



**North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section**

2704 Mail Service Center • Raleigh, North Carolina 27699-2704
<http://www.ncdhhs.gov/dhstr/>

Drexdal Pratt, Director

Beverly Eaves Perdue, Governor
Albert A. Delia, Acting Secretary

Craig R. Smith, Section Chief
Phone: (919) 855-3873
Fax: (919) 733-8139

RESPONSE REQUIRED

July 12, 2012

Dennis J. Coffey, Senior VP/Chief Financial Officer
J. Arthur Doshier Memorial Hospital Nursing Center
924 North Howe Street
Southport, NC 28461

RE: Conditional Approval/ Project I.D. #O-8779-12/ Smithfield Township d/b/a J. Arthur Doshier Memorial Hospital/ Convert 14 adult care home beds to 14 nursing facility beds for a total bed complement of 64 nursing facility beds and 0 Adult Care Home beds/ Brunswick County
FID #: 923286

Dear Mr. Coffey:

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. Smithfield Township d/b/a J. Arthur Doshier Memorial Hospital shall materially comply with all representations made in its certificate of need application.
2. Smithfield Township d/b/a J. Arthur Doshier Memorial Hospital shall convert 14 adult care home beds to 14 nursing facility beds for a total of no more than 64 nursing facility beds and zero adult care home beds upon completion of the project.
3. Smithfield Township d/b/a J. Arthur Doshier Memorial Hospital 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. Smithfield Township d/b/a J. Arthur Doshier Memorial Hospital shall receive the Medicaid per diem reimbursement rates allowed by the Division of Medical Assistance, under the NC State Plan Section .0102.
5. Smithfield Township d/b/a J. Arthur Doshier Memorial Hospital shall file the proposed budget for the facility with the Division of Medical Assistance no later than thirty days prior to the prospective certification date of the new beds.
6. The 14 additional nursing facility beds shall not be certified for participation in the Medicaid program prior to July 1, 2012 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.
7. For the first two full federal fiscal years of operation following completion of the project, Smithfield Township d/b/a J. Arthur Doshier Memorial Hospital's actual private pay charges shall not be increased more than 5% of the projected 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.
8. Smithfield Township d/b/a J. Arthur Doshier Memorial Hospital 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 \$193,500. 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 August 13, 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:

Approval of Site by Construction _____	August 2, 2012
Completion of Construction _____	October 1, 2012
Licensure of Facility _____	October 1, 2012
Medicare/Medicaid Certification _____	October 1, 2012

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,

Lisa Pittman, Team Leader
Certificate of Need Section

Martha J. Frisone, Assistant Chief
Certificate of Need Section

LP:MJF:mw

Attachment

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

Dennis J. Coffey, Senior VP/Chief Financial Officer
J. Arthur Doshier Memorial Hospital Nursing Center
924 North Howe Street
Southport, NC 28461

Project I.D. #O-8779-12

FID #923286

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

Gerald Boyle
1217 Pond Street
Cary, NC 27511

Project I.D. # O-8780-12

FID # 050906

This the 12th day of July, 2012

Lisa Pittman
Team Leader