)~~ (13)A patient who does not speak English shall have ~~access, when possible,~~ access to an interpreter.

~~(15)~~ (14)~~A facility shall provide a patient, or patient designee, upon request, access to all information contained in the patient's medical records.~~ A patient or his or her designee has the right to have all records pertaining to his or her medical care treated as confidential except as otherwise provided by law or third party contractual arrangements. A patient's access to medical records may be restricted by the patient's attending physician. If the physician restricts the patient's access to information in the patient's medical record, the physician shall record the reasons on the patient's medical record. Access shall be restricted only for sound medical reason. A patient's designee may have access to the information in the patient's medical records even if the attending physician restricts the patient's access to those records.

~~(16)~~ (15)A patient has the right not to be awakened by hospital staff unless it is medically necessary.

~~(17)~~ (16)The patient has the right to be free from duplication of medical and nursing procedures as determined by the attending physician.

~~(18)~~ (17)The patient has the right to medical and nursing treatment that avoids unnecessary physical and mental discomfort.

~~(19)~~ (18)When medically permissible, a patient may be transferred to another facility only after he or his next of kin or other legally responsible representative has received complete information and an explanation concerning the needs for and alternatives to such a transfer. The facility ~~to which~~ that the patient is to be transferred must first have accepted the patient for transfer.

~~(20)~~ (19)The patient has the right to examine and receive a detailed explanation of his bill.

~~(21)~~ (20)The patient has a right to full information and counseling on the availability of known financial resources for his health care.

~~(22)~~ (21)A patient has the right to be informed upon discharge of his or her continuing health care requirements following discharge and the means for meeting them.

~~(23)~~ (22)A patient shall not be denied the right of access to an individual or agency who is authorized to act on his or her behalf to assert or protect the rights set out in this Section.

~~(24)~~ (23)A patient has the right to be informed of his rights at the earliest possible time in the course of his or her hospitalization.

~~(25)~~ (24)A patient has the right to designate visitors who shall receive the same visitation privileges as the patient's immediate family members, regardless of whether the visitors are legally related to the patient.

History Note: *Authority G.S. 131E-75; 131E-79; 143B-165;*
RRC Objection due to ambiguity Eff. July 13, 1995;
Eff. January 1, 1996;
Temporary Amendment Eff. April 1, 2005;
Amended Eff. January 1, 2011; May 1, 2008; November 1, ~~2005.~~ 2005;
Readopted Eff. April 1, 2020.

10A NCAC 13B .5412 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .5412 ADDITIONAL REQUIREMENTS FOR TRAUMATIC BRAIN INJURY PATIENTS

Inpatient rehabilitation facilities providing services to ~~persons~~ patients with traumatic brain injuries shall ~~meet the requirements in this Rule in addition to those identified in this Section.~~ provide staff to meet the needs of patients in accordance with the patient assessment, treatment plan, and physician orders.

~~(1) Direct care nursing personnel staffing ratios established in Rule .5408 of this Section shall not be applied to nursing services for traumatic brain injury patients in the inpatient, rehabilitation facility or unit. The minimum nursing hours per traumatic brain injury patient in the unit shall be 6.5 nursing hours per patient day. At no time shall direct care nursing staff be less than two full time equivalents, one of which shall be a registered nurse.~~

~~(2) The inpatient rehabilitation facility or unit shall employ or provide by contractual agreements physical, occupational or speech therapists in order to provide a minimum of 4.5 hours of specific or combined rehabilitation therapy services per traumatic brain injury patient day.~~

~~(3)~~ (1) The facility shall ~~provide special facility or~~ have access to special equipment to meet the needs ~~for patients~~ of patients with traumatic brain ~~injury, including specially designed wheelchairs, tilt tables and standing tables.~~ injury.

~~(4) The medical director of an inpatient traumatic brain injury program shall have two years management in a brain injury program, one of which may be in a clinical fellowship program and board eligibility or certification in the medical specialty of the physician's training.~~

~~(5)~~ (2) The facility shall provide the consulting services of a neuropsychologist.

~~(6)~~ (3) The facility shall provide continuing education in the care and treatment of brain injury patients for all staff.

~~(7)~~ (4) The size of the brain injury program shall ~~be adequate to~~ support a comprehensive, dedicated ongoing brain injury program.

History Note: *Authority G.S. 131E-79;*
RRC Objection due to lack of statutory authority Eff. January 18, 1996;
Eff. May 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

10A NCAC 13B .5413 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .5413 ADDITIONAL REQUIREMENTS FOR SPINAL CORD INJURY PATIENTS

Inpatient rehabilitation facilities providing services to ~~persons~~ patients with spinal cord injuries shall ~~meet the requirements in this Rule in addition to those identified in this Section.~~ provide staff to meet the needs of patients in accordance with the patient assessment, treatment plan, and physician orders.

~~(1) Direct care nursing personnel staffing ratios established in Rule .5408 of this Section shall not be applied to nursing services for spinal cord injury patients in the inpatient rehabilitation facility or unit. The minimum nursing hours per spinal cord injury patient in the unit shall be 6.0 nursing hours per patient day. At no time shall direct care nursing staff be less than two full-time equivalents, one of which shall be a registered nurse.~~

~~(2) The inpatient rehabilitation facility or unit shall employ or provide by contractual agreements physical, occupational or speech therapists in order to provide a minimum of 4.0 hours of specific or combined rehabilitation therapy services per spinal cord injury patient day.~~

~~(3)~~ (1) The facility shall ~~provide special facility or~~ have access to special equipment to meet the needs of patients with spinal cord ~~injury, including specially designed wheelchairs, tilt tables and standing tables.~~ injury.

~~(4) The medical director of an inpatient spinal cord injury program shall have either two years experience in the medical care of persons with spinal cord injuries or six months minimum in a spinal cord injury fellowship.~~

~~(5)~~ (2) The facility shall provide continuing education in the care and treatment of spinal cord injury patients for all staff.

~~(6)~~ (3) The facility shall provide specific staff training and education in the care and treatment of spinal cord injury.

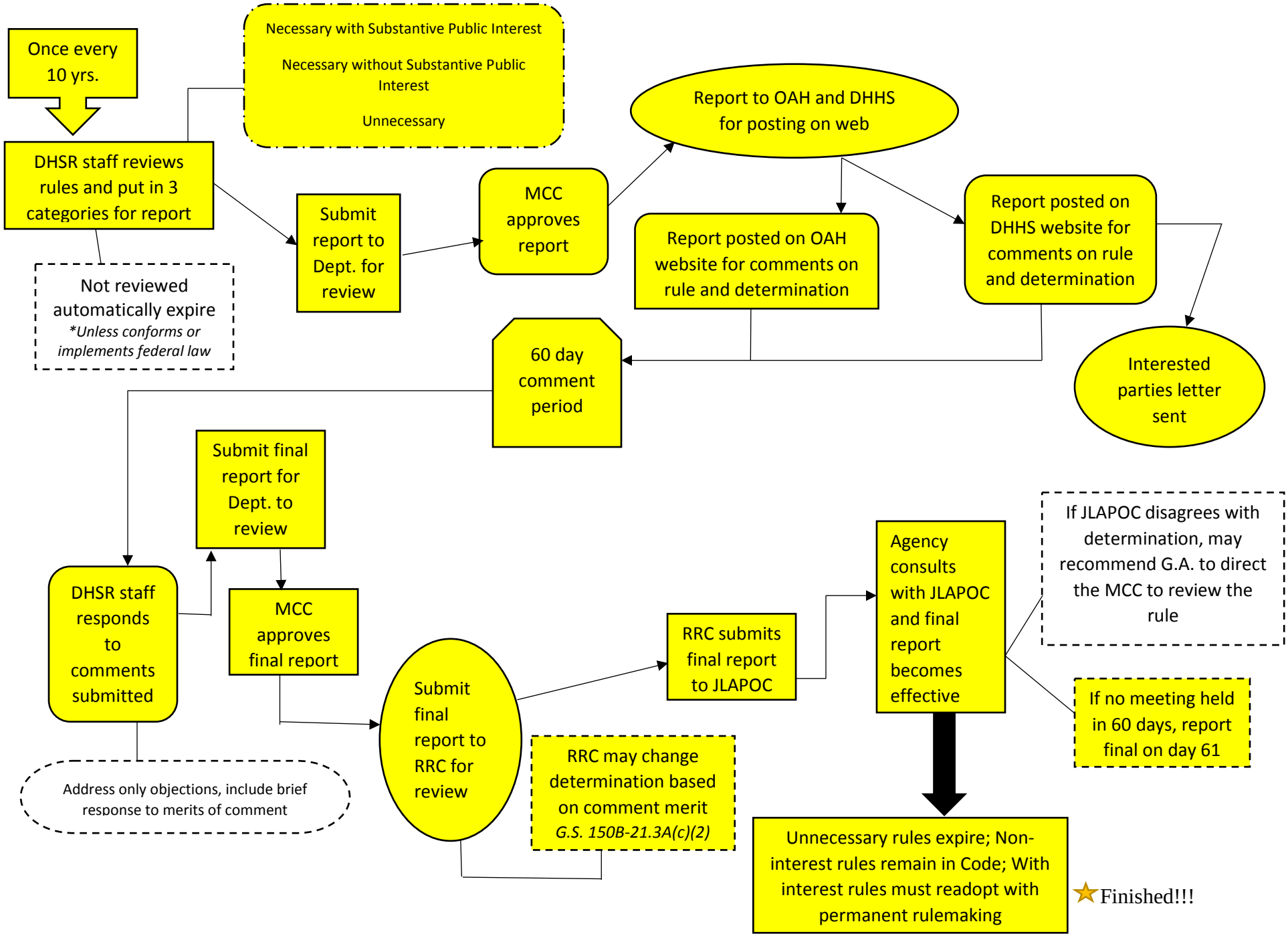
~~(7)~~ (4) The size of the spinal cord injury program shall ~~be adequate to~~ support a comprehensive, dedicated ongoing spinal cord injury program.

History Note: *Authority G.S. 131E-79;*

RRC Objection due to lack of statutory authority Eff. January 18, 1996;
Eff. May 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

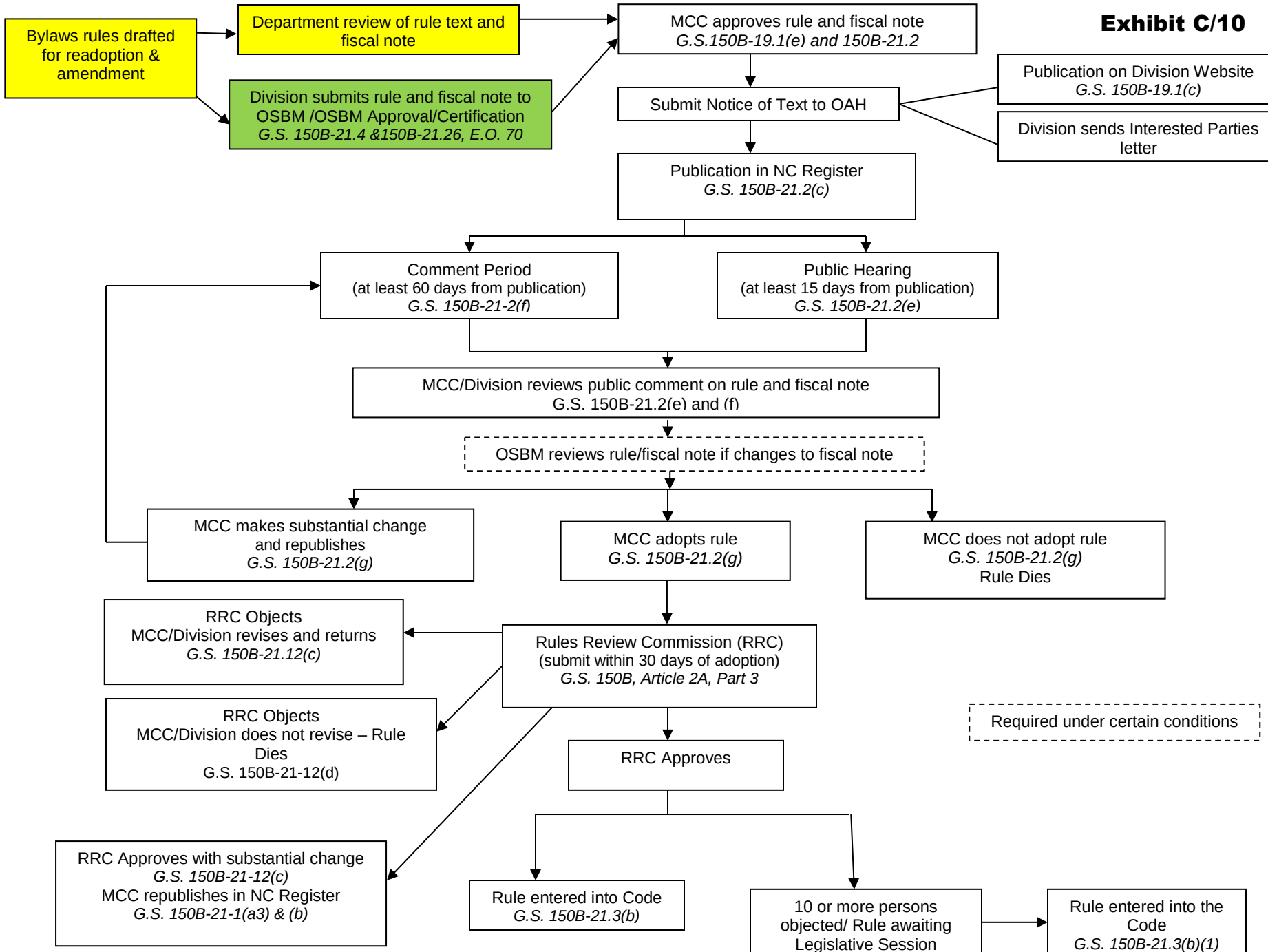
Exhibit C/9

Periodic Rules Review Process for: Hospital Bylaws Rules - 10A NCAC 13B, Phase I Readoptions



Permanent Rulemaking Process for: Hospital Rules Readoption/Amendment – Bylaws – 10A NCAC 13B (Phase I)

Exhibit C/10



10A NCAC 13B .3501 is proposed for amendment as follows:

SECTION .3500 - GOVERNANCE AND MANAGEMENT

10A NCAC 13B .3501 GOVERNING BODY

(a) The governing body, ~~owner~~ owner, or the person or persons designated by the owner as the governing ~~authority~~ body shall be responsible for ~~seeing~~ ensuring that the objectives specified in the ~~charter (or resolution if publicly owned)~~ facility's governing documents are attained.

(b) The governing body shall be the final authority ~~in the facility~~ ~~to which~~ ~~the administrator,~~ for decisions for which the facility administration, the medical staff, and the facility personnel ~~and all auxiliary organizations~~ are directly or indirectly ~~responsible.~~ responsible within the facility.

(c) A local advisory board shall be established if the facility is owned ~~or controlled~~ by an organization or persons outside of North Carolina. A local advisory board shall include members from the county where the facility is located. The local advisory board will provide non-binding advice to the governing body.

History Note: *Authority G.S. 131E-75; 131E-79;*
Eff. January 1, 1996;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. July 22, ~~2017.~~ 2017;
Amended Eff. July 1, 2020.

10A NCAC 13B .3502 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3502 REQUIRED FACILITY BYLAWS, POLICIES, RULES, AND REGULATIONS

(a) The governing body shall adopt written bylaws, policies, rules, and regulations in accordance with all requirements contained in this Subchapter and in accordance with the community responsibility of the facility. The written bylaws, policies, rules, and regulations shall:

(1) state the purpose of the facility;

(2) describe the powers and duties of the governing body officers and committees and the responsibilities of the chief executive officer;

(3) state the qualifications for governing body membership, the procedures for selecting members, and the terms of service for members, officers and committee chairmen;

(4) describe the authority delegated to the chief executive officer and to the medical staff. No assignment, referral, or delegation of authority by the governing body shall relieve the governing body of its responsibility for the conduct of the facility. The governing body shall retain the right to rescind any such delegation;

(5) require ~~Board~~ governing body approval of the bylaws of any auxiliary organizations established by the ~~hospital;~~ facility;

(6) require the governing body to review and approve the bylaws of the medical ~~staff organization;~~ staff;

(7) establish ~~a procedure~~ procedures for processing and evaluating the applications for medical staff membership and for the granting of clinical privileges;

(8) establish a procedure for implementing, disseminating, and enforcing a Patient's Bill of Rights as set forth in Rule .3302 of this Subchapter and in compliance with G.S. 131E-117; and

(9) require the governing body to institute procedures to provide for:

(A) orientation of newly elected ~~board~~ governing body members to ~~specific~~ board functions and procedures;

(B) the development of procedures for periodic reexamination of the relationship of the ~~board~~ governing body to the total facility community; and

(C) the recording of minutes of all governing body and executive committee meetings and the dissemination of those minutes, or summaries thereof, on a regular basis to all members of the governing body.

(b) The governing body shall ~~assure~~ provide written policies and procedures to assure billing and collection practices in accordance with G.S. 131E-91. These policies and procedures shall include:

(1) a financial assistance policy as defined in G.S. 131E-214.14(b)(3);

(2) how a patient may obtain an estimate of the charges for the statewide 100 most frequently reported Diagnostic Related Groups (DRGs), where applicable, 20 most common outpatient imaging procedures, and 20 most common outpatient surgical procedures. The policy shall require that the

information be provided to the patient in writing, either electronically or by mail, within three business days;

(3) how a patient or patient's representative may dispute a bill;

(4) issuance of a refund within 45 days of the patient receiving notice of the overpayment when a patient has overpaid the amount due to the ~~hospital;~~ facility;

(5) providing written notification to the patient or patient's representative at least 30 days prior to submitting a delinquent bill to a collections agency;

(6) providing the patient or patient's representative with the facility's charity care and financial assistance policies, if the facility is required to file a Schedule H, federal form 990;

(7) the requirement that a collections agency, entity, or other assignee obtain written consent from the facility prior to initiating litigation against the patient or patient's representative;

(8) a policy for handling debts arising from the provision of care by the ~~hospital~~ facility involving the doctrine of necessaries, in accordance with G.S. 131E-91(d)(5); and

(9) a policy for handling debts arising from the provision of care by the ~~hospital~~ facility to a minor, in accordance with G.S. 131E-91(d)(6).

(c) The facility policies, rules, and regulations shall not be in conflict with the medical staff bylaws, rules, and regulations.

~~(c)~~(d) The written policies, rules, and regulations shall be reviewed every three years, revised as necessary, and dated to indicate when last reviewed or revised.

~~(d)~~(e) To qualify for licensure or license renewal, each facility must provide to the Division, upon application, an attestation statement in a form provided by the Division verifying compliance with the requirements of this Rule.

~~(e)~~(f) On an annual basis, on the license renewal application provided by the Division, the facility shall provide to the Division the direct website address to the facility's financial assistance policy. This ~~Rule~~ requirement applies only to facilities required to file a Schedule H, federal form 990.

History Note: *Authority G.S. 131E-79; 131E-91; 131E-214.8; 131E-214.13(f); 131E-214.14; ~~S.L. 2013-382, s. 10.1; S.L. 2013-382, s. 13.1;~~*
Eff. January 1, 1996;
Temporary Amendment Eff. May 1, 2014;
Amended Eff. November 1, ~~2014.~~ 2014;
Readopted Eff. July 1, 2020.

10A NCAC 13B .3503 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3503 FUNCTIONS

(a) The governing body shall:

(1) provide management, physical ~~resources~~ resources, and personnel determined by the governing body to be required to meet the needs of ~~the~~ patients ~~for which it is licensed;~~ for treatment as authorized by the facility's license;

(2) require ~~management~~ facility administration to establish a quality control mechanism ~~which~~ that includes ~~as an integral part~~ a risk management component and an infection control program;

(3) formulate short-range and long-range plans ~~for the development of the facility;~~ as defined in the facility bylaws, policies, rules, and regulations;

(4) conform to all applicable ~~federal,~~ State and federal laws, rules, and regulations, and applicable local ~~laws and regulations;~~ ordinances;

(5) provide for the control and use of the physical and financial resources of the facility;

(6) review the annual audit, ~~budget~~ budget, and periodic reports of the financial operations of the facility;

(7) consider the ~~advice~~ recommendation of the medical staff in granting and defining the scope of clinical privileges to ~~individuals. When the governing body does not concur in the medical staff recommendation regarding the clinical privileges of an individual, there shall be a review of the recommendation by a joint committee of the medical staff and governing body before a final decision is reached by the governing body;~~ individuals in accordance with medical staff bylaws requirements for making such recommendations and the facility bylaws established by the governing body for the review and final determination of such recommendations;

(8) require that applicants be informed of the disposition of their application for medical staff membership or clinical ~~privileges, or both, within an established period of time after their~~ privileges in accordance with the facility bylaws established by the governing body, after an application has been submitted;

(9) review and approve the medical staff bylaws, ~~rules~~ rules, and ~~regulations body;~~ regulations;

(10) delegate to the medical staff the authority ~~to~~ to:

(A) evaluate the professional competence of medical staff members and applicants for ~~staff privileges~~ medical staff membership and clinical privileges; and

(B) ~~hold the medical staff responsible for recommending~~ recommend to the governing body initial medical staff appointments, ~~reappointments~~ reappointments, and assignments or curtailments of privileges;

(11) require that resources be made available to address the emotional and spiritual needs of patients either directly or through referral or arrangement with community agencies;

(12) maintain ~~effective~~ communication with the medical staff which shall be ~~established,~~ established through:

~~(a)~~(A) meetings with the ~~Executive Committee~~ executive committee of the ~~Medical Staff;~~ medical staff; or

~~(b) service by the president of the medical staff as a member of the governing body with or without a vote;~~

~~(c)~~(B) appointment of individual medical staff members to ~~governing body committees; or~~ the medical review committee;

~~(d) a joint conference committee;~~

(13) require the medical staff to establish controls that are designed to provide that standards of ethical professional practices are met;

(14) provide ~~the necessary~~ administrative staff support to facilitate utilization review and infection control within the ~~facility and~~ facility, to support quality ~~control,~~ control and any other medical staff functions required by this Subchapter or by the facility bylaws;

(15) meet the following disclosure requirements:

~~(a)~~(A) provide data required by the Division;

~~(b)~~(B) disclose the facility's average daily inpatient charge upon request of the Division; and

~~(c)~~(C) disclose the identity of persons owning ~~5.0~~ five percent or more of the facility as well as the facility's officers and members of the governing body upon request;

(16) establish a procedure for reporting the occurrence and disposition of ~~any unusual incidents.~~ allegations of abuse or neglect of patients and incidents involving quality of care or physical environment at the facility. These procedures shall require that:

~~(a)~~(A) incident reports are analyzed and ~~summarized;~~ summarized by a designated party; and

~~(b)~~(B) corrective action is taken ~~as indicated by~~ based upon the analysis of incident reports;

(17) in a facility with one or more units, or portions of units, however described, utilized for psychiatric or substance abuse treatment, adopt policies implementing the provisions of G.S. 122C, Article 3, and Article 5, Parts, 2, 3, 4, 5, 7, and 8;

(18) develop arrangements for the provision of extended care and other long-term healthcare services. Such services shall be provided in the facility or by outside resources through a transfer agreement or referrals;

(19) provide and implement a written plan for the care or for the referral, or ~~for~~ both, of patients who require mental health or substance abuse services while in the ~~hospital;~~ facility;

(20) develop a conflict of interest policy which shall apply to all governing body members and ~~corporate officers.~~ facility administration. All governing body members shall execute a conflict of interest ~~statement;~~ statement; and

~~(21) prohibit members of the governing body from engaging in the following forms of self-dealing:~~

~~(a) the sale, exchange or leasing of property or services between the facility and a governing board member, his employer or an organization substantially controlled by him on a basis less favorable to the facility than that on which such property or service is made available to the general public;~~

~~(b) furnishing of goods, services or facilities by a facility to a governing board member, unless such furnishing is made on a basis not more favorable than that on which such goods, services, or facilities are made available to the general public or employees of the facility; or~~

~~(c) any transfer to or use by or for the benefit of a governing board member of the income or assets of a facility, except by purchase for fair market value; and~~

~~(22) prohibit the lease, sale, or exclusive use of any facility buildings or facilities receiving a license in accordance with this Subchapter to any entity which provides medical or other health services to the facility's patients, unless there is full, complete disclosure to and approval from the Division.~~

(21) conduct direct consultations with the medical staff at least twice during the year.

(b) For the purposes of this Rule, "direct consultations" means the governing body, or a subcommittee of the governing body, meets with the leader(s) of the medical staff(s), or his or her designee(s) either face-to-face or via a telecommunications system permitting immediate, synchronous communication.

(c) The direct consultations shall consist of discussions of matters related to the quality of medical care provided to the hospital's patients including the scope and complexity of hospital services offered, specific patient populations served by a hospital, and any issues of patient safety and quality of care that a hospital's quality assessment and performance improvement program might identify as needing the attention of the governing body in consultation with the medical staff. This includes direct consultations for the following:

(1) closing of the medical staff to new members;

(2) limiting medical staff membership within a medical service line;

(3) limiting or excluding qualified providers from existing or new medical service lines; and

(4) limiting facility access to the medical staff.

(d) For the purposes of this Rule, "medical service line" means a health care service or series of health care services that are made functional by the professional activities of medical staff members.

History Note: *Authority G.S. 131E-14.2; 131E-79; 42 CFR 482.12; 42 CFR 482.22;*
Eff. January 1, ~~1996.~~ 1996;
Readopted Eff. July 1, 2020.

10A NCAC 13B .3701 is proposed for readoption with substantive changes as follows:

SECTION .3700 - MEDICAL STAFF

10A NCAC 13B .3701 GENERAL PROVISIONS

a) The facility shall have a self-governed medical staff ~~organized in accordance with the facility's by-laws which~~ that shall be accountable to the governing body ~~and which shall have responsibility~~ for the quality of ~~professional services~~ care provided by individuals with medical staff membership and clinical ~~privileges.~~ privileges to provide medical services in the facility. Facility policy shall provide that individuals with clinical privileges shall perform only services within the scope of individual privileges granted.

b) Minutes required by the rules of this Section shall reflect all transactions, conclusions, and recommendations of meetings. Minutes shall be prepared and retained in accordance with a policy established by the facility and medical staff, and available for inspection by members of the medical staff and governing body, respectively, unless such minutes include confidential peer review information that is not accessible to others in accordance with applicable law, or as otherwise protected by law.

History Note: *Authority G.S. 131E-79;*
Eff. January 1, ~~1996.~~ 1996;
Readopted Eff. July 1, 2020.

10A NCAC 13B .3702 is proposed for readoption as a repeal as follows:

10A NCAC 13B .3702 ESTABLISHMENT

History Note: *Authority G.S. 131E-79;*
Eff. January 1, ~~1996.~~ 1996;
Repealed Eff. July 1, 2020.

10A NCAC 13B .3703 is proposed for amendment as follows:

10A NCAC 13B .3703 APPOINTMENT

(a) The governing body may grant, deny, renew, modify, suspend, or terminate medical staff membership and clinical privileges after consideration of the recommendation made by the medical staff in accordance with the bylaws established by the medical staff and approved by the governing body for making such recommendations, and the facility bylaws established by the governing body for review and final determination of such recommendations.

(b) ~~Formal appointment~~ Review of an applicant for medical staff membership and the granting of clinical privileges shall follow procedures set forth in the ~~by laws, rules or~~ bylaws, rules, and regulations of the medical staff. These procedures shall require the following:

(1) a signed application for medical staff membership, specifying ~~age,~~ date of birth, year and school of graduation, date of licensure, statement of postgraduate or special training and ~~experience with~~ experience, and a statement of the scope of the clinical privileges sought by the applicant;

(2) verification by the ~~hospital~~ facility of the applicant's qualifications ~~of the applicant~~ as stated in the application, including ~~evidence of~~ any required continuing education; and

(3) written notice to the applicant from ~~the medical staff and~~ the governing ~~body,~~ body regarding appointment or ~~reappointment~~ reappointment, which specifies the approval or denial of clinical privileges and the scope of the privileges ~~granted; and~~ if granted.

~~(4) members of the medical staff and others granted clinical privileges in the facility shall hold current licenses to practice in North Carolina.~~

(c) Members of the medical staff and others granted clinical privileges in the facility shall hold current licenses to practice in North Carolina.

(d) Upon appointment, the medical staff member shall have access to the facility's medical resources consistent with the full scope of that member's clinical privileges.

(e) Medical staff appointments shall be reviewed at least once every two years by the medical staff in accordance with the bylaws established by the medical staff and approved by the governing body, and shall be followed with recommendations made to the governing body for review and a final determination.

(f) The facility shall maintain a file containing performance information for each medical staff member. Representatives of the Division shall have access to these files in accordance with, and subject to the limitations and restrictions set forth in, G.S. 131E-80; however, to the extent that the same includes confidential medical review information, such information shall be reviewable and confidential in accordance with G.S. 131E-80(d) and other applicable law.

(g) Minutes shall be taken and maintained of all meetings of the medical staff and governing body that concern the granting, denying, renewing, modifying, suspending or terminating of clinical privileges.

History Note: *Authority G.S. 131E-79; 42 CFR 482.12(a)(10); 42 CFR 482.22(a)(1);*
Eff. January 1, 1996;

Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. July 22, ~~2017.~~ 2017;

Amended Eff. July 1, 2020;

10A NCAC 13B .3704 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3704 ~~STATUS~~ ESTABLISHMENT AND CATEGORIES OF MEDICAL STAFF MEMBERSHIP

(a) The medical staff shall be established in accordance with the bylaws of the facility and organized in accordance with the bylaws, rules, and regulations of the medical staff. The governing body of the facility, after considering the recommendations of the medical staff, may grant medical staff membership and clinical privileges to qualified, licensed practitioners in accordance with their training, experience, and demonstrated competence and judgment in accordance with the medical staff bylaws, rules, and regulations.

~~(a)~~(b) Every facility shall have an active medical ~~staff~~ staff, as defined by the medical staff bylaws, rules, and regulations, to deliver medical services within the ~~facility.~~ facility and to administer medical staff functions. ~~The active medical staff shall be responsible for the organization and administration of the medical staff. Every member~~ The members of the active medical staff shall be eligible to vote at medical staff meetings and to hold ~~office.~~ medical staff office positions as determined by the medical staff bylaws, rules, and regulations and shall be responsible for recommendations made to the governing body regarding the organization and administration of the medical staff. Medical staff office positions shall be determined in the medical staff bylaws, rules, and regulations.

~~(b)~~(c) The active medical staff may establish other categories for membership in the medical staff. These categories for membership shall be identified and defined in the medical staff ~~bylaws, rules or regulations adopted by the active medical staff.~~ bylaws. Examples of ~~these other~~ membership categories ~~for membership are:~~ include:

(1) active medical staff;

~~(1)~~ (2) associate medical staff;

~~(2)~~ (3) courtesy medical staff;

~~(3)~~ (4) temporary medical staff;

~~(4)~~ (5) consulting medical staff;

~~(5)~~ (6) honorary medical staff; or

~~(6)~~ (7) other staff classifications.

The medical staff ~~bylaws, rules or regulations may grant limited or full~~ bylaws shall describe the authority, duties, privileges, and voting rights ~~to any one or more of these other~~ for each membership ~~categories.~~ category consistent with applicable law, rules, and regulations and requirements of facility accrediting bodies.

~~(c) Medical staff appointments shall be reviewed at least once every two years by the governing board.~~

~~(d) The facility shall maintain an individual file for each medical staff member. Representatives of the Department shall have access to these files in accordance with G.S. 131E-80.~~

~~(e) Minutes of all actions taken by the medical staff and the governing board concerning clinical privileges shall be maintained by the medical staff and the governing board, respectively.~~

History Note: *Authority G.S. 131E-79;*
Eff. January 1, ~~1996.~~ 1996;

Readopted Eff. July 1, 2020.

10A NCAC 13B .3705 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3705 MEDICAL STAFF BYLAWS, ~~RULES~~ RULES, ~~OR~~ AND REGULATIONS

(a) The active medical staff shall develop and adopt, subject to the approval of the governing body, a set of bylaws, ~~rules or~~ rules, and ~~regulations,~~ regulations to establish a framework for ~~self-governance~~ self-governance of medical staff activities and accountability to the governing body. The bylaws, rules, and regulations of the medical staff and the written policies, rules, and regulations of the facility shall not be in conflict.

(b) The medical staff bylaws, ~~rules~~ rules, and regulations shall provide for ~~at least~~ the following:

(1) organizational structure;

(2) qualifications for medical staff membership;

(3) procedures for ~~admission, retention, assignment, and reduction or withdrawal of~~ granting or renewing, denying, modifying, suspending, and revoking clinical privileges;

(4) procedures for disciplinary or corrective actions;

~~(4)~~ (5) procedures for fair hearing and appellate review mechanisms for ~~denial of staff appointments, reappointments, suspension, or revocation of~~ denying, modifying, suspending, and revoking clinical privileges;

~~(5)~~ (6) composition, functions and attendance of standing committees;

~~(6)~~ (7) policies for completion of medical ~~records and procedures for disciplinary actions;~~ records;

~~(7)~~ (8) formal liaison between the medical staff and the governing body;

~~(8)~~ (9) methods developed to formally verify that each medical staff member on appointment or reappointment agrees to abide by current medical staff ~~bylaws~~ bylaws, rules, and regulations, and the facility ~~bylaws; and~~ bylaws, rules, and regulations;

~~(9)~~ (10) procedures for ~~members of medical staff~~ participation in quality assurance ~~functions.~~ functions by medical staff members;

(11) the process for the selection and election and removal of medical staff officers; and

(12) procedures for the proposal, adoption, and amendment, and approval of medical staff bylaws, rules, and regulations.

(c) Neither the medical staff, the governing body, nor the facility administration may unilaterally amend the medical staff bylaws, rules, and regulations.

(d) Neither the medical staff, the governing body, nor the facility administration may waive any provision of the medical staff bylaws, rules, and regulations, except in an emergency circumstance. For purposes of this Rule, "emergency circumstance" means a situation of extreme urgency that justifies immediate action and when there is not sufficient time to follow the applicable provisions and procedures of the medical staff bylaws. Examples of an emergency circumstance include an immediate threat to the life or health of an individual or the public, a natural disaster, or a judicial or regulatory order.

History Note: Authority G.S. 131E-79;

Eff. January 1, ~~1996.~~ 1996;

Readopted Eff. July 1, 2020.

10A NCAC 13B .3706 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3706 ORGANIZATION AND RESPONSIBILITIES OF THE MEDICAL STAFF

(a) The medical staff shall be organized to accomplish its required functions as established by the governing body and medical staff bylaws, rules, and regulations and provide for the election or appointment of its own officers.

(b) There shall be an executive committee, or its equivalent, which represents the medical staff, ~~which~~ that has responsibility for the effectiveness of all medical activities of the staff, and ~~which~~ that acts for the medical staff.

~~(c) All minutes of proceedings of medical staff committees shall be recorded and available for inspections by members of the medical staff and the governing body.~~

~~(d)~~ (c) The following ~~reviews and~~ functions shall be performed by the medical staff:

(1) credentialing review;

~~(2) surgical case review;~~

~~(3)~~ (2) medical records review;

~~(4) medical care evaluation review;~~

~~(5)~~ (3) drug utilization review;

~~(6)~~ (4) radiation safety review;

~~(7)~~ (5) blood usage review; ~~and~~

~~(8)~~ (6) bylaws ~~review.~~ review;

(7) medical review;

(8) peer review; and

(9) recommendations for discipline or corrective action of medical staff members.

~~(e)~~ (d) ~~There shall be medical staff and departmental meetings for the purpose of reviewing the performance of the medical staff, departments or services, and reports and recommendations of medical staff and multi-disciplinary committees.~~ The medical staff shall ensure that minutes are ~~taken at~~ prepared for each ~~meeting and retained in accordance with the policy of the facility. These minutes shall reflect the transactions, conclusions and recommendations of the meetings.~~ medical staff, departmental, and committee meeting.

History Note: *Authority G.S. 131E-79;*
Eff. January 1, ~~1996.~~ 1996;
Readopted Eff. July 1, 2020.

10A NCAC 13B .3707 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3707 MEDICAL ORDERS

(a) No medication or treatment shall be administered or discontinued except in response to the order of a member of the medical staff in accordance with ~~established rules~~ policies, rules, and regulations established by the facility and medical staff and as provided in Paragraph (f) ~~below.~~ of this Rule.

(b) Such orders shall be dated and recorded directly in the patient ~~chart or in a computer or data processing system which provides a hard copy printout of the order for the patient chart.~~ medical record. A method shall be established to safeguard against fraudulent recordings.

(c) All orders for medication or treatment shall be authenticated according to ~~hospital policies.~~ medical staff and facility policies, rules, or regulations. The order shall be taken by personnel qualified by medical staff ~~rules~~ bylaws, rules, and regulations, and shall include the date, time, and name of persons who gave the order, and the full signature of the person taking the order.

(d) The names of drugs shall be recorded in full and not abbreviated except where approved by the medical staff.

(e) The medical staff shall establish a written policy in conjunction with the pharmacy committee or its equivalent for all medications not specifically prescribed as to time or number of doses to be automatically stopped after a reasonable time limit, but no more than 14 days. The prescriber shall be notified according to established policies and procedures at least 24 hours before an order is automatically stopped.

(f) For patients who are under the continuing care of an out-of-state physician but are temporarily located in North Carolina, a ~~hospital~~ facility may process the out-of-state physician's prescriptions or orders for diagnostic or therapeutic studies which maintain and support the patient's continued program of care, where the authenticity and currency of the prescriptions or orders can be verified by the physician who prescribed or ordered the treatment requested by the patient, and where the ~~hospital~~ facility verifies that the out-of-state physician is licensed to prescribe or order the treatment.

History Note: *Authority G.S. 131E-75; 131E-79; ~~143B-165;~~*
Eff. January 1, 1996;
Amended Eff. April 1, 2005; August 1, ~~1998.~~ 1998;
Readopted Eff. July 1, 2020.

10A NCAC 13B .3708 is proposed for amendment as follows:

10A NCAC 13B .3708 MEDICAL STAFF RESPONSIBILITIES FOR QUALITY IMPROVEMENT REVIEW

(a) The medical staff shall have in effect a system to review ~~medical services rendered,~~ care provided at the facility by members of the medical staff, to assess quality, to provide a process for ~~improving performance~~ quality improvement, ~~when indicated~~ and to monitor the ~~outcome.~~ outcome of quality improvement activities.

(b) The medical staff shall establish criteria for the evaluation of the quality of ~~medical~~ care.

(c) The facility shall have a written plan ~~approved by the medical staff, administration and governing body which~~ that generates reports to permit identification of patient care ~~problems. The plan shall establish~~ problems and that establishes a system to use this data to document and identify interventions. The plan shall be approved by the medical staff, facility administration, and the governing body.

(d) The medical staff shall establish a policy to ~~and~~ maintain a ~~continuous~~ review process of the care ~~rendered to both inpatients and outpatients~~ provided by members of the medical staff to all patients in every medical department of the facility. ~~At least quarterly, the~~ The medical staff shall have a ~~meeting~~ policy to schedule meetings to examine the review process and results. The review process shall include both practitioners and allied health professionals from the ~~facility~~ medical staff.

(e) Minutes shall be ~~taken at~~ prepared for all meetings reviewing quality ~~improvement, and these minutes shall be made available to the medical staff on a regular basis in accordance with established policy. These minutes shall be retained as determined by the facility.~~ improvement and shall reflect all of the transactions, conclusions, and recommendations of the meeting.

History Note: *Authority G.S. 131E-79;*
Eff. January 1, 1996;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. July 22, ~~2017.~~ 2017;
Amended Eff. July 1, 2020.

EXHIBIT D

Twin Lakes

Compliance Summary:

- **<u>No Violation of MCC Compliance policy</u>**

  1) Violation of 12 month compliance requirement (Section B of MCC Compliance Policy):

     - NONE

  2) Violation of multi-year history of non-compliance requirement (Section A of MCC Compliance Policy):

     - NONE
       - FYE 2018 (Review of Routine Annual & Quarterly Filings) – No Findings
       - FYE 2017 (Review of Routine Annual & Quarterly Filings) – No Findings
       - FYE 2016 – No Findings

Selected Application Information:

1) Information from FYE 2018 (9/30 Year End) Audit of Twin Lakes:

Operating income	$ 2,777,990
Change in unrestricted net assets	$ 3,233,058
Change in net assets	$ 3,476,761
Net cash provided by operating activities	$ 8,434,327
Unrestricted cash	$ 18,054,034
Change in cash	$ (1,040,742)

Note: Decrease in cash mainly due to acquisition of property and equipment, purchase of investments, and principal payments on long term debt.

2) Ratings:

Fitch: A-; Stable

3) Community Benefits (FYE 2018):

Per N.C.G.S § 105 – 6.11% (Eligible for 100% property tax exclusion)

- Total Community Benefits and Charity Care - $1,792,124

4) Long-Term Debt Service Coverage Ratios:

Actual	FYE	2018	3.28
Forecasted	FYE	2019	2.21
Forecasted	FYE	2020	1.61
Forecasted	FYE	2021	1.80
Forecasted	FYE	2022	1.88
Forecasted	FYE	2023	1.96

5) Transaction Participants:

Underwriter	B.C. Ziegler and Company
Feasibility Consultant	Dixon Hughes Goodman LLP
Bond Counsel	Parker Poe Adams & Bernstein LLP
Corporation Counsel	Fox Rothschild LLP
Underwriter Counsel	Robinson, Bradshaw & Hinson, P.A.
Trustee	Bank of New York Mellon Trust Company, N.A.
Trustee Counsel	*TBD*
Bank Purchaser	*TBD*
Bank Counsel	*TBD*

6) Other Information:

(a) Board diversity

Male:	13
Female:	8
Total:	21

Caucasian:	18
Other:	1
African American:	2
	21

(b) Diversity of residents

Male:	254
Female:	458
Total:	712

Caucasian:	698
Asian American:	4
African American:	10
	712

(c) Fee Schedule – Attached (D-3)

(d) MCC Bond Sale Approval Policy Form – Attached (D-4)

LUTHERAN RETIREMENT MINISTRIES OF ALAMANCE COUNTY, NC
APPROVED RATE SCHEDULE
FISCAL YEAR BEGINNING OCTOBER 1, 2019

	Single Occupancy		Double Occupancy	
	Fiscal Year 2018-2019	Fiscal Year 2019-2020	Fiscal Year 2018-2019	Fiscal Year 2019-2020
Coble Creek Healthcare Daily Rates:				
Private Room	$ 284.00	$ 295.00		
Companion Room	$ 274.00	$ 285.00		
Moneta Springs Memory Care Daily Rates:				
Skilled Nursing - Private Room	$ 301.00	$ 312.00		
Skilled Nursing - Companion Room	$ 291.00	$ 302.00		
Assisted Living - Private Room	$ 291.00	$ 302.00		
Assisted Living - Companion Room	$ 281.00	$ 292.00		
Deacon Pointe Assisted Living Monthly Rates:				
Small Unit	$ 4,935.00	$ 5,120.00	$ 7,227.00	$ 7,498.00
Large Unit	$ 5,250.00	$ 5,447.00	$ 7,542.00	$ 7,825.00
2nd Person Fee	$ 2,292.00	$ 2,378.00		
The Lakes Independent Living Monthly Rates:				
(Residents Prior to 10-01-03):				
Apartments - Heather & Edelweiss	$ 1,459.00	$ 1,514.00	$ 1,999.00	$ 2,075.00
Apartments - Laurel, Iris & Valerian	$ 1,711.00	$ 1,775.00	$ 2,251.00	$ 2,336.00
Villas - Acacia, Aspen & Chestnut	$ 1,711.00	$ 1,775.00	$ 2,251.00	$ 2,336.00
Villas - Birch & Dogwood	$ 1,866.00	$ 1,936.00	$ 2,406.00	$ 2,497.00
2nd Person Fee	$ 540.00	$ 561.00		
(Residents Subsequent to 09-30-03):				
Apartments - Heather	$ 1,533.00	$ 1,590.00	$ 2,133.00	$ 2,213.00
Apartments - Laurel	$ 1,733.00	$ 1,798.00	$ 2,333.00	$ 2,421.00
Apartments - Edelweiss	$ 1,922.00	$ 1,994.00	$ 2,522.00	$ 2,617.00
Apartments - Iris & Valerian	$ 2,006.00	$ 2,081.00	$ 2,606.00	$ 2,704.00
Villas - Acacia, Aspen & Chestnut	$ 2,176.00	$ 2,258.00	$ 2,776.00	$ 2,881.00
Villas - Birch & Dogwood	$ 2,262.00	$ 2,347.00	$ 2,862.00	$ 2,970.00
2nd Person Fee	$ 600.00	$ 623.00		
Garden Homes - Evergreen & Forsythia	$ 2,587.00	$ 2,684.00	$ 3,204.00	$ 3,324.00
Garden Homes - Gardenia	$ 2,753.00	$ 2,856.00	$ 3,370.00	$ 3,496.00
Garden Homes - Holly & Ivy	$ 2,914.00	$ 3,023.00	$ 3,531.00	$ 3,663.00
Garden Homes - Juniper	$ 2,421.00	$ 2,512.00	$ 3,038.00	$ 3,152.00
Garden Home 2nd Person Fee	$ 617.00	$ 640.00		
The Harbor Adult Day Care (Per Day):				
One or Two Days per Week	$ 66.00	$ 68.00		
Three or More Days per Week	$ 62.00	$ 64.00		
Other Rates (Per Hour):				
Home Care Services	$ 23.00	$ 23.00		
Housekeeping	$ 20.00	$ 21.00		

NC MCC Bond Sale Approval Form	
Facility Name: Twin Lakes Community (Burlington, NC)	
	Time of Preliminary Approval
SERIES: 2019A (Public Bonds)	
PAR Amount	$50,490,000.00
Estimated Interest Rate	5.00%
All-in True Interest Cost	5.25%
Maturity Schedule (Interest) - Date	3/30/2020 - 9/30/2049
Maturity Schedule (Principal) - Date	9/30/2025 - 9/30/2049
Bank Holding Period (if applicable) - Date	N/A
Estimated NPV Savings ($) (if refunded bonds)	N/A
Estimated NPV Savings (%) (if refunded bonds)	N/A
NOTES:	
	Time of Preliminary Approval
SERIES: Series 2019B (Bank Bonds)	
PAR Amount	$26,545,000.00
Estimated Interest Rate	3.75%
All-in True Interest Cost	4.00%
Maturity Schedule (Interest) - Date	11/30/2019 - 9/30/2049
Maturity Schedule (Principal) - Date	9/30/2020 - 9/30/2034
Bank Holding Period (if applicable) - Date	15 Years
Estimated NPV Savings ($) (if refunded bonds)	N/A
Estimated NPV Savings (%) (if refunded bonds)	N/A
NOTES:	

EXHIBIT E

Lutheran Services for the Aging

Compliance Summary:

- **<u>Violation of MCC Compliance policy (Section A Only)</u>**

  1) Violation of 12 month compliance requirement (**Section B** of MCC Compliance Policy):

     - NONE

  2) Violation of multi-year history of non-compliance requirement (**Section A** of MCC Compliance Policy):

     - VIOLATION (FYE 2017 & FYE 2016)
       - FYE 2018 (Review of Routine Annual & Quarterly Filings) – No Findings
       - FYE 2017 (Review of Routine Annual & Quarterly Filings) – 1 Finding
         - Late Rebate Report filing
       - FYE 2016 – 1 Finding
         - Late Opinion of Counsel filing

Selected Application Information:

1) Information from FYE 2018 (9/30 Year End) Audit of Lutheran Services for the Aging:

Operating income	$ (240,176)
Change in unrestricted net assets	$ 3,487,281
Change in net assets	$ 3,654,627
Net cash provided by operating activities	$ 10,464,772
Unrestricted cash	$ 8,976,097
Change in cash	$ (2,167,975)

Note: Change in cash primarily due to purchase of property, equipment, and investments

2) Ratings:

NONE

3) Community Benefits (FYE 2018):

Per N.C.G.S § 105 – 16.73% (Eligible for 100% property tax exclusion)

- Total Community Benefits and Charity Care - $16,527,341

4) Long-Term Debt Service Coverage Ratios:

Actual	FYE	2018	2.29
Forecasted	FYE	2019	2.25
Forecasted	FYE	2020	2.18
Forecasted	FYE	2021	2.10
Forecasted	FYE	2022	2.00
Forecasted	FYE	2023	2.00

5) Transaction Participants:

Underwriter	BB&T Capital Markets
Feasibility Consultant	CliftonLarsonAllen LLP
Bond Counsel	McGuireWoods LLP
Corporation Counsel	Young, Morphis, Bach, & Taylor, LLP
Underwriter Counsel	Robinson, Bradshaw, & Hinson, P.A.
Trustee	Bank of New York Mellon Trust Company, N.A.
Trustee Counsel	*TBD*
Bank Purchaser	Branch Banking and Trust Company (BB&T)
Bank Counsel	*TBD*

6) Other Information:

(a) Board diversity

Male:	8
Female:	12
Total:	20

Caucasian:	14
African American:	6
	20

(b) Diversity of residents

Male:	25%
Female:	75%
Total:	100%

Caucasian:	92%
African American/Asian/American Indian:	8%
	100%

(c) Fee Schedule – Attached (E-3 thru E-8)

(d) MCC Bond Sale Approval Policy Form – Attached (E-9)

Fee Schedule - 2019

Villa Style	Square Feet	Limited Refund Entrance Fee	50% Refund Entrance Fee	90% Refund Entrance Fee	Monthly Service Fee (for single occupancy)
Sealevel - 1 BR / Den	116[illegible]	$246,500 - $248,900	$357,425 - $360,905	$443,700 - $448,000	$3,543
Rodanthe - 2 BR	1260	$263,200 - $276,400	$381,640 - $400,780	$473,800 - $497,500	$3,788
Nags Head - 2 BR Deluxe	1450	$301,900 - $310,900	$437,755 - $450,805	$543,400 - $559,600	$4,184
Kitty Hawk - 2 BR / Den	1590	$347,700 - $361,400	$504,165 - $524,030	$625,900 - $650,500	$4,401
Southport - 2 BR / Den Deluxe	1675	$371,600 - $386,000	$538,820 - $559,700	$668,900 - $694,800	$4,472
Hatteras - 2 BR Sunrise	1550	$338,200 - $351,400	$490,390 - $509,530	$608,800 - $632,500	$4,393
Bald Head - 2 BR Sunrise / Den	1765	$413,000 - $420,900	$598,850 - $610,305	$743,400 - $757,600	$4,800
Second Person Fee		$10,929	$15,848	$19,673	$894

The Entrance and Monthly Fees entitle resident(s) to occupy an Apartment or Villa at Trinity Landing, together with the use and benefits of its common areas, amenities, services, and programs. The Entrance Fee also assures the resident(s) priority access to Trinity Landing skilled nursing, respite and memory care at Trinity Grove, based upon availability.

90% REFUND

Independent Villa Entrance Fee – 90% Refund Plan: The Entrance Fee is refundable at a minimum of ninety percent (90%). The Entrance Fee is reduced by one percent (1.0%) at the time of initial occupancy and by one half of one percent (0.5%) per month for the first eighteen (18) months of occupancy after which a ninety percent (90%) refund will be paid to the Resident or the Resident's estate if the Living Unit is vacated. The balance of any Entrance fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Landing after the Living Unit is vacated and the re-occupancy of the Apartment or Villa.

50% REFUND

Independent Villa Entrance Fee – 50% Refund Plan: The Entrance Fee is refundable at a minimum of fifty percent (50%). The Entrance Fee is reduced by two percent (2.0%) at the time of initial occupancy and by one percent (1.0%) per month for the first forty-eight (48) months of occupancy after which a fifty percent (50%) refund will be paid to the Resident or the Resident's estate if the Living Unit is vacated. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Landing after the Living Unit is vacated and the re-occupancy of the Apartment or Villa.

LIMITED REFUND

Independent Villa Entrance Fee – Limited Refund Plan: The Entrance Fee is reduced by four percent (4%) service fee at the time of occupancy and by two percent (2%) per month for the first forty-eight (48) months of occupancy. The Entrance Fee is non-refundable after forty-eight (48) months.

Fee Schedule - 2019

Apartment Style	Square Feet	Limited Refund Entrance Fee	50% Refund Entrance Fee	90% Refund Entrance Fee	Monthly Service Fee (for single occupancy)
Pamlico - 1 BR	870	$146,200 - $156,600	$211,990 - $227,070	$263,200 - $281,900	$2,751
Pamlico II - 1 BR	1000	$179,100	$259,695	$322,400	$3,154
Ocracoke - 1 BR / Den	1070	$192,500 - $206,200	$279,125 - $298,990	$346,500 - $371,200	$3,315
Ocracoke II - 1 BR / Den	1115	$209,500 - $213,700	$303,775 - $309,865	$377,100 - $384,700	$3,536
Ocracoke III - 1 BR / Den	1150	$217,500 - $219,600	$315,375 - $318,420	$391,500 - $395,300	$3,599
Currituck - 2 BR	1310	$243,000 - $252,700	$352,350 - $366,415	$437,400 - $454,900	$3,807
Currituck II - 2 BR	1305	$241,900	$350,755	$435,400	$3,790
Roanoke - 2 BR Deluxe	1390	$259,600 - $262,100	$376,420 - $380,045	$467,300 - $471,800	$3,950
Roanoke II - 2 BR Deluxe	1410	$260,100 - $265,300	$377,145 - $384,685	$468,200 - $477,500	$3,999
Roanoke III - 2 BR Deluxe	1435	$267,700 - $271,900	$388,165 - $394,255	$481,900 - $489,400	$4,075
Roanoke IV – 2 BR Deluxe	1470	$278,500 - $281,200	$403,825 - $407,740	$501,300 - $506,200	$4,125
Manteo - 2 BR / Den	1505	$290,900 - $302,400	$421,805 - $438,480	$523,600 - $544,300	$4,195
Manteo II – 2 BR / Den	1610	$316,200	$458,490	$569,200	$4,293
Beaufort - 2 BR / Den Deluxe	1640	$313,800 - $317,000	$455,010 - $459,650	$564,800 - $570,600	$4,389
Beaufort II – 2 BR / Den Deluxe	1660	$320,100 - $323,300	$464,145 - $468,785	$576,200 - $581,900	$4,477
Second Person Fee		$10,929	$15,848	$19,673	$894

*continued on back

The Entrance and Monthly Fees entitle resident(s) to occupy an Apartment or Villa at Trinity Landing, together with the use and benefits of its common areas, amenities, services, and programs. The Entrance Fee also assures the resident(s) priority access to Trinity Landing skilled nursing, respite and memory care at Trinity Grove, based upon availability.

90% REFUND

Independent Apartment Entrance Fee – 90% Refund Plan: The Entrance Fee is refundable at a minimum of ninety percent (90%). The Entrance Fee is reduced by one percent (1.0%) at the time of initial occupancy and by one half of one percent (0.5%) per month for the first eighteen (18) months of occupancy after which a ninety percent (90%) refund will be paid to the Resident or the Resident's estate if the Living Unit is vacated. The balance of any Entrance fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Landing after the Living Unit is vacated and the re-occupancy of the Apartment or Villa.

50% REFUND

Independent Apartment Entrance Fee – 50% Refund Plan: The Entrance Fee is refundable at a minimum of fifty percent (50%). The Entrance Fee is reduced by two percent (2.0%) at the time of initial occupancy and by one percent (1.0%) per month for the first forty-eight (48) months of occupancy after which a fifty percent (50%) refund will be paid to the Resident or the Resident's estate if the Living Unit is vacated. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Landing after the Living Unit is vacated and the re-occupancy of the Apartment or Villa.

LIMITED REFUND

Independent Apartment Entrance Fee – Limited Refund Plan: The Entrance Fee is reduced by four percent (4%) service fee at the time of occupancy and by two percent (2%) per month for the first forty-eight (48) months of occupancy. The Entrance Fee is non-refundable after forty-eight (48) months.

TRINITY ELMS

APARTMENTS

The Trinity Elms independent living rental apartments will be available for those 62 years or age or older. The 54 apartments, which are split between two buildings, are located directly adjacent to the Trinity Elms health and rehab and Trinity Elms assisted living campus. Residents of the apartments will be able to participate in many of the campus activities and events.

The apartments will include the following:

- Fully equipped kitchens
- Washer and dryer hook-ups
- Priority access to rehabilitation, health care, assisted living, and memory care on the Trinity Elms campus
- One monthly rental fee includes:
    - Access to a physician that will make scheduled visits to apartments. This physician group already provides services to the Trinity Elms campus and would be able to provide service to residents of the apartments on scheduled day(s).
    - Access to on-site laboratory and x-ray services, if ordered by a physician
    - Internet
    - Cable
    - Telephone-your current telephone number can be used at your new apartment
    - Parking-one spot per unit
    - Light housekeeping services every other week
    - Maintenance
    - Landscaping
    - Water/sewer
    - Access to beauty shops on the Trinity Elms campus
    - Access to meals
    - Valet trash removal
    - Use of large community building
    - Scheduled transportation for shopping outings
    - Campus wide events and activities

The floor plans available are:

- One-bedroom floor plans
    - Plan A: $1700/month, 686 SF (28 apartments)
    - Plan B: $1850/month, 761 SF (4 apartments)
    - Plan C: $1850/month, 787 SF (4 apartments)
    - Plan D: $2100/month, 901 SF (2 apartments)
- Two-bedroom floor plans
    - $2250/month, 1001 SF (16 apartments)

TRINITY PLACE

August 31, 2018

Dear Residents and Family Members:

We are quickly approaching the end of another fiscal year and have recently completed our budget for Fiscal Year 2019 which begins October 1, 2018. It has been a busy year as we have continued to work on the expansion of services throughout the State, most significantly in Clemmons and Wilmington. In Clemmons, LSC is planning to add a 54 independent living apartment complex to the Trinity Elms health & rehab and Trinity Elms assisted living campus. Under a longer term horizon, LSC is accepting future resident deposits for Trinity Landing, an independent living community on the inland waterway in Wilmington; construction is planned for late 2019/early 2020.

During budget preparation, we process all pertinent data to determine how we can continue to offer the same level of care to our residents and remain fiscally sound – a balancing act when considering the state and federal reimbursement rate structure combined with the low unemployment rate of today. LSC has tried to remain competitive with wages, and over the past few years have incorporated some across the board increases to different wage categories in addition to merit increases. While this aids in retention, LSC continues to look at various ways to retain its valuable employees; we believe having satisfied, long term staff will be a key for success in the future, and will allow LSC to continue to provide the high level of service to our residents.

To accomplish our goals and ensure continued quality care for our resident, we find it necessary to implement a modest rate increase (see table below) effective October 1, 2018.

	Private Room	Semi-Private Room
Skilled Nursing	$258.00/day	$237.00/day
Skilled Nursing Rehab	$304.00/day	N/A
Assisted Living	N/A	$152.00/day

We ask for your prayers as we continue to fulfill our mission statement "Empowered by Christ, we walk together with all we serve." We will continue to pray for the needs and concerns of you and your family members.

Thank you for your understanding. Please feel free to contact me if you have any questions or concerns.

Sincerely,

Mary Ann Fisher
Administrator

The vision of Lutheran Services Carolinas is to fulfill the proclamation of Christ in John 10:10, "I came that they may have life and have it abundantly."

24724 South Business 52 • Albemarle, NC 28001 • (704) 982-8191 • Fax (704) 983-1118

TRINITY OAKS

Fee Schedule - 2019

728 klumac road | salisbury, nc 28144 | 704.603.9202 | 800.610.0783 | trinityoaks.net

	LIMITED REFUND ENTRANCE FEE	50% REFUND ENTRANCE FEE	90% REFUND ENTRANCE FEE	MONTHLY SERVICE FEE *For single occupancy*
The Salisburian - One-Bedroom	$56,650	$75,705	$135,445	$1,924
The Rowan - One-Bedroom Standard	$66,700	$88,840	$159,135	$2,415
The Piedmont - One-Bedroom Deluxe	$70,040	$93,215	$166,860	$2,584
The Yadkin - Two-Bedroom	$104,545	$139,565	$249,520	$3,084
Cottage	$99,395 - $173,815	$132,355 - $231,750	$236,900 - $393,975	$3,325
For Second Person in Apartment add	$3,865	$5,150	$9,270	$1,060
For Second Person in Cottage add	$5,410	$7,210	$12,875	$1,182

The Entrance and Monthly Fees entitle a resident(s) to occupy an Apartment or Cottage at Trinity Oaks, together with the use and benefits of its common areas, amenities, services, and programs. The Entrance Fee also assures the resident(s) priority access to Trinity Oaks assisted living and skilled, respite, and memory care at Trinity Oaks health and rehabilitation, based upon availability.

90% REFUND

Independent Apartment Entrance Fee - 90% Refund Plan: The Entrance Fee is refundable at a minimum of ninety percent (90%). The Entrance Fee is reduced by one percent (1.0%) at the time of initial occupancy and by one half of one percent (0.5%) per month for the first eighteen (18) months of occupancy after which a ninety percent (90%) refund will be paid to the Resident or the Resident's estate if the Living Unit is vacated. The balance of any Entrance fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Oaks after the Living Unit is vacated and the re-occupancy of the Apartment or Cottage.

50% REFUND

Independent Apartment Entrance Fee - 50% Refund Plan: The Entrance Fee is refundable at a minimum of fifty percent (50%). The Entrance Fee is reduced by two percent (2.0%) at the time of initial occupancy and by one percent (1.0%) per month for the first forty-eight (48) months of occupancy after which a fifty percent (50%) refund will be paid to the Resident or the Resident's estate if the Living Unit is vacated. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Oaks after the Living Unit is vacated and the re-occupancy of the Apartment or Cottage.

LIMITED REFUND

Independent Apartment Entrance Fee - Limited Refund Plan: The Entrance Fee is reduced by a four percent (4%) service fee at the time of occupancy and by two percent (2%) per month for the first forty-eight (48) months of occupancy. The Entrance Fee is non-refundable after forty-eight (48) months.

NC MCC Bond Sale Approval Form	
Facility Name: Lutheran Services Carolinas	
	Time of Preliminary Approval
SERIES:	**Series 2019 Entrance Fee Bank Loan**
PAR Amount	$46,250,000.00
Estimated Interest Rate	2.34%
All-in True Interest Cost	2.31%
Maturity Schedule (Interest) - Date	12/1/2024
Maturity Schedule (Principal) - Date	12/1/2024
Bank Holding Period (if applicable) - Date	12/11/2019 to 12/1/2024
Estimated NPV Savings ($) (if refunded bonds)	N/A
Estimated NPV Savings (%) (if refunded bonds)	N/A
NOTES:	$46,250,000 of the PAR amount is assumed to be an Entrance Fee
	backed Bank Loan
	Time of Preliminary Approval
SERIES:	
PAR Amount	$111,515,000.00
Estimated Interest Rate	5% to 5.50%
All-in True Interest Cost	5.53%
Maturity Schedule (Interest) - Date	3/1/2049
Maturity Schedule (Principal) - Date	3/1/2049
Bank Holding Period (if applicable) - Date	N/A
Estimated NPV Savings ($) (if refunded bonds)	N/A
Estimated NPV Savings (%) (if refunded bonds)	N/A
NOTES:	Project and CapEx reimbursement as Fixed Rate Bonds
	MCC Series 2017 refinanced as Fixed Rate Bonds

EXHIBIT F

Sharon Towers

Compliance Summary:

- **<u>No Violation of MCC Compliance policy</u>**

  1) Violation of 12 month compliance requirement (Section B of MCC Compliance Policy):

     - NONE

  2) Violation of multi-year history of non-compliance requirement (Section A of MCC Compliance Policy):

     - NONE
       - FYE 2018 (Review of Routine Annual & Quarterly Filings) – No Findings
       - FYE 2017 (Review of Routine Annual & Quarterly Filings) – No Findings
       - FYE 2016 – 1 Finding
         - Late Operating & Capital Budget filing

Selected Application Information:

1) Information from FYE 2018 (12/31 Year End) Audit of Sharon Towers:

Operating income	$ 3,477,402
Change in unrestricted net assets	$ 3,557,549
Change in net assets	$ 5,397,560
Net cash provided by operating activities	$ 16,490,723
Unrestricted cash	$ 4,899,729
Change in cash	$ 1,548,013

2) Ratings:

NONE

3) Community Benefits (FYE 2018):

Per N.C.G.S § 105 – 5.45% (Eligible for 100% property tax exclusion)

- Total Community Benefits and Charity Care - $1,328,009

4) Long-Term Debt Service Coverage Ratios:

Actual	FYE	2018	7.69
Forecasted	FYE	2019	6.45
Forecasted	FYE	2020	5.96
Forecasted	FYE	2021	6.81
Forecasted	FYE	2022	8.11
Forecasted	FYE	2023	1.90

5) Transaction Participants:

Underwriter	B.C. Ziegler and Company
Feasibility Consultant	CliftonLarsonAllen LLP
Bond Counsel	Parker Poe Adams & Bernstein LLP
Corporation Counsel	K&L Gates LLP
Underwriter Counsel	Womble Bond Dickinson (US) LLP
Trustee	U.S. Bank National Association
Trustee Counsel	McGuireWoods
Bank Purchaser	Branch Banking & Trust Company
Bank Counsel	Moore & Van Allen PLLC

6) Other Information:

(a) Board diversity

Male:	12
Female:	10
Total:	22

Caucasian:	19
African American:	3
	22

(b) Diversity of residents

Male:	94
Female:	240
Total:	334

Caucasian:	332
African American:	2
Total:	334

(c) Fee Schedule – Attached (F-3)

(d) MCC Bond Sale Approval Policy Form – Attached (F-4)

Sharon Towers
Monthly Service Fee and Entry fees through December 31, 2019

Description	Square Feet	Number of Units	Entrance Fee [1]	Monthly Fee [2]
Independent Living				
Studio - Rose Plan	250	1	N/A	$950
Studio	250	5	$35,000	$2,509
Large Studio	300	2	$45,000	$2,621
One Bedroom	480	43	$78,200	$3,095
One Bedroom Large	550	3	$94,000	$3,173
One Bedroom Expand	750	12	$128,000	$3,398
One Bedroom Deluxe	1100	1	$204,000	$3,583
Two Bedroom Apartment	750	4	$128,000	$3,398
Two Bedroom Large Apartment	850	4	$174,000	$3,431
Two Bedroom Expanded Apartment	1000	2	$204,000	$3,470
Cottage A	850 - 1,199	5	$228,000 - $273,000	$3,495
Cottage B	1,200 - 1,399	7	$293,000 - $316,000	$3,919
Cottage C	1,400 - 1,599	3	$340,000 - $363,000	$4,089
Cottage D	1,600 - 1,799	4	$401,000 - $425,000	$4,291
Cottage E	1,800 - 2,199	3	$450,000 - $504,000	$4,556
Cottage F	2,200 - 2,299	3	$527,000 - $574,000	$4,937
Sunnybrook	1,820 - 2,121	3	$401,000 - $504,000	$3,995
Terrace A	1,150 - 1,280	15	$288,000	$3,503
Terrace B	1,502 - 1,520	38	$365,000	$3,831
Terrace C	1,796	20	$431,000	$4,242
Terrace D	1,050	1	$252,000	$3,474
Villa I - Cotswold	1,365	12	$334,000	$3,424
Villa I - Dilworth	1,655	11	$406,000	$3,891
Villa I - Foxcroft	1,880	4	$461,000	$4,126
Villa I - East Over	1,940	8	$475,000	$4,158
Total / Weighted Average	1,202	214	$275,568	$3,621
Second Person			$16,500	$1,250 - $1,830
Assisted Living				
Studio	250	31	$26,200	$4,942
Large Studio	300	5	$31,300	$5,049
Two Rooms	480	2	$39,300	$7,391
Total / Weighted Average	269	38	$27,561	$5,085
Skilled Nursing				
Private - Direct Admit Rate	250	94	$8,200	$10,061
Permanent Transfer Rate [3]			*N/A*	*$7,291*
Temporary Transfer Rate [3]			*N/A*	*$4,745*
Total / Weighted Average	250	94		

Source: Management

Notes:

1. Pricing is for the Standard Plan only. Management has assumed all prospective residents will choose the Standard Plan during the forecast period.
2. Independent living monthly fees include one meal per day.
3. Upon transfer to the Health Center, the resident pays the then published applicable transfer rate, which is historically discounted from the direct admit rate. The temporary transfer rate reflects a daily fee of $156 for stays 90 days or less.

NC MCC Bond Sale Approval Form	
Facility Name: Sharon Towers (Charlotte, North Carolina)	
	Time of Preliminary Approval
SERIES: 2019A (Public Bonds)	
PAR Amount	$85,685,000.00
Estimated Interest Rate	5.00%
All-in True Interest Cost	5.25%
Maturity Schedule (Interest) - Date	1/01/2020 - 7/01/2049
Maturity Schedule (Principal) - Date	7/01/2024 - 7/01/2049
Bank Holding Period (if applicable) - Date	N/A
Estimated NPV Savings ($) (if refunded bonds)	N/A
Estimated NPV Savings (%) (if refunded bonds)	N/A
NOTES:	
	Time of Preliminary Approval
SERIES: Series 2019B (Bank Bonds)	
PAR Amount	$18,000,000.00
Estimated Interest Rate	3.25%
All-in True Interest Cost	3.50%
Maturity Schedule (Interest) - Date	11/01/2019 - 7/01/2024
Maturity Schedule (Principal) - Date	7/1/2024
Bank Holding Period (if applicable) - Date	5 Years
Estimated NPV Savings ($) (if refunded bonds)	N/A
Estimated NPV Savings (%) (if refunded bonds)	N/A
NOTES:	

EXHIBIT G

Rex Hospital

Compliance Summary:

- **<u>Violation of MCC Compliance policy (Section A Only)</u>**

  1) Violation of 12 month compliance requirement (**Section B** of MCC Compliance Policy):

     - NONE

  2) Violation of multi-year history of non-compliance requirement (**Section A** of MCC Compliance Policy):

     - VIOLATION (FYE 2018, FYE 2017, & FYE 2016)
       - FYE 2018 (Review of Routine Annual & Quarterly Filings) – 4 Findings
         - Late Schedule K filing
         - Late Operating and Capital Budget filing
         - Late Project Fund Status Report filing
         - Late 2nd Quarter Financial Report filing
       - FYE 2017 (Review of Routine Annual & Quarterly Filings) – 2 Findings
         - Late Schedule K filing
         - Late Project Fund Status Report filing
       - FYE 2016 – 2 Findings
         - Late Schedule K filing
         - Late Officer's Certificate filing with regards to incurring new debt

Selected Application Information:

1) Information from FYE 2018 (12/31 Year End) Audit of Rex Hospital:

Operating income	$ 78,605,000
Change in unrestricted net assets	$ 33,779,000
Change in net assets	$ 46,341,000
Net cash provided by operating activities	$ 95,166,000
Unrestricted cash	$139,769,000
Change in cash	$ 78,365,000

2) Ratings:

S&P Global:	AA-; Stable
Fitch:	A+; Stable
Moody's:	A2; Stable

3) Community Benefits (FYE 2018):

- Total Community Benefits and Charity Care - $139,472,199
- Estimated Cost of Treating Bad Debt Patients - $9,111,226

4) Long-Term Debt Service Coverage Ratios:

Actual	FYE	2018	8.00
Forecasted	FYE	2019	7.10
Forecasted	FYE	2020	3.90
Forecasted	FYE	2021	4.70
Forecasted	FYE	2022	5.30
Forecasted	FYE	2023	5.50

5) Transaction Participants:

Financial Advisor	Ponder & Co.
Underwriter	*TBD*
AUP Forecast Consultant	BDO USA, LLP
Bond Counsel	Womble Bond Dickinson (US) LLP
Corporation Counsel	*TBD*
Underwriter Counsel	*TBD*
Trustee	U.S. Bank National Association

6) Other Information:

(a) Board diversity

Male:	10
Female:	3
Total:	13

Caucasian:	10
African American:	3
	13

(b) MCC Bond Sale Approval Policy Form – Attached (G-3)

NC MCC Bond Sale Approval Form	
Facility Name: Rex Hospital, Inc.	
	Time of Preliminary Approval
SERIES: 2019A	
PAR Amount	$250,000,000.00
Estimated Interest Rate [(1)]	3.43%
All-in True Interest Cost	3.45%
Maturity Schedule (Interest) - Date	1/1/2020 - 7/1/2049
Maturity Schedule (Principal) - Date	7/1/2020 - 7/1/2049
Bank Holding Period (if applicable) - Date	N/A [(2)]
Estimated NPV Savings ($) (if refunded bonds)	N/A [(2)]
Estimated NPV Savings (%) (if refunded bonds)	N/A [(2)]
NOTES:	
(1) True Interest Cost is shown for Estimated Interest Rate.	
(2) The Series 2019A bonds are publicly-offered, fixed-rate, new money bonds.	

EXHIBIT H

Vidant Health

Compliance Summary:

- **No Violation of MCC Compliance policy**

  1) Violation of 12 month compliance requirement (Section B of MCC Compliance Policy):

     - NONE

  2) Violation of multi-year history of non-compliance requirement (Section A of MCC Compliance Policy):

     - NONE

Selected Application Information:

1) Information from FYE 2018 (9/30 Year End) Audit of Vidant Health:

Operating income	$ 52,524,000
Change in unrestricted net assets	$ 20,781,000
Change in net assets	$ 10,857,000
Net cash provided by operating activities	$ 73,390,000
Unrestricted cash	$ 67,369,000
Change in cash	$ (24,649,000)

Note: Change in cash mainly due to capital asset additions.

2) Ratings:

Moody's: A1; Stable

3) Community Benefits (FYE 2018):

- Total Community Benefits and Charity Care - $238,302,662
- Estimated Cost of Treating Bad Debt Patients - $46,135,124

4) Long-Term Debt Service Coverage Ratios:

Actual	FYE	2018	3.50
Forecasted	FYE	2019	3.13
Forecasted	FYE	2020	4.30
Forecasted	FYE	2021	4.48
Forecasted	FYE	2022	4.76
Forecasted	FYE	2023	4.87

5) Transaction Participants:

Financial Advisor	Ponder & Co.
Bond Counsel	Womble Bond Dickinson (US) LLP
Corporation Counsel	K&L Gates LLP
Bank Purchaser	TD Bank, N.A.
Bank Counsel	Chapman and Cutler LLP
Trustee	U.S. Bank National Association

6) Other Information:

(a) Board diversity

Vidant Health

Male:	9	
Female:	2	
Total:	11	
Caucasian:		9
African American:		2
		11

Vidant Medical Center

Male:	14	
Female:	6	
Total:	20	
Caucasian:		17
African American:		3
		20

(b) MCC Bond Sale Approval Policy Form – Attached (H-3)

NC MCC Bond Sale Approval Form	
Facility Name: Vidant Health	
	Time of Preliminary Approval
SERIES: 2019A	
PAR Amount	$95,275,000.00
Estimated Interest Rate	3.03%
All-in True Interest Cost	2.63%
Maturity Schedule (Interest) - Date	Monthly, beginning 12/1/19
Maturity Schedule (Principal) - Date	Annually, beginning 6/1/21
Bank Holding Period (if applicable) - Date	Approx 29 months, through 10/16/34
Estimated NPV Savings ($) (if refunded bonds)	$13,553,821
Estimated NPV Savings (%) (if refunded bonds)	15.41%
NOTES:	
TAXABLE	

	Time of Preliminary Approval
SERIES: 2019B	
PAR Amount	$53,345,000.00
Estimated Interest Rate	2.37%
All-in True Interest Cost	2.41%
Maturity Schedule (Interest) - Date	Monthly, beginning 12/1/19
Maturity Schedule (Principal) - Date	Annually, beginning 6/1/20
Bank Holding Period (if applicable) - Date	Held to maturity; 6/1/33
Estimated NPV Savings ($) (if refunded bonds)	$5,918,999
Estimated NPV Savings (%) (if refunded bonds)	12.00%
NOTES:	
Total par of 2019B Bonds is $53,345,000	
Par of refunding portion is $49,475,000	

	Time of Preliminary Approval
SERIES: 2022	
PAR Amount	$94,980,000.00
Estimated Interest Rate	2.47%
All-in True Interest Cost	2.63%
Maturity Schedule (Interest) - Date	Monthly, beginning 4/1/22
Maturity Schedule (Principal) - Date	Annually, beginning 6/1/22
Bank Holding Period (if applicable) - Date	Approx 154 months, through 10/16/34
Estimated NPV Savings ($) (if refunded bonds)	$13,553,821
Estimated NPV Savings (%) (if refunded bonds)	15.41%
NOTES:	
The federally taxable Series 2019A Bonds had a 3.03% rate as of 6/14/19. If certain conditions are met, the Series 2019A Bonds will be exchanged for $94,980,000 Series 2022 Bonds (tax-exempt) on 3/3/22. Assuming this exchange occurs, the bank holding period for the Series 2019A Bonds will be approximately 29 months, and the bank holding period for the tax-exempt Series 2022 Bonds will be approximately 154 months, for a combined initial bank holding period of 15 years. If the conditions to the exchange are not met, the Series 2019A Bonds will remain outstanding for the entire 15-year initial bank holding period.	The rate on the Series 2022 Bonds was 2.47% as of 6/14/19. The refunding analysis assumes the 2.47% tax-exempt rate will continue from 3/3/22 through the final bond maturity date of 6/1/36, producing an all-in TIC of 2.63% and estimated NPV savings of $13.554 million, or 15.41% of the refunded bonds.

EXHIBIT I

Galloway Ridge

Compliance Summary:

- **<u>Violation of MCC Compliance policy (Section A Only)</u>**

  1) Violation of 12 month compliance requirement (**Section B** of MCC Compliance Policy):

     - NONE

  2) Violation of multi-year history of non-compliance requirement (**Section A** of MCC Compliance Policy):

     - VIOLATION (FYE 2018 & FYE 2016)
       - FYE 2018 (Review of Routine Annual & Quarterly Filings) – 1 Finding
         - Late Insurance Consultant Report filing
       - FYE 2017 (Review of Routine Annual & Quarterly Filings) – No Findings
       - FYE 2016 – 1 Finding
         - Late Insurance Consultant Report filing

Selected Application Information:

1) Information from FYE 2018 (9/30 Year End) Audit of Galloway Ridge:

Operating Income	$ (1,264,491)
Change in unrestricted net assets	$ (2,386,943)
Change in net assets	$ (2,512,172)
Net cash provided by operating activities	$ 6,036,965
Unrestricted cash	$ 8,011,948
Change in cash	$ (836,040)

2) Ratings:

NONE

3) Community Benefits (2018):

N/A – Galloway Ridge elects to pay property tax

4) Long-Term Debt Service Coverage Ratios:

Actual	FYE	2018	1.33
Forecasted	FYE	2019	1.90
Forecasted	FYE	2020	1.38
Forecasted	FYE	2021	1.83
Forecasted	FYE	2022	1.94
Forecasted	FYE	2023	2.05

5) Transaction Participants:

Underwriter	BB&T Capital Markets
Feasibility Consultant	Dixon Hughes Goodman LLP
Financial Advisor	First Tryon Advisors
Bond Counsel	Robinson, Bradshaw, & Hinson, P.A.
Corporation Counsel	Womble Bond Dickinson (US) LLP
Underwriter Counsel	McGuireWoods LLP
Trustee	Bank of New York Mellon Trust Company, N.A.
Trustee Counsel	Nexsen Pruet LLC

6) Other Information:

(a) Board diversity

Male:	9
Female:	3
Total:	12

Caucasian:	11
African American:	1
	12

(b) Diversity of residents

Male:	164
Female:	246
Total:	410

Caucasian:	401
African American/Asian American:	9
	410

(c) Fee Schedule – Attached (I-3 thru I-5)

(d) MCC Bond Sale Approval Policy Form – Attached (I-6)

Effective January 1, 2019

GALLOWAY RIDGE
AT FEARRINGTON

Effective January 1, 2019

FOR INTERNAL USE ONLY

	Plan A		Plan B		Plan C		Monthly Service Fee	
Unit	**One Person**	**Two People**	**One Person**	**Two People**	**One Person**	**Two People**	**One Person**	**Two People**
1 BR Apartments								
Barnsley	$222,000	$265,000	$426,000	$505,000	$355,000	$420,000	$3,077	$4,318
Barnsley Deluxe	$245,000	$288,000	$470,000	$549,000	$392,000	$457,000	$3,203	$4,444
Claremont	$282,000	$325,000	$541,000	$620,000	$451,000	$516,000	$3,889	$5,130
Chelsea	$282,000	$325,000	$541,000	$620,000	$451,000	$516,000	$3,889	$5,130
Kent	$250,000	$293,000	$480,000	$559,000	$400,000	$465,000	$3,378	$4,619
Somerset	$292,000	$335,000	$561,000	$640,000	$467,000	$532,000	$3,955	$5,196
2 BR Apartments								
Marston	$302,000	$345,000	$580,000	$659,000	$483,000	$548,000	$4,315	$5,556
Wycombe	$329,000	$372,000	$632,000	$711,000	$526,000	$591,000	$4,528	$5,769
Sutton	$350,000	$393,000	$672,000	$751,000	$560,000	$625,000	$4,892	$6,133

Effective January 1, 2019

GALLOWAY RIDGE
AT FEARRINGTON

Effective January 1, 2019

FOR INTERNAL USE ONLY

	Plan A		Plan B		Plan C		Monthly Service Fee	
Unit	**One Person**	**Two People**	**One Person**	**Two People**	**One Person**	**Two People**	**One Person**	**Two People**
2 BR Apartments (Cont'd)								
Sutton II	$383,000	$426,000	$735,000	$814,000	$613,000	$678,000	$5,268	$6,509
Abbey	$398,000	$441,000	$764,000	$843,000	$637,000	$702,000	$5,407	$6,648
Abbey Deluxe	$414,000	$457,000	$795,000	$874,000	$662,000	$727,000	$5,880	$7,121
Windsor Standard	$340,000	$383,000	$653,000	$732,000	$544,000	$609,000	$4,537	$5,778
Windsor Plus	$366,000	$409,000	$703,000	$782,000	$586,000	$651,000	$4,895	$6,136
Windsor Deluxe	$393,000	$436,000	$755,000	$834,000	$629,000	$694,000	$5,403	$6,644
Oxford	$393,000	$436,000	$755,000	$834,000	$629,000	$694,000	$5,249	$6,490
Devon	$393,000	$436,000	$755,000	$834,000	$629,000	$694,000	$5,249	$6,490
York	$435,000	$478,000	$835,000	$914,000	$696,000	$761,000	$5,552	$6,793

Effective January 1, 2019

GALLOWAY RIDGE
AT FEARRINGTON

Effective January 1, 2019

FOR INTERNAL USE ONLY

	Plan A		Plan B		Plan C		Monthly Service Fee	
Unit	**One Person**	**Two People**	**One Person**	**Two People**	**One Person**	**Two People**	**One Person**	**Two People**
Villas								
Chelsea	$297,000	$340,000	$570,000	$649,000	$475,000	$540,000	$3,889	$5,130
Exbury	$414,000	$457,000	$795,000	$874,000	$662,000	$727,000	$4,983	$6,224
Abbotsford	$457,000	$500,000	$877,000	$956,000	$731,000	$796,000	$5,064	$6,305
Abbotsford Deluxe	$489,000	$532,000	$939,000	$1,018,000	$782,000	$847,000	$5,835	$7,076
Durham	$451,000	$494,000	$866,000	$945,000	$722,000	$787,000	$5,272	$6,513
Westbury	$544,000	$587,000	$1,044,000	$1,123,000	$870,000	$935,000	$5,751	$6,992
Kensington	$729,000	$772,000	$1,400,000	$1,479,000	$1,166,000	$1,231,000	$5,919	$7,160
Chatham	$555,000	$598,000	$1,066,000	$1,145,000	$888,000	$953,000	$5,396	$6,637

NC MCC Bond Sale Approval Form	
Facility Name: Galloway Ridge	
	Time of Preliminary Approval
SERIES: 2019A Revenue Refunding Bonds	
PAR Amount	$48,430,000.00
Estimated Interest Rate	3.89%
All-in True Interest Cost	3.96%
Maturity Schedule (Interest) - Date	January 1 and July 1
Maturity Schedule (Principal) - Date	January 1
Bank Holding Period (if applicable) - Date	n/a
Estimated NPV Savings ($) (if refunded bonds)	$8,581,879
Estimated NPV Savings (%) (if refunded bonds)	16.55%
NOTES:	