

RESPONSE REQUIRED

February 28, 2012

Don Poole, Principal
Dixon Hughes Goodman, LLP
2501 Blue Ridge Road, Suite 500
Raleigh, NC 27607

RE: Conditional Approval/ Project I.D. #R-8766-11/ Carolina Adventist Retirement Systems, Inc. d/b/a W. R. Winslow Memorial Home/Add 24 of 40 nursing facility bed need, as identified in the 2011 State Medical Facilities Plan by converting 24 existing independent living units for a total of 170 nursing home beds upon project completion/ Pasquotank County
FID #030353

Dear Mr. Poole:

The Certificate of Need (CON) Section, Division of Health Service Regulation, Department of Health and Human Services has conditionally approved the above referenced certificate of need application. This decision was made after a review of the applications submitted for this cycle and after consideration of the Certificate of Need Law, G.S. 131E-175 et. seq., and regulations promulgated thereunder, the State Medical Facilities Plan, and other applicable information. Attached to this letter are the required findings made with respect to your application. The applicant shall not proceed with the construction, offering or development of this project until the certificate of need is issued. Further, the Department shall not issue the certificate of need until all applicable conditions of approval that can be satisfied before issuance of the certificate of need have been met pursuant to G.S. 131E-187(a). The conditions are as follows:

1. The Carolina Adventist Retirement Systems, Inc d/b/a W.R. Winslow Memorial Home shall materially comply with all representations made in its certificate of need application.
2. The Carolina Adventist Retirement Systems, Inc d/b/a W.R. Winslow Memorial Home shall convert the 24 independent living units of the "Carolina Living" facility to 24 nursing facility beds for a total licensed bed complement of not more than 170 nursing facility beds upon completion of the project.
3. The Carolina Adventist Retirement Systems, Inc d/b/a W.R. Winslow Memorial Home shall submit all patient charges and actual per diem reimbursement rates for each source of patient payment to the CON Section at year end for each of the first two operating years following licensure of the beds in the facility.

4. The Carolina Adventist Retirement Systems, Inc d/b/a W.R. Winslow Memorial Home shall establish Medicaid per diem reimbursement rates for new nursing facility beds equal to the rates of the facility's existing beds as of the date on which the additional beds certified.
5. The Carolina Adventist Retirement Systems, Inc d/b/a W.R. Winslow Memorial Home, 24 additional 2012 nursing beds shall not be certified for participation in the Medicaid program prior to [July 1 the year after the SMFP that identifies the bed need] unless the division of Medical Assistance determines that state funds are available in the current Medicaid budget to pay for the care and authorizes an earlier certification date.
6. The Carolina Adventist Retirement Systems, Inc d/b/a W.R. Winslow Memorial Home for the first two full federal fiscal years of operation following completion of the project, actual private pay charges shall not be increased more than 5% of the proposed private pay charges provided in Section X of the application without first obtaining a determination from the Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.
7. The Carolina Adventist Retirement System, Inc. d/b/a/ W. R. Winslow Memorial Home shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section, in writing prior to issuance of the certificate of need.

Response to the above conditions should be submitted to the CON Section no later than 35 days from the date of the decision. Failure to respond within this time period may result in the CON Section making a determination not to issue a certificate of need for the project referenced above.

The conditional approval is valid only for a capital expenditure of \$1,000,000. If a cost overrun occurs that exceeds the approved capital expenditure amount, a new certificate of need may be required as determined by G.S. 131E-176(16)(e).

The applicant should be aware that according to the Certificate of Need Law any affected person shall have thirty (30) days after the date of decision to file a petition for a contested case on this approval. Further, if you are aggrieved by the conditions of the decision you may file a petition for a contested case hearing in accordance with G.S. 150B, Article 3, as amended. This petition must be filed with the Office of Administrative Hearings, 6714 Mail Service Center, Raleigh, North Carolina 27699-6714 within thirty (30) days of the date of this decision. [Note: Effective October 1, 2009, OAH requires a filing fee with submittal of petitions for contested cases. Please direct all questions regarding this fee to OAH Clerk's Office (919-431-3000).]

G.S. 150B-23 provides that a party filing a petition must also serve a copy of the petition on all parties to the petition. Therefore, if you file a petition for a contested case hearing, you must serve a copy of the petition on the Department of Health and Human Services by mailing a copy of your petition to:

Emery Milliken
Department of Health and Human Services,
Office of Legal Affairs,
Adams Building – Room 154
2001 Mail Service Center
Raleigh, North Carolina, 27699-2001

It is requested that a copy of the petition also be served on the Certificate of Need Section.

The certificate of need will not be issued before the completion of this 30 day period ending March 30, 2012. If a contested case request is received within the thirty (30) day period, the certificate will not be issued until the appeal is resolved (10A NCAC 14C .0208).

The timetable for completion of the project is the timetable outlined in the certificate of need application, unless an adjustment has been made by the CON Section because the review period was extended.

The timetable for this project is as follows:

Permanent Loan Executed _____	June 1, 2012
Final Drawings Submitted to Construction, DHSR _____	June 7, 2012
Contract Award _____	October 15, 2012
50% Completion of Construction _____	May 3, 2013
Completion of Construction _____	September 1, 2013
Licensure of Facility _____	October 1, 2013
Medicare/Medicaid Certification _____	October 1, 2013

If the decision is appealed, the timetable set forth in this letter will be adjusted accordingly before the Certificate of Need is issued. Please contact us if any clarification of this decision is required.

Please refer to the Project I.D.# and Facility I.D.# (FID) in all correspondence.

Sincerely,

F. Gene DePorter, Project Analyst
Certificate of Need Section

Craig R. Smith, Chief
Certificate of Need Section

FGD:CRS:vlw

Attachment

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

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing notice of conditional approval on the following person by placing a copy in an official depository of the United States Postal Service in a postage-paid, first class envelope addressed as follows:

Don Poole, Principal
Dixon Hughes Goodman, LLP
2501 Blue Ridge Road, Suite 500
Raleigh, NC 27607

Project I.D. #R-8766-11

FID #030353

This the 28th day of February, 2012

F. Gene DePorter, Project Analyst