



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

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

July 21, 2014

Dana Rock
Signature HealthCARE
12201 Bluegrass Parkway
Louisville, KY 40299

No Review

Facility or Business: Kinston Healthcare and Rehabilitation Center
Project Description: LP Kinston, LLC proposes to lease and operate facility
County: Lenoir
FID #: 923213

Dear Ms. Rock:

The Certificate of Need Section (CON Section) received your letter of June 27, 2014 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.

Moreover, you need to contact the Nursing Home Licensure and Certification Section of the Division of Health Service Regulation (DHSR) to determine if they have any requirements for development of the proposed project.

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.



Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

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

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

An Equal Opportunity/ Affirmative Action Employer



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.

Sincerely,



Jane Rhoe-Jones, Project Analyst



Martha J. Frisone, Interim Chief
Certificate of Need Section

cc: Nursing Home Licensure and Certification Section, DHSR
Medical Facilities Planning Branch, DHSR



June 27, 2014

Received by
the CON Section
JUL 01 2014

12201 Bluegrass Parkway
Louisville, KY 40299
502.804.3711
drock@signaturehealthcarellc.com

June 27, 2014

VIA UPS NEXT DAY AIR

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

**RE: Exemption Notice for Signature HealthCARE of Kinston
(SNF in Lenoir County)
FID # 923213**

Dear Mr. Smith,

LP Kinston, LLC is planning to operate a skilled nursing facility in Lenoir County, currently known as Kinston Healthcare and Rehabilitation Center (hereafter the "Facility") and the FID # is 923213. The Facility is located at 907 Cunningham Road, Kinston, NC 28501-1825. The Facility is licensed by the State of North Carolina, Department of Health and Human Services, Division of Health Service Regulation for 106 nursing facility beds (license attached).

LP Kinston, LLC will lease the Facility through a lease agreement. The purpose of this letter is to provide prior notice of this acquisition of operations, which we believe is exempt from Certificate of Need ("CON") review, to the North Carolina Department of Health and Human services, Division of Health Services Regulation, Certificate of Need Section (the "Agency"). LP Kinston, LLC seeks confirmation that it is permitted to operate the Facility as described herein without CON Review, thus transferring the Facility's existing CON rights to that existing health service facility (as defined in the CON statute) with 106 nursing facility beds.

I. THE PROPOSAL

Ventas Realty, LP 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(9)(b), and Kinston OpCo, LLC is the Licensee. LP Kinston, LLC will acquire the operations of and lease the Facility, and the new Licensee will be LP Kinston, LLC. The Facility will then be known as Signature HealthCARE of Kinston.

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" 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 operations of an existing skilled nursing facility, which falls within the purview of the statutory definition of "health service facility." After the acquisition of operations, the new Licensee, LP Kinston, LLC, will operate the Facility as a skilled nursing facility. Furthermore, LP Kinston, LLC's acquisition of operations 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(14)(o) and (16)(f). Likewise, the acquisition of operations 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 operations of an existing health services 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 LP Kinston, LLC may acquire the operations of 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. If you require additional information to consider this request, please contact us at (502) 804-3711 or by email at drock@signaturehealthcarellc.com as soon as possible. We thank you for your consideration of this request.

Sincerely,



Dana Rock
Sr. Licensure Analyst

Attachment

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

Effective January 01, 2014, this license is issued to

Kinston OpCo LLC

to operate a nursing facility known as

Kinston Healthcare and Rehabilitation Center

located in Kinston, Lenoir County

*This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall expire
midnight December 31, 2014.*

Facility ID: 923213

License Number: NH0309

Bed Capacity: 106

Nursing Facility Beds 106

Authorized by:



**Secretary, N.C. Department of Health and
Human Services**



Director, Division of Health Service Regulation