



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
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July 6, 2012

Diana R. Cohen
Arnall Golden Gregory LLP
171 17th Street, NW
Suite 2100
Atlanta, GA 30363-1031

RE: No Review / Genesis Healthcare LLC / Acquisition of Sun Healthcare Group, Inc., owner of durable medical provider Americare Health Services Corporation / Statewide

Dear Ms. Cohen:

The Certificate of Need (CON) Section received your letter of June 20, 2012 regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

It should be noted that this determination is binding only for the facts represented by you. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by the Certificate of Need Section. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

In addition, you should contact the Acute and Home Licensure and Certification Section, DHSR to determine if they have any requirements for development of the proposed project. Please contact the CON Section if you have any questions. Also, in all future correspondence you should reference the Facility I.D.# (FID) if the facility is licensed.




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If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,



Lisa Pittman
Team Leader



Craig R. Smith, Chief
Certificate of Need Section

cc: Acute and Home Licensure and Certification Section, DHR

**Arnall
Golden
Gregory LLP**



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June 20, 2012

VIA FEDERAL EXPRESS

Mr. Craig Smith, Chief
Certificate of Need Section
North Carolina Department of Health
and Human Services
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699

Re: Confirmation of Inapplicability of CON Laws

Dear Mr. Smith:

This letter is to confirm that the Certificate of Need laws and regulations of the State of North Carolina do not apply to durable medical equipment providers.

Specifically, our client, Genesis HealthCare LLC (“Genesis”) will be entering into a merger with Sun Healthcare Group, Inc. (“Sun”), a corporation that owns the operations of Americare Health Services Corp. The merger involves a subsidiary of Genesis being merged into Sun, which will result in Genesis and its investors becoming the ultimate owners of Sun and Americare Health Services Corp.

We are seeking confirmation that the merger will not have Certificate of Need implications for Americare Health Services Corp. That is, as a durable medical equipment provider, Americare Health Services Corp. is not subject to regulation by your agency and its involvement in the merger is not reviewable by your agency. **We respectfully request a letter or email acknowledgment from your office confirming our understanding.** For your convenience, I have enclosed a stamped, self-addressed envelope and a copy of this letter for your signature in the space provided below indicating confirmation of our understanding, as stated above.

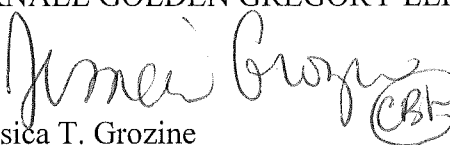
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Washington, D.C. | 2001 Pennsylvania Avenue, NW • Suite 250 • Washington, D.C. • 20006 | 202.677.4038 • f 202.677.4039

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

ARNALL GOLDEN GREGORY LLP


Jessica T. Grozine

Enclosures

cc: Ms. Virginia Lovelace, Sun Healthcare Group, Inc.
Teresa Salamon, Esq., Genesis HealthCare LLC
Hedy S. Rubinger, Esq.

**NORTH CAROLINA DEPARTMENT OF
HEALTH AND HUMAN SERVICES**

Signature: _____

Printed Name: _____

Title: _____

Date: _____