



**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/dhst/>

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 18, 2012

Timothy R. Ford, Chief Executive Officer
Blowing Rock Hospital, Inc.
418 Chestnut Drive
Blowing Rock, NC 28605

RE: Conditional Approval/ Project I.D. #D-8829-12/ Blowing Rock Hospital, Inc., Appalachian Regional Healthcare System, Inc., Lynnhaven II, LLC and Borum Healthcare, LLC/ Relocate 20 existing adult care home beds from Glenbridge Health and Rehabilitation in Boone to a new nursing facility on Summit Meadows Lane in Blowing Rock as a change of scope for Project I.D. #D-8685-11, Develop 20 new nursing care beds and relocate 72 existing nursing care beds from Blowing Rock Hospital to develop a new 92-bed nursing facility, including a 24-bed Alzheimer's disease and related disorders (ADRD) special care unit/ Watauga County
FID #: 110348

Dear Mr. Ford:

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. Blowing Rock Hospital, Inc., Appalachian Regional Healthcare System, Inc., Lynnhaven II, LLC, and Borum Healthcare, LLC shall materially comply with all representations made in their certificate of need application.
2. Blowing Rock Hospital, Inc., Appalachian Regional Healthcare System, Inc., Lynnhaven II, LLC, and Borum Healthcare, LLC shall relocate 20 adult care home beds from Glenbridge Health and Rehabilitation to Blowing Rock Post-Acute Care Center (BRPACC). BRPACC shall develop a total licensed bed complement of no more than 92 nursing care beds and 20 adult care home beds, including a 20-bed special care unit, upon completion of this project and Project I.D. # D-8685-11.



3. Blowing Rock Hospital, Inc., Appalachian Regional Healthcare System, Inc., Lynnhaven II, LLC, and Borum Healthcare, LLC shall provide documentation that the 20 adult care home beds at Glenbridge Health and Rehabilitation facility are delicensed following completion of the project.
4. Blowing Rock Hospital, Inc., Appalachian Regional Healthcare System, Inc., Lynnhaven II, LLC, and Borum Healthcare, LLC shall submit all patient charges and actual per diem reimbursement for each source of patient payment to the Certificate of Need at year end for each of the first two operating years following licensure of the beds in the new facility.
5. 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 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 made in the certificate of need application.
6. Blowing Rock Hospital, Inc., Appalachian Regional Healthcare System, Inc., Lynnhaven II, LLC, and Borum Healthcare, LLC shall provide care to recipients of State/County Special Assistance with Medicaid, commensurate with representations made in the application.
7. Blowing Rock Hospital, Inc., Appalachian Regional Healthcare System, Inc., Lynnhaven II, LLC, and Borum Healthcare, LLC 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 \$835,742. 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 20, 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:

25% Completion of Construction _____	October 1, 2012
50% Completion of Construction _____	February 1, 2013
75% Completion of Construction _____	June 1, 2013
Completion of Construction _____	September 15, 2013
Licensure of Facility _____	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,

Michael J. McKillip, Project Analyst
Certificate of Need Section

Craig R. Smith, Chief
Certificate of Need Section

MJM:CRS:mw

Attachment

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

Timothy R. Ford, Chief Executive Officer
Blowing Rock Hospital, Inc.
418 Chestnut Drive
Blowing Rock, NC 28605

Project I.D. #D-8829-12

FID #110348

This the 18th day of July, 2012

Michael J. McKillip, Project Analyst