



North Carolina Department of Health and Human Services  
Division of Health Service Regulation

Pat McCrory  
Governor

Richard O. Brajer  
Secretary DHHS

Mark Payne, Director  
Health Service Regulation

**RESPONSE REQUIRED**

August 26, 2016

Mike Garone  
8295 Tournament Drive, Suite 201  
Memphis, TN 38125

**Conditional Approval**

Project ID #: J-11188-16  
Facility: Strategic Behavioral Center-Garner  
Project Description: Cost overrun on Project ID #J-11030-15 (add 24 adult inpatient psychiatric beds)  
County: Wake  
FID #: 120089

Dear Mr. Garone:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) 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 there under, 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 Agency shall not issue the certificate of need until all applicable conditions of approval have been met pursuant to G.S. 131E-187(a). The conditions are as follows:

1. SBH-Raleigh, LLC dba Strategic Behavioral Center-Garner shall materially comply with all the conditions of approval on the certificate of need for Project ID #J-11030-15, except as specifically modified by the conditions of approval for this application, Project ID #J-11188-16.
2. SBH-Raleigh, LLC dba Strategic Behavioral Center-Garner shall relocate no more than 24 adult psychiatric inpatient beds from Broughton Hospital for a total licensed bed



**Healthcare Planning and Certificate of Need Section**

[www.ncdhhs.gov](http://www.ncdhhs.gov)

Telephone 919-855-3873 • Fax 919-715-4413

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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complement of no more than 24 adult psychiatric inpatient beds, 32 child and adolescent psychiatric inpatient beds, and 60 psychiatric residential treatment facility beds.

3. The total approved capital expenditure for Project ID #J-11030-15 and Project ID #J-11188-16 combined is \$2,720,285, an increase of \$2,709,785 over the previously approved capital expenditure of \$10,500.
4. SBH-Raleigh, LLC dba Strategic Behavioral Center-Garner shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VI of the application or that would otherwise require a certificate of need.
5. SBH-Raleigh, LLC dba Strategic Behavioral Center-Garner shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Healthcare Planning and Certificate of Need Section in writing prior to issuance of the certificate of need.

**Response to the above conditions should be submitted to the Agency no later than 35 days from the date of the decision. Failure to respond within this time period may result in the Agency 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 \$2,709,785. 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:

Lisa G. Corbett  
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 Agency.

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The certificate of need will not be issued before the completion of this 30 day period ending September 26, 2016. 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 Agency because the review period was extended. The timetable for this project is as follows:

50% Completion of Construction	_____	July 20, 2016
75% Completion of Construction	_____	October 1, 2016
Completion of Construction	_____	December 1, 2016
Occupancy/Offering of Service/Operation of Equipment	_____	January 1, 2017

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 this office if any clarification of this decision is required.

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

Sincerely,

Celia C. Inman  
Project Analyst

Fatimah Wilson  
Team Leader, Certificate of Need

Attachment

cc: Construction Section, DHSR  
Mental Health Licensure & Certification Section, DHSR  
Paige Bennett, Assistant Chief, Healthcare Planning, 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:

Mike Garone  
8295 Tournament Drive, Suite 201  
Memphis, TN 38125

Project ID #: J-11188-16  
FID #: 120089

This the 26<sup>th</sup> day of August, 2016.

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Celia C. Inman  
Project Analyst, Certificate of Need