

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/dhsr/>

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

August 16, 2012

Susan K. Hackney
K&L Gates
PO Box 14210
Research Triangle Park, NC 27709

RE: Exempt from Review / Acquisition of Somerset Court of Hamlet adult care home / Richmond County

Dear Ms. Hackney:

In response to your letter of August 9, 2012, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, Hamlet Health Investors, LLC may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Adult Care Licensure Section of the Division of Health Service Regulation to obtain instructions for changing ownership of the existing facility. Note that pursuant to N.C.G.S. §131E-181(b): *"A recipient of a certificate of need, or any person who may subsequently acquire, in any manner whatsoever permitted by law, the service for which that certificate of need was issued, is required to materially comply with the representations made in its application for that certificate of need."*

It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Les Brown
Project Analyst

Craig R. Smith, Chief
Certificate of Need Section

cc: Adult Care Licensure Section, DHSR



Tauya

K&L Gates LLP
Post Office Box 14210
Research Triangle Park, NC 27709-4210
430 Davis Drive, Suite 400
Morrisville, NC 27560
T 919.466.1190 www.klgates.com

August 9, 2012

Mr. Craig Smith, Chief
Certificate of Need Section
Division of Health Service Regulation
Department of Health and Human Services
809 Ruggles Drive
Raleigh, NC 27603



Re: Exemption Notice for Somerset Court of Hamlet (Adult Care Home in Richmond County)

Dear Craig:

Our client, Hamlet Health Investors, LLC is planning to acquire an adult care home in Hamlet, Richmond County, known as Somerset Court of Hamlet (hereafter “the Facility”). The Facility is located at 632 Freeman Mill Road, Hamlet, North Carolina. The Facility is listed in the “Inventory of Adult Care Home Beds” in the 2012 State Medical Facilities Plan as having 60 adult care home beds. See Exhibit A. The Facility also is listed in the Proposed 2013 State Medical Facilities Plan as having 60 adult care home beds. See Exhibit B.

Hamlet Health Investors, LLC is seeking to purchase the Facility through a purchase and sale agreement. The purpose of this letter is to provide prior notice of this acquisition, which is exempt from certificate of need (“CON”) review, to the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Certificate of Need Section (the “Agency”). Hamlet Health Investors, LLC seeks confirmation that it is permitted to acquire the Facility as described herein without CON Review, thus acquiring the Facility’s existing CON rights to own that existing health service facility (as defined in the CON statute) with 60 adult care home beds.

I. THE PROPOSAL

As of this date, NCAL Acquisition I, Inc. owns the property and building comprising the Facility, which is an existing “health service facility,” as that term is defined in N.C. Gen. Stat. § 131E-176(7a) and Salem Senior Housing, Inc. is the licensee. Hamlet Health Investors, LLC will purchase the Facility, and the licensee will become Hamlet AL Holdings, LLC. The Facility will be known as Hamlet House.

II. EXEMPTION NOTICE

Under North Carolina law, a certificate of need (“CON”) is required only prior to offering or developing a “new institutional health service.” “New institutional health service”

Mr. Craig Smith, Chief
August 9, 2012
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includes a variety of services and activities, including a capital expenditure exceeding \$2 million. N.C. Gen. Stat. § 131E-176(16)(b).

The North Carolina General Assembly saw fit to exempt certain types of services or proposals from CON review, pursuant to N.C. Gen. Stat. § 131E-184. One such exempt service or proposal includes the acquisition of an existing health service facility, "including equipment owned by the health service facility at the time of acquisition." N.C. Gen. Stat. § 131E-184(a)(8).

This project involves only the acquisition of an existing adult care home, which falls within the purview of the statutory definition of "health service facility." After acquisition, Hamlet Health Investors, LLC will operate the Facility as an adult care home. Furthermore, Hamlet Health Investors, LLC acquisition of the Facility does not entail the purchase of any major medical equipment or any *per se* reviewable equipment as defined in N.C. Gen. Stat. §§ 131E-176(14o) and (16)(f1). Likewise, the acquisition does not include the offering of any *per se* reviewable services. N.C. Gen. Stat. § 131E-176(16)(f). Thus, given that the transaction involves only the acquisition of an existing health service facility, it is exempt from CON review.

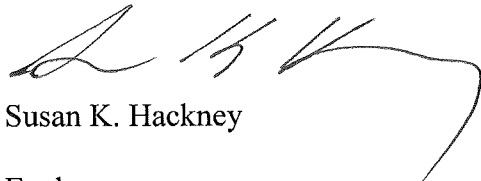
III. CONCLUSION

Based on the foregoing information, we hereby request the Agency's confirmation that the proposal described above is exempt from CON review, pursuant to N.C. Gen. Stat. § 131E-184(a)(8), and thus Hamlet Health Investors, LLC may acquire the Facility with all its existing CON rights without a CON.

In addition, we respectfully request that this request be considered on an **expedited basis** because the parties wish to proceed with this transaction as soon as possible. Additionally, financing of the transaction is contingent upon this confirmation.

If you require additional information to consider this request, please contact us at the above number as soon as possible. We thank you for your consideration of this request.

Sincerely,



Susan K. Hackney

Enclosure

Table 11A: Inventory of Adult Care Home (Assisted Living) Beds

County	Facility Name	Licensed Beds in Nursing Homes	Licensed Beds in Hospitals	Licensed Beds in Adult Care Facilities	Total Licensed Beds	CON Approved/License Pending			Available in SMFP	Total Available	Sum of Exclusions	Total Planning Inventory
						CON	ACH Exempt	ACH Pipeline				
	Perquimans Totals	0	0	48	48	0	0	0	0	48	-30	78
Person	Cambridge Hills Assisted Living	0	0	120	120	0	0	0	0	120	0	120
Person	Maple Heights Assisted Living	0	0	34	34	0	0	0	0	34	0	34
Person	The Canterbury House	0	0	60	60	0	0	0	0	60	0	60
	Person Totals	0	0	214	214	0	0	0	0	214	0	214
Pitt	Carolina House of Greenville	0	0	76	76	0	0	0	0	76	0	76
Pitt	Cypress Glenn Retirement Community	0	0	12	42	0	0	0	0	42	21	21
Pitt	Dixon House	0	0	80	80	0	0	0	0	80	0	80
Pitt	Greenfield Place	0	0	0	20	0	0	0	0	20	0	20
Pitt	Oak Haven Assisted Living	0	0	54	54	0	0	0	0	54	0	54
Pitt	Red Oak Assisted Living	0	0	62	62	0	0	0	0	62	0	62
Pitt	Southern Living Assisted Care	0	0	120	120	0	0	0	0	120	0	120
Pitt	Spring Arbor of Greenville	0	0	66	66	0	0	0	0	66	0	66
Pitt	Sterling House of Greenville	0	0	29	60	0	0	0	0	60	0	60
Pitt	Winterville Manor	0	0	29	29	0	0	0	0	29	0	29
	Pitt Totals	50	0	559	609	0	0	0	0	609	21	588
Polk	KD Support Services - Kelly's Care #5	0	0	14	14	0	0	0	0	14	0	14
Polk	Laurelwoods	0	0	60	60	0	0	0	0	60	0	60
Polk	Ridge Rest	0	0	12	12	0	0	0	0	12	0	12
Polk	White Oak Manor/Tryon	30	0	0	30	0	0	0	0	30	15	15
Polk	Willowbrooke Court Skilled Care Center at Tryon	0	0	0	0	0	0	0	0	0	0	0
	Polk Totals	44	0	0	44	0	0	0	0	44	22	22
	Polk Totals	74	0	86	160	0	0	0	0	160	37	123
Randolph	Brookstone Haven	0	0	120	120	0	0	0	0	120	0	120
Randolph	Carlton Assisted Living of Asheboro	0	0	96	96	0	0	0	0	96	0	96
Randolph	Carolina House of Asheboro	0	0	76	76	0	0	0	0	76	0	76
Randolph	Country Manor	0	0	9	9	0	0	0	0	9	0	9
Randolph	Cross Road Retirement Community	0	0	152	152	0	0	0	0	152	0	152
Randolph	North Pointe	0	0	67	67	0	0	0	0	67	0	67
Randolph	North Pointe Assisted Living of Archdale	0	0	56	56	0	0	0	0	56	0	56
Randolph	The GrayBrier Nursing & Retirement Center	14	0	14	14	0	0	0	0	14	0	14
Randolph	Westwood Health and Rehabilitation	16	0	0	16	0	0	0	0	16	0	16
	Randolph Total	30	0	576	606	0	0	0	0	606	0	606
Richmond	New Hope Adult Care	0	0	17	17	0	0	0	0	17	0	17
Richmond	Richmond Pines Healthcare and Rehabilitation Center	10	0	10	10	0	0	0	0	10	0	10
Richmond	Somerset Court of Hamlet	0	0	60	60	0	0	0	0	60	0	60
Richmond	The Heritage Retirement Center of Rockingham	0	0	114	114	0	0	0	0	114	0	114
	Richmond Total	10	0	191	201	0	0	0	0	201	0	201
Robeson	Covenant Care	0	0	30	30	0	0	0	0	30	0	30
Robeson	Cromartie Spring Village Rest Home	0	0	11	11	0	0	0	0	11	0	11
Robeson	GlenFlore	0	20	0	20	0	0	0	0	20	0	20
Robeson	Green Manor Rest Home	0	0	82	82	0	0	0	0	82	0	82
Robeson	Greenbriar of Fairmont	0	0	100	100	0	0	0	0	100	0	100
Robeson	Highland Gardens	0	0	63	63	0	0	0	0	63	0	63
Robeson	J & S Care - Morning Star Assisted Living	0	0	10	10	0	0	0	0	10	0	10
Robeson	J & S Care - Morningstar Assisted Living #2	0	0	12	12	0	0	0	0	12	0	12
Robeson	J & S Care - Morningstar Assisted Living #3	0	0	12	12	0	0	0	0	12	0	12
Robeson	J & S Care - Morningstar Assisted Living #4	0	0	12	12	0	0	0	0	12	0	12
Robeson	Lumberton Assisted Living	0	0	104	104	0	0	0	0	104	0	104
Robeson	Red Springs Assisted Living	0	0	81	81	0	0	0	0	81	0	81

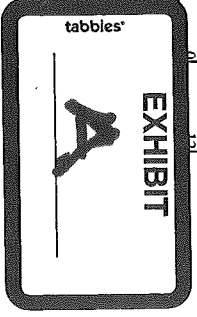




Table 11A: Inventory of Adult Care Homes (Assisted Living) Beds - Proposed 2013 Plan

County	Facility Name	Licensed Beds in Nursing Homes	Licensed Beds in Hospitals	Licensed Beds in Adult Care Facilities	Total Licensed Beds	CON Approved/ACH Exempt	ACH Pipeline	CON Bed Transfer	Available in SMERP	Total Available	Sum of Exclusions	Total Planning Inventory
Pender	Huntington Health Care	23	0	0	23	0	0	0	0	23	0	23
Pender	Pen-Du Rest Home	0	0	19	19	0	0	0	0	19	0	19
Pender	Woodbury Wellness	100	0	0	100	0	0	0	0	100	0	100
	Pender Totals	123	0	19	242	0	0	0	0	242	0	242
Perquimans	Country Oaks	0	0	24	24	0	0	0	0	24	0	24
Perquimans	Exclusion due to beds transferred to Gates County	0	0	0	0	0	0	0	0	0	-30	30
Perquimans	South Haven Manor	0	0	24	24	0	0	0	0	24	0	24
	Perquimans Totals	0	0	48	48	0	0	0	0	48	-30	78
Person	Cambridge Hills Assisted Living	0	0	120	120	0	0	0	0	120	0	120
Person	Maple Heights Assisted Living	0	0	34	34	0	0	0	0	34	0	34
Person	The Canterbury House	0	0	60	60	0	0	0	0	60	0	60
	Person Totals	0	0	214	214	0	0	0	0	214	0	214
Pitt	Carolina House of Greenville	0	0	76	76	0	0	0	0	76	0	76
Pitt	Cypress Glen Retirement Community Memory Care	0	0	12	12	0	0	0	0	12	0	12
Pitt	Cottage	0	0	0	0	0	0	0	0	0	0	0
Pitt	Cypress Glenn Retirement Community	30	0	0	30	0	0	0	0	30	15	15
Pitt	Dixon House	0	0	80	80	0	0	0	0	80	0	80
Pitt	Greenfield Place	20	0	0	20	0	0	0	0	20	0	20
Pitt	Oak Haven Assisted Living	0	0	54	54	0	0	0	0	54	0	54
Pitt	Red Oak Assisted Living	0	0	62	62	0	0	0	0	62	0	62
Pitt	Southern Living Assisted Care	0	0	120	120	0	0	0	0	120	0	120
Pitt	Spring Arbor of Greenville	0	0	66	66	0	0	0	0	66	0	66
Pitt	Sterling House of Greenville	0	0	60	60	0	0	0	0	60	0	60
Pitt	Winterville Manor	0	0	29	29	0	0	0	0	29	0	29
	Pitt Totals	50	0	559	609	0	0	0	0	609	15	594
Polk	Laurelwoods	0	0	60	60	0	0	0	0	60	0	60
Polk	Ridge Rest	0	0	12	12	0	0	0	0	12	0	12
Polk	White Oak Manor/Tryon	30	0	0	30	0	0	0	0	30	15	15
Polk	WillowBrooke Court Skilled Care Center at Tryon Estates	44	0	0	44	0	0	0	0	44	22	22
	Polk Totals	74	0	72	146	0	0	0	0	146	37	109
Randolph	Brookstone Haven	0	0	120	120	0	0	0	0	120	0	120
Randolph	Carlton Assisted Living of Asheboro	0	0	96	96	0	0	0	0	96	0	96
Randolph	Carolina House of Asheboro	0	0	76	76	0	0	0	0	76	0	76
Randolph	Country Manor	0	0	9	9	0	0	0	0	9	0	9
Randolph	Gross Road Retirement Community	0	0	152	152	0	0	0	0	152	0	152
Randolph	North Pointe	0	0	67	67	0	0	0	0	67	0	67
Randolph	North Pointe Assisted Living of Archdale	0	0	56	56	0	0	0	0	56	0	56
Randolph	The GrayBrier Nursing & Retirement Center	14	0	0	14	0	0	0	0	14	0	14
Randolph	Westwood Health and Rehabilitation	16	0	0	16	0	0	0	0	16	0	16
	Randolph Totals	30	0	576	606	0	0	0	0	606	0	606
Richmond	New Hope Adult Care	0	0	15	15	0	0	0	0	15	0	15
Richmond	Richmond Pines Healthcare and Rehabilitation Center	10	0	0	10	0	0	0	0	10	0	10
Richmond	Somerset Court of Hamlet	0	0	60	60	0	0	0	0	60	0	60
Richmond	The Hermitage Retirement Center of Rockingham	0	0	114	114	0	0	0	0	114	0	114
	Richmond Totals	10	0	189	199	0	0	0	0	199	0	199
Robeson	Covenant Care	0	0	30	30	0	0	0	0	30	0	30
Robeson	Cromartie Spring Village Rest Home	0	0	11	11	0	0	0	0	11	0	11
Robeson	GlenFlora	20	0	0	20	0	0	0	0	20	0	20
Robeson	Green Manor Rest Home	0	0	82	82	0	0	0	0	82	0	82
Robeson	Greenbrier of Fairmont	0	0	100	100	0	0	0	0	100	0	100
Robeson	HIGHLAND Gardens	0	0	63	63	0	0	0	0	63	0	63
Robeson	J & S Care - Morning Star Assisted Living	0	0	10	10	0	0	0	0	10	0	10
Robeson	J & S Care - Morningside Assisted Living #2	0	0	12	12	0	0	0	0	12	0	12
Robeson	J & S Care - Morningside Assisted Living #3	0	0	12	12	0	0	0	0	12	0	12

