STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

MEDICAL CARE COMMISSION QUARTERLY MEETING
DIVISION OF HEALTH SERVICE REGULATION
801 BIGGS DRIVE
RALEIGH, NC 27603
CONFERENCE ROOM #104 - BROWN BUILDING
FRIDAY, FEBRUARY 14, 2020
9:00 A.M.

AGENDA

I. Meeting Opens

II. Chairman's Comments……..……..Dr. John Meier

III. Ethics Statement……..…….Dr. John Meier

The State Government Ethics Act requires members to act in the best interest of the public and adhere to the ethical standards and rules of conduct in the State Government Ethics Act, including the duty to continually monitor, evaluate, and manage personal, financial, and professional affairs to ensure the absence of conflicts of interest. Any conflicts of interest and recusals in connection with each proposed financing arrangement on the agenda were raised prior to any vote on the arrangement. Under the Health Care Financing Act, any ownership interest in the bank or financial institution that services the bond is a conflict of interest requiring a recusal.

IV. Approval of Minutes (Action Items)……..Dr. John Meier

- **November 8, 2019 (Medical Care Commission Quarterly Meeting)** (See Exhibit A)
- **November 22, 2019 (Executive Committee) –** To authorize the sale of bonds, the proceeds of which are to be loaned to The Presbyterian Home at Charlotte, Inc. (See Exhibit B/1).
- **December 13, 2019 (Executive Committee)** – To authorize a Supplemental Trust Agreement for Wayne Memorial Hospital, Series 2017A Bonds. (See Exhibit B/2).
- **January 31, 2020 (Executive Committee)** – To authorize the sale of bonds, the proceeds of which are to be loaned to UNC Rex Healthcare (See Exhibit B/3).

V. Bond Program Activities ……..……..….Geary W. Knapp

A. Quarterly Report on Bond Program (See Exhibit B)
B. The following notices and non-action items were received by the Executive Committee:

November 21, 2019 – Carolina Meadows, Series 2004 (Redemption)

- Outstanding Balance: $12,810,000
- Funds provided by Public Finance Authority (Wisconsin) bonds

January 13, 2020 – Duke Health, Series 2012A (Redemption)

- Redemption Amount - $273,000,000
- Funds provided by taxable public offering

VI. Bond Project (Action Item).....Geary W. Knapp

A. Friends Homes, Inc. (Greensboro)…….....G. Knapp, J. Harms, & S. Lewis

Resolution: The Commission grants preliminary approval for a Friends Homes, Incorporated project to provide funds to be used, together with other available funds, to ***construct*** the following:

- 73 Independent Living Units (West Campus)
  - 54 Villa Apartments w/parking beneath
  - 11 Single Tenant Cottages
  - 8 Duplexes
- Bistro Addition (West Campus)
  - Kitchen / Bistro Seating / Servery / Market Area
- Wellness Center Addition (West Campus)
  - Dental Clinic
  - Multi-purpose / Exercise / Strength Training / Cardio Rooms
  - Indoor Sports Court
  - New Roof over Indoor Pool
- Dining Hall Renovations (West Campus)
  - General and Private Dining & Expo Cooking Area

Capital expenditures for new construction and the refunding shall be included as listed below, all in accordance with a preliminary application, plans and specifications and participation as follows:

ESTIMATED SOURCES OF FUNDS

Principal amount of bonds to be issued	$68,185,000
Total Sources	**$68,185,000**

ESTIMATED USES OF FUNDS

Construction Contracts	55,000,000
Construction Contingency (5% of Construction Contracts)	2,750,000
Bond Interest during Construction	5,072,541
Debt Service Reserve Fund	4,304,100
Underwriter Discount/Placement Fee	537,625
Feasibility Study Fee	150,000
Accountant Fee	5,000
Corporation Counsel	30,000
Bond Counsel	85,000
Trustee Fee	5,000

Trustee Counsel	10,000
Bank Counsel	50,000
Survey	20,000
Printing Cost	15,000
DHSR Reimbursables (G.S. § 131-E-267)	70,000
Local Government Commission	8,750
Underwriter Counsel & Blue Sky Fee	55,000
Phase 1 Environmental	7,611
Appraisal	9,373
Total Uses	**$68,185,000**

Tentative approval is given with the understanding that the governing board of Friends Homes accepts the following conditions:

1. The project will continue to be developed pursuant to the applicable Medical Care Commission guidelines.

2. Any required certificate of need must be in effect at the time of the issuance of the bonds or notes.

3. Final Financial feasibility must be determined prior to the issuance of bonds.

4. The project must, in all respects, meet requirements of G.S. § 131A (Health Care Facilities Finance Act).

5. The Executive Committee of the Commission is delegated the authority to approve the issuance of bonds for this project and may approve the issuance of such greater principal amount of the loan as shall be necessary to finance the project; provided, however, that the amount set forth above shall not be increased by more than ten percent (10%).

6. The bonds or notes shall be sold in such a manner and upon such terms and conditions as will, in the sole judgment of the Executive Committee of the Commission, result in the lowest cost to the facility and its residents.

7. If public approval of the bonds is required for the purpose of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Section 147(f)"), this tentative approval shall constitute the recommendation of the Commission that the Governor of the State of North Carolina (the "Governor") approve the issuance of such bonds, subject to the satisfaction of the requirements of Section 147(f) concerning the holding of a public hearing prior to the submission of such recommendation to the Governor.

8. The borrower will comply with the Commission's Resolution: Community Benefits/Charity Care Agreement and Program Description for CCRCs as adopted.

9. The borrower will furnish, prior to the sale of or issuance of the bonds or notes or execution of the leases, evidence that it is in compliance with the covenants of all of its outstanding Medical Care Commission debt.

Based on information furnished by applicant at preliminary approval, the project is:

1.	Financially feasible	✓	Yes	_____	No	_____	N/A
2.	Construction and related costs are reasonable	✓	Yes	_____	No	_____	N/A

See **Exhibit D** for compliance and selected application information.

VII. MCC Breakout Session...……Dr. John Meier

VIII. Old Business (Action Items)…….……..Nadine Pfeiffer

A. Rules for Adoption (Discuss rules, fiscal note, and comments submitted)

1. Adult Care Home/Family Care Home Rules…….……N. Pfeiffer & M. Lamphere

   Readoption of six rules following Periodic Review (Phase 1.5), Amendment of four rules, and Repel of 1 rule (Total 11 rules)
   - Rules: 10A NCAC 13F .0202, .0204, .0208, .0209, and .0212;
   - 10A NCAC 13G .0202, .0204, .0208, .0209, .0212, and .0213 (See Exhibits C/1 – C/3)

2. Licensing of Hospital Rules – Phase III Readoption Rules…..…..N. Pfeiffer & A. Conley

   Readoption of thirteen rules following Periodic Review
   - Rules: 10A NCAC 13B .1902, .1915, .1918, .1925, .3001, .3101, .3110, .3204, .3205, .3302, .3303, .5412, and .5413. (See Exhibits C/4 – C/6)

IX. Refunding of Commission Bond Issues (Action Item)..……...……..Geary W. Knapp

<u>Recommended</u>:

WHEREAS, the bond market is in a period of generally fluctuating interest rates, and

WHEREAS, in the event of decline of rates during the next quarter, refunding of certain projects could result in significant savings in interest expense thereby reducing the cost of health care to patients, and

WHEREAS, the Commission will not meet again until May 15, 2020 in Raleigh, North Carolina;

THEREFORE, BE IT RESOLVED; that the Commission authorize its Executive Committee to approve projects involving the refunding of existing Commission debt between this date and May 15, 2020.

X. Adjournment – A motion to adjourn is requested.

STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

MEDICAL CARE COMMISSION QUARTERLY MEETING
DIVISION OF HEALTH SERVICE REGULATION
801 BIGGS DRIVE
RALEIGH, NC 27603
CONFERENCE ROOM #104 - BROWN BUILDING
FRIDAY, NOVEMBER 8, 2019
9:00 A.M.

MINUTES

I. Meeting Attendance

MEMBERS PRESENT	MEMBERS ABSENT
John J. Meier, IV, M.D., Chairman Joseph D. Crocker, Vice-Chairman Sally B. Cone John A. Fagg, M.D. Bryant C. Foriest Charles H. Hauser Linwood B. Hollowell, III Eileen C. Kugler, RN, MSN, MPH, FNP Ashley H. Lloyd, D.D.S. Albert F. Lockamy, Jr., RPh Stephen T. Morton - (Via Conference Call) J. William Paugh Robert E. Schaaf, M.D. Patrick D. Sebastian Jeffrey S. Wilson **DIVISION OF HEALTH SERVICE REGULATION STAFF** S. Mark Payne, DHSR Director, MCC Secretary Emery E. Milliken, Deputy Director, DHSR Geary W. Knapp, JD, CPA, Assistant Secretary, MCC Steven Lewis, Chief, Construction Section, DHSR Jeff Harms, Engineering Supervisor, DHSR Construction Nadine Pfeiffer, Rules Review Manager, DHSR Azzie Conley, Chief, Acute & Home Care Licensure Branch Megan Lamphere, Chief, Adult Care Licensure Section Doug Barrick, Policy Coordinator, Adult Care Licensure Section Crystal Abbott, Auditor, MCC Kathy Larrison, Auditor, MCC Alice Creech, Executive Assistant, MCC	Paul R.G. Cunningham, M.D. Karen E. Moriarty

Other Attendance (See Exhibit F)

II. Chairman's Comments……..……..Dr. John Meier

Dr. John Meier thanked everyone for taking time out of their busy schedules to attend the meeting and their service to the State, citizens, and patients of North Carolina. Dr. Meier formally introduced himself as the new Chairman and asked each Commission Member and staff to introduce themselves. Dr. Meier yielded time to outgoing Chairman, Dr. Fagg, for further comments. Dr. Fagg thanked Commission Members and staff for all their hard work and efforts during his tenure.

III. Resolutions of Appreciation for Former Members & Former Chairman..……..….Dr. John Meier

- Dr. Robert S. Alphin (See Exhibit A/3)
- Dr. Devdutta G. Sangvai (See Exhibit A/4)
- Dr. John Fagg (See Exhibit A/5 & A/6)

IV. Ethics Statement……..…….Dr. John Meier

Dr. Meier reminded Commission Members of the State Government Ethics Act. The State Government Ethics Act requires members to act in the best interest of the public and adhere to the ethical standards and rules of conduct in the State Government Ethics Act, including the duty to continually monitor, evaluate, and manage personal, financial, and professional affairs to ensure the absence of conflicts of interest. Any conflicts of interest and recusals in connection with each proposed financing arrangement on the agenda were raised prior to any vote on the arrangement. Under the Health Care Financing Act, any ownership interest in the bank or financial institution that services the bond is a conflict of interest requiring a recusal.

V. North Carolina Board of Ethics Letters……Dr. John Meier

North Carolina Board of Ethics letters were received for the following newly-appointed members and were noted for a potential conflict of interest:

- Sally B. Cone (See Exhibit A/1)
- Bryant C. Foriest (See Exhibit A/2)

VI. New Business (Action Item)

A. Rules for Initiating Rulemaking Approval (Discuss rules & fiscal note)…….....N. Pfeiffer

1. Licensing of Hospital Bylaws Rules (11 rules)…….……Dr. Fagg & N. Pfeiffer

Readoption of eight rules following Periodic Review and amendment of three rules
- Rules: 10A NCAC 13B .3501-.3503 and .3701-.3708 (Exhibit D thru D/2)

Remarks of approval and recommendation for the Hospital Bylaws Rules were made by Dr. Fagg, Robert Wilson, and Bill Paugh. Dr. Meier provided the Commission a joint letter from the Medical Society and NC Healthcare Association expressing support for the Bylaws rules (See Exhibit D/3).

COMMISSION ACTION: Motion was made to approve the Hospital Bylaws Rules by Mr. Charles Hauser, seconded by Dr. Robert Schaaf, and unanimously approved.

VII. Old Business (Action Items)……..……..Nadine Pfeiffer

A. Rules for Adoption/Readoption (Discuss rules and fiscal note)

1. Adult Care Home/Family Care Home Rules……...……N. Pfeiffer & M. Lamphere

Readoption of seven rules following Periodic Review (Phase 1)

- Rules: 10A NCAC 13F .0203, .0207, .0214, and .1206; 10A NCAC 13G .0207, .0214 and .1207 (See Exhibits C thru C/3)

COMMISSION ACTION: Motion was made to approve the Adult Care Home/Family Care Home Rules by Mr. Bill Paugh, seconded by Mr. Jeff Wilson and unanimously approved.

2. Ambulatory Surgical Center Construction Rules……..N. Pfeiffer & S. Lewis

Readoption of five rules following Periodic Review - Amendment of three rules and repeal of two rules

- Rules: 10A NCAC 13B .1401 - .1410 (See Exhibits C/4 thru C/5)

COMMISSION ACTION: Motion was made to approve the Ambulatory Surgical Center Construction Rules by Mr. Charles Hauser, seconded by Mr. Joe Crocker, and unanimously approved.

VIII. Approval of Minutes (Action Items)……..Dr. John Meier

- **August 21, 2019 – Medical Care Commission Quarterly Meeting** (See Exhibit A)

- **September 26, 2019 (Executive Committee)** – To authorize the sale of bonds, the proceeds of which are to be loaned to Lutheran Retirement Ministries of Alamance County (Twin Lakes Community), North Carolina (See Exhibit B/1).

- **October 2, 2019 (Executive Committee)** – To consider a resolution (A) authorizing the sale and issuance of bonds, the proceeds of which will be loaned to University Health Systems of Eastern Carolina, Inc. d/b/a Vidant Health and Pitt County Memorial Hospital, Incorporated d/b/a Vidant Medical Center and to consider a resolution (B) granting Rex Hospital Inc. an exception to the Commission's compliance policy (See Exhibit B/2).

- **October 11, 2019 (Executive Committee) –** To authorize the sale of bonds, the proceeds of which are to be loaned to Galloway Ridge (See Exhibit B/3).

COMMISSION ACTION: Motion to approve the minutes was made by Mrs. Eileen Kugler, seconded by Mr. Joe Crocker, and unanimously approved.

IX. Bond Program Activities ……..……..….Geary W. Knapp

A. Quarterly Report on Bond Program (See Exhibit B)
B. The following notices and non-action items were received by the Executive Committee:

October 16, 2019 – Friends Homes, Inc. Series 2011 (Redemption)

- Outstanding Balance: $14,533,690.69
- Funds provided by Public Finance Authority (Wisconsin) bonds

November 6, 2019 – Penick Village Series 2010B (Redemption)

- Outstanding Balance: $27,875,000
- Funds provided by Public Finance Authority (Wisconsin) bonds

November 7, 2019 – Duke Health 2017 Master Lease Agreement (Additions to Master Lease)

- Schedule 16 – MRI ($1,608,437) – Duke University Hosptial
- Schedule 17 – CT Scanner ($1,869,000) – Duke Regional Hospital
- Funds provided by TD Equipment Finance, Inc.

November 19, 2019 – CaroMont Health Series 2019 (Conversion of Series 2018 (Taxable) to Series 2019 (Tax-Exempt))

- Outstanding Balance: $41,460,000
- Bank Holder: TD Bank, N.A.

C. Technical Change Rules Amended by Codifier per Staff approval (in accordance with 8/21/19 MCC Resolution):

- Licensing of Ambulatory Surgical Facility rules: 1 rule updated repealed statute
- Licensing of Overnight Respite Services rules: 2 rules updated website addresses
- Emergency Medical Services and Trauma rules: 5 rules updated website addresses
- Licensing of Hospital rules: 7 rules updated agency names, addresses and phone numbers, a typographical error, and a rule citation reference.

X. MCC Breakout Session...……Dr. John Meier

Geary Knapp gave a presentation on the Medical Care Commission process for administering the Healthcare Facilities Finance Act (See Exhibit E).

Remarks were made on the presentation by Dr. John Meier, Mr. Mark Payne, Mr. Charles Hauser, Mr. Joe Crocker, Mr. Bryant Foriest, Mrs. Eileen Kugler, Mrs. Sally Cone, Mr. Steven Lewis, and Mr. Bill Paugh.

XI. Appointment of Two Executive Committee Members (Action Item)...……..Dr. John Meier

In accordance with 10A NCAC 13A.0101, the NCMCC's Chairman shall appoint two members to the Executive Committee to serve for a term of two years or until expiration of his/her regularly appointed term. No member of the Executive Committee, except the Chairman and Vice-Chairman, shall serve more than two two-year terms in succession. The Chairman's appointees are for vacated seats and the terms will expire 12/31/2020.

COMMISSION ACTION: Dr. Meier appointed Mrs. Sally Cone and Mr. Bill Paugh to serve out the two vacant seats on the Executive Committee that will expire 12/31/2020.

XII. Election of Three Executive Committee Members (Action Item).....Dr. John Meier

In accordance with 10A NCAC 13A.0101, three members of the Executive Committee shall be appointed by a vote of the Commission at the November meeting of each odd year. No member of the Executive Committee, except the Chairman and Vice-Chairman, shall serve more than two-year terms in succession.

COMMISSION ACTION: Mr. Linwood Hollowell, Mr. Al Lockamy, and Mr. Jeff Wilson agreed to serve two-year terms on the Executive Committee that expire December 31, 2021. No vote was necessary due to only three interested Members. Unanimously approved by the Commission.

XIII. Adoption of 2020 Medical Care Commission Meeting Dates (Action Item).....Dr. John Meier

February 13-14, 2020
May 14-15, 2020
August 13-14, 2020
November 12-13, 2020

COMMISSION ACTION: A motion to approve the Commission Meeting dates for 2020 was made by Mr. Joe Crocker, seconded by Mrs. Eileen Kugler, and unanimously approved.

XIV. Refunding of Commission Bond Issues (Action Item).....Geary W. Knapp

Recommended:

WHEREAS, the bond market is in a period of generally fluctuating interest rates, and

WHEREAS, in the event of decline of rates during the next quarter, refunding of certain projects could result in significant savings in interest expense thereby reducing the cost of health care to patients, and

WHEREAS, the Commission will not meet again until February 14, 2020 in Raleigh, North Carolina;

THEREFORE, BE IT RESOLVED; that the Commission authorize its Executive Committee to approve projects involving the refunding of existing Commission debt between this date and February 14, 2020.

COMMISSION ACTION: Motion was made to authorize the Executive Committee to approve projects involving the refunding of existing Commission debt between this date and February 14, 2020 by Mrs. Eileen Kugler, seconded by Mr. Al Lockamy, and unanimously approved.

XV. Adjournment – There being no further business the meeting was adjourned at 11:49 a.m.

Respectfully Submitted,

Geary W. Knapp, JD, CPA
Assistant Secretary

NC Medical Care Commission

Quarterly Report on **Outstanding Debt** (End: 2nd Quarter FYE 2020)

Program Measures	FYE 2019 Ending: 6/30/2019	FYE 2020 Ending: 12/31/2019
Outstanding Debt	**$5,878,126,412**	**$6,146,536,291**
Outstanding Series	**131**	**130**[1]

Detail of Program Measures	Ending: 6/30/2019	Ending: 12/31/2019
Outstanding Debt per Hospitals and Healthcare Systems	$4,672,572,057	$4,918,980,587
Outstanding Debt per CCRCs	$1,147,209,355	$1,170,115,704
Outstanding Debt per Other Healthcare Service Providers	$58,345,000	$57,440,000
Outstanding Debt Total	**$5,878,126,412**	**$6,146,536,291**
Outstanding Series per Hospitals and Healthcare Systems	76	76
Outstanding Series per CCRCs	53	52
Outstanding Series per Other Healthcare Service Providers	2	2
Series Total	**131**	**130**
Number of Hospitals and Healthcare Systems with Outstanding Debt	19	19
Number of CCRCs with Outstanding Debt	20	17
Number of Other Healthcare Service Providers with Outstanding Debt	2	2
Facility Total	41	38

Exhibit B (Outstanding Balance)

Note 1: For FYE 2020, NCMCC closed 13 **Bond Series** thru the 2nd Quarter. Out of the 13 closed Bond Series: 5 were conversions, 3 were new money projects, 3 were a combination of refundings and new money projets, and 2 were refundings. The loss of 1 Bond Series outstanding from FYE 2019 to current represents all new money projects, refundings, conversions, and redemptions.

GENERAL NOTES: Facility Totals represent a parent entity total and do not represent each individual facility owned by the parent entity. CCRCs are licensed by the NC Department of Insurance. "Other Healthcare Service Providers" would include nursing homes, rehabilitation facilities, assisted living, blood donation centers, and hospice facilities. The following parent entities represent the current "other healthcare service providers" with outstanding NC MCC debt: DePaul (Assisted Living); Lutheran Services (Assisted Living)

NC Medical Care Commission

Quarterly Report on **History** of NC MCC Finance Act Program (End: 2nd Quarter FYE 2020)

Program Measures	FYE 2019 Ending: 6/30/2019	FYE 2020 Ending: 12/31/2019
Total PAR Amount of Debt Issued	**$25,538,623,155**	**$26,338,296,111**
Total Project Debt Issued (excludes refunding/conversion proceeds) [1]	**$12,288,054,987**	**$12,727,831,205**
Total Series Issued	**629**	**642**

Detail of Program Measures		Ending: 6/30/2019	Ending: 12/31/2019
PAR Amount of Debt per Hospitals and Healthcare Systems		$20,794,927,185	$21,371,719,622
PAR Amount of Debt per CCRCs		$4,369,400,740	$4,592,281,259
PAR Amount of Debt per Other Healthcare Service Providers		$374,295,230	$374,295,230
	Par Amount Total	**$25,538,623,155**	**$26,338,296,111**
Project Debt per Hospitals and Healthcare Systems		$9,643,788,740	$9,964,229,440
Project Debt per CCRCs		$2,397,252,332	$2,516,587,851
Project Debt per Other Healthcare Service Providers		$247,013,915	$247,013,915
	Project Debt Total	**$12,288,054,987**	**$12,727,831,205**
Series per Hospitals and Healthcare Systems		397	403
Series per CCRCs		193	200
Series per Other Healthcare Service Providers		39	39
	Series Total	**629**	**642**
Number of Hospitals and Healthcare Systems issuing debt		99	99
Number of CCRCs issuing debt		40	40
Number of Other Healthcare Service Providers issuing debt		46	46
	Facility Total	185	185

Note 1: Project Debt excludes bond proceeds that directly refunded prior NCMCC outstanding issues and conversion par amounts. Project Debt is an accumulation of all new project money, issuance costs (including issuance costs for refundings/conversions (if any)), and refundings of non-NCMCC debt.

GENERAL NOTES: Facility Totals represent each individual facility and <u>do not</u> represent parent entity totals. CCRCs are licensed by the NC Department of Insurance. "Other Healthcare Service Providers" would include nursing homes, rehabilitation facilities, assisted living, blood donation centers, and hospice facilities.

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

The North Carolina Medical Care Commission
809 Ruggles Drive
Raleigh, North Carolina

MINUTES

CALLED MEETING OF THE EXECUTIVE COMMITTEE
CONFERENCE TELEPHONE MEETING ORIGINATING
FROM THE COMMISSION'S OFFICE
NOVEMBER 22, 2019
11:00 A.M.

Members of the Executive Committee Present:

Dr. John Meier, IV, M.D., Chairman
Sally B. Cone
Charles H. Hauser
Albert F. Lockamy, RPh
J. William Paugh

Members of the Executive Committee Absent:

Joseph D. Crocker, Vice-Chairman
Eileen C. Kugler, RN, MSN, MPH, FNP

Members of Staff Present:

S. Mark Payne, DHSR Director/MCC Secretary
Geary W. Knapp, Assistant Secretary
Crystal Watson-Abbott, Auditor
Alice S. Creech, Executive Assistant

Others Present:

Chuck Gaskins, Sharon Towers
Tad Melton, Ziegler
Anne Moffat, Sharon Towers
Jeff Poley, Parker Poe Adams & Bernstein, LLP

1. Purpose of Meeting

To authorize the sale of bonds, the proceeds of which are to be loaned to The Presbyterian Home at Charlotte, Inc.

A. Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of $75,940,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Sharon Towers) Series 2019A.

Remarks were made on the financing by Mr. Geary Knapp, Mr. Jeff Poley, and Mr. Tad Melton.

Executive Committee Action: Motion was made to approve the Series 2019A Revenue Bonds by Mr. Al Lockamy, seconded by Mr. Charles Hauser, and unanimously approved.

WHEREAS, the North Carolina Medical Care Commission (the "Commission") is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities (including retirement facilities) and to refund bonds previously issued by the Commission; and

WHEREAS, The Presbyterian Home at Charlotte Inc. (the "Corporation") is a North Carolina nonprofit corporation and a "non-profit agency" within the meaning and intent of the Act, which owns and operates a continuing care facility for the elderly in the City of Charlotte, North Carolina; and

WHEREAS, the Corporation has made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (i) pay or reimburse the Corporation for paying all or a portion of the Costs of the Project (as defined in the hereinafter defined Loan Agreement), (ii) refund all of the Commission's outstanding Variable Rate Demand Health Care Facilities Revenue Bonds (The Presbyterian Home at Charlotte, Inc. Project), Series 2001 (the "Prior Bonds") and pay a swap termination payment with respect to a hedging instrument for such Prior Bonds; (iii) fund the Debt Service Reserve Fund (as defined in the hereinafter defined the Trust Agreement) so that the amount on deposit in such fund is equal to the Debt Service Reserve Fund Requirement (as defined in the Master Indenture described below), (iv) pay a portion of the interest accruing on the Bonds (hereinafter defined) and (v) pay certain expenses incurred in connection with the issuance of the Bonds by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and refinancing and, by a resolution adopted on August 21, 2019, has approved the issuance of the Bonds, subject to compliance by the Corporation with the conditions set forth in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

WHEREAS, there have been presented to officers and staff of the Commission draft copies of the following documents relating to the issuance of the Bonds:

(a) a Contract of Purchase, to be dated the date thereof (the "Purchase Agreement"), between the Local Government Commission of North Carolina (the "LGC") and B.C. Ziegler and Company, as representative of the underwriters of Bonds, and approved by the Corporation and the Commission, pursuant to which the underwriters will offer to purchase the Bonds on the terms and conditions set forth therein;

(b) a Trust Agreement, to be dated as of December 1, 2019 (the "Trust Agreement"), by and between the Commission and U.S. Bank National Association, as bond trustee (the "Bond Trustee");

(c) a Loan Agreement, to be dated as of December 1, 2019 (the "Loan Agreement"), between the Commission and the Corporation, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation;

(d) a Master Trust Indenture, to be dated as of December 1, 2019 (the "Master Indenture"), by and between the Corporation and U.S. Bank National Association, as master trustee (the "Master Trustee");

(e) a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, to be dated as of December 1, 2019 (the "Corporation Deed of Trust"), from the Corporation for the benefit of the Master Trustee and securing the Corporation's facilities;

(f) a Supplemental Indenture for Obligation No. 1, to be dated as of December 1, 2019 ("Supplement No. 1"), between the Corporation and the Master Trustee;

(g) Obligation No. 1, to be dated the date of delivery thereof ("Obligation No. 1"), from the Corporation to the Commission in connection with the Bonds; and

(h) a Preliminary Official Statement dated November 6, 2019 relating to the Bonds (the "Preliminary Official Statement"); and

WHEREAS, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, Supplement No. 1, Obligation No. 1 and the Corporation Deed of Trust; and

WHEREAS, the Commission has determined that adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

NOW, THEREFORE, THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE, as follows:

Section 1. Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Master Indenture, the Trust Agreement and the Loan Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Sharon Towers) Series 2019A (the "Bonds"), in the aggregate principal amount of

$75,940,000. The Bonds shall mature in such amounts and at such times and shall bear interest at such rates as are set forth in Schedule 1 attached hereto. The Bonds designated as Term Bonds shall be subject to the Sinking Fund Requirements set forth in Schedule 1 hereto.

The Bonds shall be issued as fully registered bonds in the denominations of $5,000 or any whole multiple thereof. The Bonds shall be issued in book-entry form as provided in the Trust Agreement. Interest on the Bonds shall be paid on each January 1 and July 1, beginning July 1, 2020. Payments of principal of and interest on the Bonds shall be made to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to optional, extraordinary and mandatory sinking fund redemption, all at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.08 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan for the purposes set forth above will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The form, terms and provisions of the Purchase Agreement are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary or any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) is hereby authorized and directed to execute and deliver the Purchase Agreement in substantially the form presented at this meeting, together with such changes, modifications, insertions and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The forms of the Bonds set forth in the Trust Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such forms of the Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of Supplement No. 1, Obligation No. 1, the Master Indenture and the Corporation Deed of Trust are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission, with the advice of counsel may deem necessary and appropriate;

and the execution and delivery of the Trust Agreement as provided in Section 5 of this Series Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 9. The Commission hereby approves the action of the Local Government Commission in awarding the Bonds to the Underwriters at the purchase price of $83,046,681.30 (representing the principal amount of the Bonds plus original issue premium of $8,055,931.30 and less underwriters' discount of $949,250.00).

Section 10. Upon their execution in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Bonds and, upon the satisfaction of the conditions set forth in Section 2.08 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Underwriters against payment therefor.

Section 11. The Commission hereby approves and ratifies the use and distribution of the Preliminary Official Statement and approves the use and distribution of a final Official Statement (the "Official Statement"), both in connection with the sale of the Bonds. The Chairman, Vice Chairman, Secretary or any Assistant Secretary (or any member of the Commission designated by the Chairman) is hereby authorized to execute, on behalf of the Commission, the Official Statement in substantially the form of the Preliminary Official Statement, together with such changes, modifications and deletions as they, with the advice of counsel, may deem appropriate. Such execution shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Official Statement, the Trust Agreement, the Loan Agreement, the Master Indenture, Supplement No. 1, Obligation No. 1 and the Corporation Deed of Trust by the Underwriters in connection with such sale.

Section 12. U.S. Bank National Association is hereby appointed as the initial Bond Trustee for the Bonds.

Section 13. The Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the Bonds.

Section 14. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, and Kathy C. Larrison and Crystal Watson-Abbott, Auditors for the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

Section 15. The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each hereby authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments (including tax certificates and IRS Form 8038) as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, the Purchase Agreement and the Official Statement. Such officers may take any action necessary to redeem the Prior Bonds and any action heretofore taken is hereby ratified and confirmed.

Section 16. This Series Resolution shall take effect immediately upon its passage.

B. Resolution of the North Carolina Medical Care Commission Authorizing the Issuance of $18,000,000 North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Sharon Towers) Series 2019B.

Executive Committee Action:

Remarks were made on the financing by Mr. Geary Knapp, Mr. Jeff Poley, and Dr. John Meier.

Executive Committee Action: Motion was made to approve the Series 2019B Revenue Bonds by Mr. Charles Hauser, seconded by Mr. Al Lockamy, and unanimously approved.

WHEREAS, the North Carolina Medical Care Commission (the "Commission") is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities (including retirement facilities) and to refund bonds previously issued by the Commission; and

WHEREAS, The Presbyterian Home at Charlotte, Inc. (the "Corporation"), is a North Carolina nonprofit corporation and a "non-profit agency" within the meaning and intent of the Act, which owns and operates a continuing care facility for the elderly in the City of Charlotte, North Carolina; and

WHEREAS, the Corporation has made application to the Commission for a loan for the purpose of providing funds, together with other available funds, to (a) pay Costs of the Project (as defined in the hereinafter defined Loan Agreement), (b) pay a portion of the interest accruing on the Bonds (hereinafter defined) and (c) pay certain fees and expenses incurred in connection with the issuance and sale of the Bonds by the Commission; and

WHEREAS, the Commission has determined that the public will best be served by the proposed financing and, by a resolution adopted on August 21, 2019, has approved the issuance of the Bonds, subject to compliance by the Corporation with the conditions set forth in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

WHEREAS, there have been presented to officers and staff of the Commission draft copies of the following documents relating to the issuance of the Bonds:

(i) a Contract of Purchase, to be dated the date of delivery thereof (the "Purchase Agreement"), between the Local Government Commission of North Carolina (the "LGC") and BB&T Community Holdings Co. (the "Purchaser") and approved by the Corporation and the Commission, pursuant to which the Purchaser will offer to purchase the Bonds on the terms and conditions set forth therein;

(j) a Trust Agreement, to be dated as of December 1, 2019 (the "Trust Agreement"), by and between the Commission and U.S. Bank National Association, as bond trustee (the "Bond Trustee");

(k) a Loan Agreement, to be dated as of December 1, 2019 (the "Loan Agreement"), between the Commission and the Corporation, pursuant to which the Commission will lend the proceeds of the Bonds to the Corporation;

(l) a Master Trust Indenture, to be dated as of December 1, 2019 (the "Master Indenture"), by and between the Corporation and U.S. Bank National Association, as master trustee (the "Master Trustee");

(m) a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, to be dated as of December 1, 2019 (the "Corporation Deed of Trust"), from the Corporation for the benefit of the Master Trustee and securing the Corporation's facilities;

(n) a Supplemental Indenture for Obligation No. 2, to be dated as of December 1, 2019 ("Supplement No. 2"), between the Corporation and the Master Trustee;

(o) Obligation No. 2, to be dated the date of delivery thereof ("Obligation No. 2"), from the Corporation to the Commission in connection with the Bonds;

(p) a Supplemental Indenture for Obligation No. 3, to be dated as of December 1, 2019 ("Supplement No. 3"), between the Corporation and the Master Trustee;

(q) Obligation No. 3, to be dated the date of delivery thereof ("Obligation No. 3"), to be issued by the Corporation to the Purchaser; and

(r) a Continuing Covenants Agreement, dated as of December 1, 2019, between the Corporation and the Purchaser; and

WHEREAS, the Commission has determined that the Corporation is financially responsible and capable of fulfilling its obligations under the Loan Agreement, the Master Indenture, Supplement No. 2, Supplement No. 3, Obligation No. 2, Obligation No. 3 and the Corporation Deed of Trust; and

WHEREAS, the Purchaser has offered to purchase the Bonds at a variable interest rate equal to (79% of One-Month LIBOR) plus 0.5925% (which was 1.99% as of November 15, 2019) and hold the Bonds until maturity; and

WHEREAS, the Commission has determined that adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

NOW, THEREFORE, THE NORTH CAROLINA MEDICAL CARE COMMISSION DOES HEREBY RESOLVE, as follows:

Section 1. Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Master Indenture, the Trust Agreement and the Loan Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds (Sharon Towers) Series 2019B (the "Bonds"), in an aggregate principal amount not to exceed $18,000,000. The Bonds shall mature in such amounts and at such times and shall bear interest at such rates as are set forth in the Trust Agreement.

The Bonds shall be issued as fully registered bonds in denominations of $1. Interest on the Bonds shall be paid at the times and at the rates determined as specified in the Trust Agreement. Payments of principal of and interest on the Bonds shall be made to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to optional, extraordinary optional, and mandatory redemption, all at the times, upon the terms and conditions, and at the prices set forth in the Trust Agreement. The Purchaser will require certain optional redemptions from initial entrance fees from the independent living units which are part of the Project.

Section 4. The proceeds of the Bonds shall be drawn-down and applied as provided in Section 2.12 of the Trust Agreement. The Commission hereby finds that the use of the proceeds of the Bonds for a loan for the purposes set forth above will accomplish the public purposes set forth in the Act.

Section 5. The forms, terms and provisions of the Trust Agreement and the Loan Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Trust Agreement and the Loan Agreement in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The form, terms and provisions of the Purchase Agreement are hereby approved in all respects, and the Chairman, Vice Chairman, Secretary or any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) is hereby authorized and directed to execute and deliver the Purchase Agreement in substantially the form presented at this meeting, together with such changes, modifications, insertions and deletions as they, with the advice of counsel, may deem necessary and appropriate, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The forms of the Bonds set forth in the Trust Agreement are hereby approved in all respects, and the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such forms of the Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement, and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of Supplement No. 2, Supplement No. 3, Obligation No. 2, Obligation No. 3, the Master Indenture and the Corporation Deed of Trust are hereby approved in substantially the forms presented to this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman (or any member of the Commission designated by the Chairman) and the Secretary or any Assistant Secretary of the Commission, with the advice of counsel may deem necessary and appropriate; and the execution and delivery of the Trust Agreement as provided in Section 5 of this Series Resolution shall be conclusive evidence of the approval of the documents listed in this Section by the Commission.

Section 9. The Commission hereby approves the action of the LGC authorizing the private sale of the Bonds to the Purchaser in accordance with the Purchase Agreement at the purchase price of 100% of the principal amount thereof.

Section 10. Upon their execution in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby

authorized and directed to authenticate the Bonds and, upon the satisfaction of the conditions set forth in Section 2.11 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Purchaser against payment therefor.

Section 11. U.S. Bank National Association is hereby appointed as the initial Bond Trustee for the Bonds.

Section 12. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary of the Commission, and Kathy C. Larrison and Crystal Watson-Abbott, Auditors for the Commission, are each hereby appointed a Commission Representative as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

Section 13. The Chairman, Vice Chairman, Secretary, and any Assistant Secretary of the Commission (or any member of the Commission designated by the Chairman) are each hereby authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments (including tax certificates and IRS Form 8038) as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Trust Agreement, the Loan Agreement, the Purchase Agreement and the Official Statement.

Section 14. This Series Resolution shall take effect immediately upon its passage.

2. Adjournment

There being no further business, the meeting was adjourned at 11:10 a.m.

Respectfully submitted,

Geary W. Knapp, JD, CPA
Assistant Secretary

SCHEDULE 1

SERIES 2019A BONDS

$20,695,000 Serial Bonds

YEAR (JULY 1)	AMOUNT	RATE	YEAR (JULY 1)	AMOUNT	RATE
2025	$1,755,000	3.00%	2030	$2,075,000	4.00%
2026	1,805,000	3.00	2031	2,155,000	5.00
2027	1,860,000	3.00	2032	2,265,000	5.00
2028	1,915,000	4.00	2033	2,375,000	5.00
2029	1,995,000	4.00	2034	2,495,000	5.00

$4,500,000 4.00% Term Bonds due July 1, 2039

Due July 1	Sinking Fund Requirement
2035	$830,000
2036	865,000
2037	900,000
2038	935,000
2039*	970,000

* Maturity

$9,885,000 5.00% Term Bonds due July 1, 2039

Due July 1	Sinking Fund Requirement
2035	$1,790,000
2036	1,880,000
2037	1,970,000
2038	2,070,000
2039*	2,175,000

* Maturity

$7,000,000 4.00% Term Bonds due July 1, 2044

Due July 1	Sinking Fund Requirement
2040	$1,290,000
2041	1,340,000
2042	1,400,000
2043	1,455,000
2044*	1,515,000

* Maturity

$11,060,000 5.00% Term Bonds due July 1, 2044

Due July 1	Sinking Fund Requirement
2040	$2,005,000
2041	2,105,000
2042	2,205,000
2043	2,315,000
2044*	2,430,000

* Maturity

$22,800,000 5.00% Term Bonds due July 1, 2049

Due July 1	Sinking Fund Requirement
2045	$4,125,000
2046	4,335,000
2047	4,550,000
2048	4,775,000
2049*	5,015,000

* Maturity

PROFESSIONAL FEES COMPARISON FOR
THE PRESBYTERIAN HOME AT CHARLOTTE, INC.
(Both Series of Bonds Combined)

Professional	Fees Estimated In Preliminary Approval Resolution	Actual Fees
Underwriters' discount/Placement Fee	$1,145,000	$1,024,250
Feasibility Study Fee	125,000	130,000
Accountant's fees	20,000	20,000
Corporation counsel	80,000	80,000
Bond counsel	85,000	85,000
Underwriters' counsel & Blue Sky Fee	65,000	68,500
Trustee fees and counsel	10,000	11,700
Bank Counsel	50,000	40,000
Bank Fee	N/A	18,000
Financial Advisor	105,000	105,000

NC MCC Bond Sale Approval Form							
Facility Name: Sharon Towers (Charlotte, North Carolina)							
	Time of Preliminary Approval		**Time of Mailing POS (if applicable)**		**Time of Final Approval**		**Explanation of Variance**
SERIES: 2019A (Public Bonds)							
PAR Amount	$85,685,000.00		$82,460,000.00		$75,940,000.00		Amount lowered due to more original issue premium
Estimated Interest Rate	5.00%		4.23%		3.03%		Arbitrage Yield
All-in True Interest Cost	5.25%		4.53%		3.81%		
Maturity Schedule (Interest) - Date	1/01/2020 - 7/01/2049		7/01/2020 - 7/01/2049		7/01/2020 - 7/01/2049		
Maturity Schedule (Principal) - Date	7/01/2024 - 7/01/2049		7/01/2025 - 7/01/2049		7/01/2025 - 7/01/2049		
Bank Holding Period (if applicable) - Date	N/A		N/A		N/A		
Estimated NPV Savings ($) (if refunded bonds)	N/A		N/A		N/A		
Estimated NPV Savings (%) (if refunded bonds)	N/A		N/A		N/A		
NOTES:							
	Time of Preliminary Approval		**Time of Mailing POS (if applicable)**		**Time of Final Approval**		**Explanation of Variance**
SERIES: Series 2019B (Bank Bonds)							
PAR Amount	$18,000,000.00		$18,000,000.00		$18,000,000.00		
Estimated Interest Rate	3.25%		2.50%		2.50%		Variable rate (rate is an assumption)
All-in True Interest Cost	3.50%		2.67%		2.67%		Variable rate (rate is an assumption)
Maturity Schedule (Interest) - Date	11/01/2019 - 7/01/2024		1/01/2020 - 12/05/2024		1/01/2020 - 12/05/2024		
Maturity Schedule (Principal) - Date	7/1/2024		12/5/2024		12/5/2024		Could be pre-paid from entrance fees sooner than maturity
Bank Holding Period (if applicable) - Date	5 Years		5 Years		5 Years		
Estimated NPV Savings ($) (if refunded bonds)	N/A		N/A		N/A		
Estimated NPV Savings (%) (if refunded bonds)	N/A		N/A		N/A		
NOTES:							

NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

The North Carolina Medical Care Commission
809 Ruggles Drive
Raleigh, North Carolina

MINUTES

CALLED MEETING OF THE EXECUTIVE COMMITTEE CONFERENCE TELEPHONE MEETING ORIGINATING FROM THE COMMISSION'S OFFICE DECEMBER 13, 2019 11:00 A.M.

Members of the Executive Committee Present:

John J. Meier, IV, M.D., Chairman
Joseph D. Crocker, Vice-Chairman
Sally B. Cone
Charles H. Hauser
Albert F. Lockamy, RPh

Members of the Executive Committee Absent:

Eileen C. Kugler, RN, MSN, MPH, FNP
J. William Paugh

Members of Staff Present:

Geary W. Knapp, Assistant Secretary
Kathy Larrison, Auditor
Crystal Abbott, Auditor
Alice Creech, Executive Assistant

Others Present:

Rebecca Craig, UNC Wayne Memorial Hospital
Kevin Dougherty, McGuire Woods, LLP

1. Purpose of Meeting

To authorize a supplemental trust agreement for Wayne Memorial Hospital's Series 2017A bonds.

A. RESOLUTION AUTHORIZING A SUPPLEMENTAL TRUST AGREEMENT AND CERTAIN OTHER ACTION FOR THE PURPOSE OF MODIFYING CERTAIN TERMS OF THE NORTH CAROLINA MEDICAL CARE COMMISSION HOSPITAL REVENUE BONDS (WAYNE MEMORIAL HOSPITAL), SERIES 2017A

Statements were given by Geary Knapp, Kevin Dougherty, and Joe Crocker.

Executive Committee Action: Motion was made to approve the Supplemental Trust Agreement by Mr. Joe Crocker, seconded by Mr. Al Lockamy, and unanimously approved.

WHEREAS, the North Carolina Medical Care Commission (the "Commission") is a commission of the Department of Health and Human Services of the State of North Carolina, and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), to borrow money and to lend the same to any public or nonprofit agency for the purpose of providing funds to pay all or any part of the cost of health care facilities; and

WHEREAS, Wayne Memorial Hospital, Inc. (the "Hospital") is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and a "nonprofit agency" within the meaning and intent of the Act, which owns and operates health care facilities located in the City of Goldsboro, North Carolina; and

WHEREAS, Wayne Health Corporation (the "Corporation") is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina and a "nonprofit agency" within the meaning and intent of the Act, which owns and operates health care facilities located in the City of Goldsboro, North Carolina; and

WHEREAS, the Commission has heretofore issued its Hospital Revenue Bonds (Wayne Memorial Hospital), Series 2017A (the "Series 2017A Bonds") pursuant to a Trust Agreement, dated as of May 1, 2017, as amended and supplemented by a Supplemental Trust Agreement, dated as of November 1, 2018 (together, the "Series 2017A Trust Agreement"), each between the Commission and Branch Banking and Trust Company, as bond trustee (the "Bond Trustee"); and

WHEREAS, the Commission has heretofore loaned the proceeds of the Series 2017A Bonds to the Corporation and the Hospital pursuant to a Loan Agreement, dated as of May 1, 2017, among the Commission, the Corporation and the Hospital; and

WHEREAS, the Series 2017A Bonds are currently held by BB&T Community Holdings Co. (the "Holder") and bear interest at a Bank-Bought Rate (as defined in the Series 2017A Trust Agreement); and

WHEREAS, the Holder has offered to extend the Bank-Bought Minimum Holding Period (as defined in the Series 2017A Trust Agreement) to December 19, 2031 and to modify the Bank-Bought Rate borne by the Series 2017A Bonds during the Bank-Bought Minimum Holding Period as so extended from an Adjusted LIBOR Rate (as defined in the Series 2017A Trust Agreement) to a fixed rate of 2.49% per annum; and

WHEREAS, the Corporation and the Hospital have accepted such offer and have requested that the Commission and the Bond Trustee amend the Series 2017A Trust Agreement for the purpose of modifying certain terms of the Series 2017A Bonds, as summarized in Attachment A hereto; and

WHEREAS, Section 11.02 of the Series 2017A Trust Agreement provides for the execution of such trust agreements supplemental thereto with the consent of the Holders (as defined in the Series 2017A Trust Agreement) of not less than a majority of the aggregate principal amount of the Series 2017A Bonds then Outstanding (as defined in the Series 2017A Trust Agreement); and

WHEREAS, there has been presented to the officers and staff of the Commission (i) a draft of a Second Supplemental Trust Agreement amending the Series 2017A Trust Agreement, dated as of December 1, 2019 (the "Second Supplemental Trust Agreement"), between the Commission and the Bond Trustee, and (ii) a draft of an Allonge to the Series 2007A Bonds (the "Series 2017A Allonge"), modifying certain terms of the Series 2017A Bonds; and

WHEREAS, the Holder, as the sole Holder of the Series 2017A Bonds, has indicated its willingness to give its consent to the terms and provisions of the Second Supplemental Trust Agreement and the Series 2017A Allonge; and

WHEREAS, the Commission has determined that the public will best be served by the amendment of the Series 2017A Trust Agreement and the modification of certain terms of the Series 2017A Bonds;

NOW, THEREFORE, THE EXECUTIVE COMMITTEE OF THE NORTH CAROLINA MEDICAL CARE COMISISON DOES HEREBY RESOLVE, as follows:

Section 1. The form, terms and provisions of the Second Supplemental Trust Agreement are hereby approved in all respects, and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Second Supplemental Trust Agreement in substantially the form presented to the officers and staff of the Commission, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 2. The form, terms and provisions of the Series 2017A Allonge set forth in the Second Supplemental Trust Agreement are hereby approved in all respects and the Chairman, Vice Chairman or any member of the Commission designated in writing by the Chairman of the Commission for such purpose and the Secretary or the Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Series 2017A Allonge in definitive form, which shall be in substantially the form presented to the officers and staff of the Commission, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 3. Upon its execution, the Series 2017A Allonge shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Series 2017A Allonge and deliver the Series 2017A Allonge to the Holder of the Series 2017A Bonds in accordance with the Series 2017A Trust Agreement and the Second Supplemental Trust Agreement.

Section 4. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman of the Commission for such purpose, the Secretary and the Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments, including delivery of the Series 2017A Allonge to the Holder, as they, with the advice of counsel, may deem necessary or appropriate to effect the amendment of the Series 2017A Trust Agreement and the modification of certain terms of the Series 2017A Bonds.

Section 5. This Resolution shall take effect immediately upon its passage.

2. Adjournment

There being no further business, the meeting was adjourned at 11:06 a.m.

Respectfully submitted,

Geary W. Knapp
Assistant Secretary

ATTACHMENT A

Amendments to the Trust Agreement; Allonge.

(a) The Trust Agreement shall be amended as follows:

(i) The reference to "May 25, 2027" in the definition of "Bank-Bought Minimum Holding Period" set forth in Section 1.01 of the Trust Agreement is hereby deleted and "December 19, 2031" is hereby substituted therefor.

(ii) Section 3.01(a)(i) of the Trust Agreement is hereby amended and restated in its entirety to read as follows:

"(a) Optional Redemption.

(i) While the Bonds bear interest at the Bank-Bought Rate, the Bonds shall be subject to optional redemption by the Commission, at the direction of the Group Representative, in whole on any Business Day or in part (in Authorized Denominations) on any Interest Payment Date, at a Redemption Price equal to 100% of the principal amount of the Bonds to be redeemed, plus (A) interest accrued to the redemption date and (B) prepayment compensation (if any) in the amount described in the Bonds. During any Bank-Bought Rate Period, the Bonds are required to be optionally redeemed on the dates and in the amounts described in the Conversion Notice for such Bank-Bought Rate Period."

(iii) Exhibit C to the Trust Agreement is hereby deleted in its entirety and a new Exhibit C attached to this Second Supplemental Trust Agreement shall be substituted therefor.

(b) Exhibit 1 to the Bonds is hereby deleted in its entirety and a new Exhibit 1 as set forth in the form of the Allonge attached to this Second Supplemental Trust Agreement shall be substituted therefor.

EXHIBIT C

BANK-BOUGHT RATE PROVISIONS

Notwithstanding any provision of this Trust Agreement to the contrary, beginning on the Modification Date, the following provisions shall apply to the Bonds:

Definitions.

"Business Day" means any day of the year, other than a Saturday or a Sunday, on which the office of the Holder at which payments on the Bonds are to be made and banks located in the city in which the designated corporate trust office of the Bond Trustee is located are not authorized or required to remain closed.

"Date of Taxability" means the earliest date as of which interest on the Bonds shall have been determined to be includable in the gross income of the Bank Holder pursuant to a Determination of Taxability.

"Default Rate" means the greater of (i) a fluctuating interest rate equal to 2.00% per annum above the Prime Rate in effect from time to time and (ii) 6.00% per annum.

"Determination of Taxability" means and shall be deemed to have occurred on the first to occur of the following:

(i) on that date when the Hospital and the Corporation file any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when any Holder or prior Holder notifies the Commission, the Hospital and the Corporation that it has received a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that an Event of Taxability has occurred unless, within 180 days after receipt by the Commission, the Hospital and the Corporation of such notification from such Holder or prior Holder, the Commission, the Hospital or the Corporation shall deliver to each Holder and prior Holder (A) a ruling or determination letter issued to or on behalf of the Commission, the Hospital or the Corporation by the Commissioner or any District Director of Internal Revenue (or any other governmental official exercising the same or a substantially similar function from time to time) or (B) a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Commission, the Hospital or the Corporation shall be advised in writing by the Commissioner or any District Director of Internal Revenue (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings by the Commission, the Hospital or the Corporation, or upon any review or audit of the

Commission, the Hospital or the Corporation or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on that date when the Commission, the Hospital or the Corporation shall receive notice from any Holder or prior Holder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Holder or prior Holder the interest on the Bonds due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) above unless the Commission, the Hospital and the Corporation have been afforded the opportunity, at the sole expense of the Hospital and the Corporation, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from any Holder or prior Holder, the Hospital and the Corporation shall immediately reimburse such Holder or prior Holder for any payments such Holder or prior Holder shall be obligated to make as a result of the Determination of Taxability during any such contest.

"Event of Taxability" means a change in law or fact or the interpretation thereof; or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Commission, the Hospital or the Corporation, or the failure to take any action by the Commission, the Hospital or the Corporation, or the making by the Commission, the Hospital or the Corporation of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Bonds) which has the effect of causing interest paid or payable on any Bonds to become includable, in whole or in part, in the gross income of a Holder or any prior Holder for federal income tax purposes.

"Modification Date" means December 19, 2019.

"Prime Rate" means the interest rate announced by Branch Banking and Trust Company from time to time as its prime rate. Any change in the Prime Rate shall be effective as of the date such change is announced by Branch Banking and Trust Company.

Bank-Bought Rate.

The Bonds shall bear interest at the rate of 2.49% per annum unless:

(i) a Determination of Taxability shall have occurred, in which case the Bonds shall be deemed to have been redeemed with the proceeds of a taxable loan made by the Bank Holder to the Hospital and the Corporation, and the Bank Holder shall surrender the Bonds to the Bond Trustee for immediate cancellation. Such taxable loan shall be deemed to have been made as of the Date of Taxability and shall be evidenced by Obligation No. 11 and shall bear interest from the Date of Taxability at the Default Rate;

(ii) at any time after the Modification Date there should be any change in the maximum marginal rate of federal income tax applicable to the taxable income of the Bank Holder (the "Bank Holder Tax Rate"), then the interest rate per

annum in effect hereunder from time to time as herein provided, for so long as there shall not have occurred a Determination of Taxability, shall be adjusted upward or downward, as the case may be, effective as of the effective date of any such change in the Bank Holder Tax Rate, by multiplying the interest rate per annum by a fraction, the denominator of which is one hundred percent (100%) minus the Bank Holder Tax Rate in effect upon the Modification Date, and the numerator of which is one hundred percent (100%) minus the Bank Holder Tax Rate after giving effect to such change; or

(iii) an Event of Default shall have occurred and be continuing, in which case the Bonds shall bear interest at the Default Rate.

Interest shall be paid on the first calendar day of each month, commencing January 1, 2020, and shall be computed on the basis of a year of 360 days for the actual number of days elapsed.

Additional Required Payments under the Agreement.

The following shall be additional Required Payments under the Agreement:

(i) Upon an Event of Taxability, the Hospital and the Corporation shall pay to the Bank Holder any amounts that may be necessary to reimburse the Bank Holder for any interest, penalties or other charges assessed against the Bank Holder by reason of the Bank Holder not including interest on the Bonds in its federal gross income during the period following the Event of Taxability. The Hospital and the Corporation shall make reasonable arrangements satisfactory to the Commission and the Bank Holder for the payment of their reasonable expenses, including, but not limited to, reasonable legal expenses incurred in connection with any Event of Taxability. Notwithstanding any other provision of this Trust Agreement or the Agreement, the obligations of the Hospital and the Corporation pursuant to this paragraph shall continue following the expiration of the term of the Agreement; and

(ii) So long as any portion of the principal amount of the Bonds or interest thereon remains unpaid, if (i) any law, rule, regulation or executive order is or has been enacted or promulgated by any public body or governmental agency which changes the basis of taxation of payments to the Bank Holder of principal or interest payable pursuant to the Bonds, including without limitation the imposition of any excise tax or surcharge thereon, but excluding changes in the rates of tax applicable to the overall net income of the Bank Holder, or (ii) as a result of action by any public body or governmental agency, any payment is required to be made by, or any federal, state or local income tax deduction is denied to, the Bank Holder by reason of the ownership of, borrowing money to invest in, or receiving principal or interest from the Bonds, the Hospital and the Corporation agree to reimburse on demand for, and do hereby indemnify the Bank Holder against, any loss, cost, charge or expense with respect to any such change, payment or loss of deduction.

Exhibit 1

BANK-BOUGHT RATE PROVISIONS

Notwithstanding any provision of this Trust Agreement to the contrary, beginning on the Modification Date, the following provisions shall apply to the Bonds:

Definitions.

"Business Day" means any day of the year, other than a Saturday or a Sunday, on which the office of the Holder at which payments on the Bonds are to be made and banks located in the city in which the designated corporate trust office of the Bond Trustee is located are not authorized or required to remain closed.

"Date of Taxability" means the earliest date as of which interest on the Bonds shall have been determined to be includable in the gross income of the Bank Holder pursuant to a Determination of Taxability.

"Default Rate" means the greater of (i) a fluctuating interest rate equal to 2.00% per annum above the Prime Rate in effect from time to time and (ii) 6.00% per annum.

"Determination of Taxability" means and shall be deemed to have occurred on the first to occur of the following:

(i) on that date when the Hospital and the Corporation file any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when any Holder or prior Holder notifies the Commission, the Hospital and the Corporation that it has received a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that an Event of Taxability has occurred unless, within 180 days after receipt by the Commission, the Hospital and the Corporation of such notification from such Holder or prior Holder, the Commission, the Hospital or the Corporation shall deliver to each Holder and prior Holder (A) a ruling or determination letter issued to or on behalf of the Commission, the Hospital or the Corporation by the Commissioner or any District Director of Internal Revenue (or any other governmental official exercising the same or a substantially similar function from time to time) or (B) a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Commission, the Hospital or the Corporation shall be advised in writing by the Commissioner or any District Director of Internal Revenue (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings by the

Commission, the Hospital or the Corporation, or upon any review or audit of the Commission, the Hospital or the Corporation or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on that date when the Commission, the Hospital or the Corporation shall receive notice from any Holder or prior Holder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Holder or prior Holder the interest on the Bonds due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) above unless the Commission, the Hospital and the Corporation have been afforded the opportunity, at the sole expense of the Hospital and the Corporation, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from any Holder or prior Holder, the Hospital and the Corporation shall immediately reimburse such Holder or prior Holder for any payments such Holder or prior Holder shall be obligated to make as a result of the Determination of Taxability during any such contest.

"Event of Taxability" means a change in law or fact or the interpretation thereof; or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Commission, the Hospital or the Corporation, or the failure to take any action by the Commission, the Hospital or the Corporation, or the making by the Commission, the Hospital or the Corporation of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Bonds) which has the effect of causing interest paid or payable on any Bonds to become includable, in whole or in part, in the gross income of a Holder or any prior Holder for federal income tax purposes.

"Modification Date" means December 19, 2019.

"Prime Rate" means the interest rate announced by Branch Banking and Trust Company from time to time as its prime rate. Any change in the Prime Rate shall be effective as of the date such change is announced by Branch Banking and Trust Company.

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The Bonds shall bear interest at the rate of 2.49% per annum unless:

(i) a Determination of Taxability shall have occurred, in which case the Bonds shall be deemed to have been redeemed with the proceeds of a taxable loan made by the Bank Holder to the Hospital and the Corporation, and the Bank Holder shall surrender the Bonds to the Bond Trustee for immediate cancellation. Such taxable loan shall be deemed to have been made as of the Date of Taxability and shall be evidenced by Obligation No. 11 and shall bear interest from the Date of Taxability at the Default Rate;

(ii) at any time after the Modification Date there should be any change in the maximum marginal rate of federal income tax applicable to the taxable income of the Bank Holder (the "Bank Holder Tax Rate"), then the interest rate per annum in effect hereunder from time to time as herein provided, for so long as there shall not have occurred a Determination of Taxability, shall be adjusted upward or downward, as the case may be, effective as of the effective date of any such change in the Bank Holder Tax Rate, by multiplying the interest rate per annum by a fraction, the denominator of which is one hundred percent (100%) minus the Bank Holder Tax Rate in effect upon the Modification Date, and the numerator of which is one hundred percent (100%) minus the Bank Holder Tax Rate after giving effect to such change; or

(iii) an Event of Default shall have occurred and be continuing, in which case the Bonds shall bear interest at the Default Rate.

Interest shall be paid on the first calendar day of each month, commencing January 1, 2020, and shall be computed on the basis of a year of 360 days for the actual number of days elapsed.

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The following shall be additional Required Payments under the Agreement:

(i) Upon an Event of Taxability, the Hospital and the Corporation shall pay to the Bank Holder any amounts that may be necessary to reimburse the Bank Holder for any interest, penalties or other charges assessed against the Bank Holder by reason of the Bank Holder not including interest on the Bonds in its federal gross income during the period following the Event of Taxability. The Hospital and the Corporation shall make reasonable arrangements satisfactory to the Commission and the Bank Holder for the payment of their reasonable expenses, including, but not limited to, reasonable legal expenses incurred in connection with any Event of Taxability. Notwithstanding any other provision of this Trust Agreement or the Agreement, the obligations of the Hospital and the Corporation pursuant to this paragraph shall continue following the expiration of the term of the Agreement; and

(ii) So long as any portion of the principal amount of the Bonds or interest thereon remains unpaid, if (i) any law, rule, regulation or executive order is or has been enacted or promulgated by any public body or governmental agency which changes the basis of taxation of payments to the Bank Holder of principal or interest payable pursuant to the Bonds, including without limitation the imposition of any excise tax or surcharge thereon, but excluding changes in the rates of tax applicable to the overall net income of the Bank Holder, or (ii) as a result of action by any public body or governmental agency, any payment is required to be made by, or any federal, state or local income tax deduction is denied to, the Bank Holder by reason of the ownership of, borrowing money to invest in, or receiving principal or interest from the Bonds, the Hospital and the Corporation agree to reimburse on

demand for, and do hereby indemnify the Bank Holder against, any loss, cost, charge or expense with respect to any such change, payment or loss of deduction.

Mandatory Purchase Dates.

"December 19, 2031" shall be substituted for "May 25, 2027" in clause (b) of the first paragraph under the caption "**Mandatory Purchase Date**s" in the Bonds.

Redemption of Bonds Before Maturity.

The terms and provisions under the caption "**Redemption of Bonds Before Maturity – Optional Redemption – Bank-Bought Rate**" in the Bonds shall be amended and restated in their entirety to read as follows:

> **"Optional Redemption – Bank-Bought Rate.** While the Bonds bear interest at the Bank-Bought Rate, the Bonds shall be subject to optional redemption prior to maturity at the option of the Commission, to be exercised as directed by the Group Representative, in whole on any Business Day or in part (in Authorized Denominations) on any Interest Payment Date at a redemption price equal to 100% of the principal amount being redeemed, plus interest accrued to the redemption date, plus prepayment compensation in the amount deemed necessary by the Majority Bank Holders to compensate the Bank Holder for any losses, costs or expenses which the Bank Holder may incur as a result of such prepayment (the "Prepayment Compensation") as set forth below. If the Hospital and the Corporation fail to pay the Prepayment Compensation when due, the amount of the Prepayment Compensation shall thereafter bear interest until paid at the Default Rate. Each optional redemption of the Bonds shall be applied to the principal installments due under the Bonds in inverse order of maturity. The determination of the amount of the Prepayment Compensation due the Bank Holder hereunder shall be made by the Majority Bank Holders in good faith and shall be conclusive and binding upon the Hospital and the Corporation absent manifest error; provided, however, that the Prepayment Compensation shall in no event exceed the maximum prepayment compensation permitted by applicable law and the Bonds shall be construed to give maximum effect to the provisions contained herein.

The Prepayment Compensation shall be the amount derived by subtracting (a) the Net Present Value of the Bonds or (in the case of a partial prepayment) the Net Present Value of the principal portion of the Bonds being prepaid determined at the Marginal Funding Rate at Prepayment from (b) the Net Present Value of the Bonds or (in the case of a partial prepayment) the Net Present Value of the principal portion of the Bonds being prepaid determined at the Initial Marginal Funding Rate. If the value is positive, the Prepayment Compensation shall be zero.

For purposes hereof:

> "Initial Marginal Funding Rate" shall mean the rate determined by the Majority Bank Holders as of the Modification Date as the rate at which the Majority Bank Holders would have been able to borrow funds in Money Markets for the outstanding principal amount of the Bonds with an interest payment frequency and principal repayment schedule equal to those contained in the Bonds, adjusted for any reserve requirement and for any subsequent costs arising from any change in government regulation. The Hospital and the

Corporation acknowledge that the Majority Bank Holders are under no obligation to actually purchase and/or match funds for the Initial Marginal Funding Rate of the Bonds.

"Marginal Funding Rate at Prepayment" shall mean the rate determined by the Majority Bank Holders no more than ten (10) Business Days prior to the date of redemption as the rate at which the Majority Bank Holders would be able to borrow funds in Money Markets for the prepayment amount matching the maturity of a specific prospective note payment, adjusted for any reserve requirement and any subsequent costs arising from any change in government regulation.

"Money Markets" shall mean one or more wholesale funding markets available to and selected by the Majority Bank Holders, including negotiable certificates of deposit, commercial paper, Eurodollar deposits, bank notes, federal funds, interest rate swaps or others.

"Net Present Value" shall mean the amount which is derived by summing the present values of each prospective payment of principal or principal and interest which, without such full or partial prepayment, would otherwise have been received by the Majority Bank Holders over the remaining term of the Bonds. The individual discount rate used to calculate the present value of each prospective payment of principal and/or interest shall be determined by the Marginal Funding Rate at Prepayment for the maturity matching that of each specific payment of principal and/or interest under the Bonds. In calculating the Prepayment Compensation, the Majority Bank Holders are authorized by the Hospital and the Corporation to make such assumptions regarding the source of funding, redeployment of funds and other related matters as the Majority Bank Holders may deem appropriate.

The Majority Bank Holders shall give written notice of the amount of the Prepayment Compensation (if any) to the Hospital and the Hospital, the Corporation and the Bond Trustee by not later than the Business Day next preceding the redemption date. The Bond Trustee shall have no duty to review or analyze the calculation of the Prepayment Compensation. Any Prepayment Compensation shall constitute redemption premium for purposes of the Trust Agreement, the Bonds and the Agreement.

Bonds to be optionally redeemed shall be in the minimum amount of the greater of (i) 10% of all Bonds outstanding at the time of redemption or (ii) $250,000."

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

North Carolina Medical Care Commission
809 Ruggles Drive
Raleigh, North Carolina

MINUTES

CALLED MEETING OF THE EXECUTIVE COMMITTEE OF THE COMMISSION
CONFERENCE TELEPHONE MEETING ORIGINATING
FROM THE OFFICES OF THE COMMISSION
January 31, 2020
11:00 A.M.

Members of the Commission Present:

John J. Meier, IV, M.D., Chairman
Joseph D. Crocker, Vice-Chairman
J. William Paugh
Jeffrey S. Wilson
Albert F. Lockamy, RPh

Members of the Commission Absent:

Sally B. Cone
Linwood B. Hollowell, III

Members of Staff Present:

S. Mark Payne, DHSR Director/MCC Secretary
Geary W. Knapp, Assistant Secretary
Kathy Larrison, Auditor
Crystal Abbott, Auditor
Alice Creech, Executive Assistant

Others Present:

Paul Billow, Womble Bond Dickinson (US) LLP
Margie Blackford, Ponder & Co.
John Cheney, Ponder & Co.
Phil Delvecchio, Bank of America Merrill Lynch
Jon Mize, Womble Bond Dickinson (US) LLP
Andy Zukowski, UNC Rex Healthcare

1. Purpose of Meeting

To consider a resolution authorizing the sale and issuance of bonds, the proceeds of which will be loaned to Rex Hospital, Inc.

2. Series Resolution Authorizing the Issuance of $199,725,000 North Carolina Medical Care Commission Health Care Facilities Revenue Bonds (Rex Healthcare), Series 2020A (the "Bonds").

Remarks were made on the financing by Mr. Geary Knapp, Mr. Paul Billow, Mr. Joe Crocker, Mr. Mark Payne, Mr. Bill Paugh, Dr. John Meier, Ms. Margie Blackford, and Mr. Andy Zukowski.

Executive Committee Action: Motion was made by Mr. Joe Crocker, seconded by Mr. Al Lockamy, and unanimously adopted with the recusal of Dr. John Meier, IV.

WHEREAS, the North Carolina Medical Care Commission (the "Commission") is a commission of the Department of Health and Human Services of the State of North Carolina and is authorized under Chapter 131A of the General Statutes of North Carolina, as amended (the "Act"), to borrow money and to issue in evidence thereof bonds and notes for the purpose of providing funds to pay all or any part of the cost of financing or refinancing health care facilities; and

WHEREAS, Rex Hospital, Inc. (the "Corporation") is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of North Carolina which owns and operates, by itself and through controlled affiliates, various health care facilities; and

WHEREAS, the Corporation has made application to the Commission for a loan to be made to the Corporation for the purpose of providing funds, together with other available funds, to (a) pay or reimburse the costs of acquiring, constructing and equipping certain hospital facilities and equipment, including, without limitation, (i) the UNC Rex Holly Springs Hospital (consisting of a hospital facility of approximately 230,000 square feet, a central energy plant of approximately 11,500 square feet, and associated site improvements, to be located in Holly Springs, North Carolina) and (ii) the UNC Rex Outpatient Cancer Center (consisting of a building of approximately 142,835 square feet and associated surface parking, to be located on the main campus of the Corporation in Raleigh, North Carolina) (collectively, the "Project") and (b) pay the fees and expenses incurred in connection with the sale and issuance of the Bonds; and

WHEREAS, the Commission has, by resolution adopted on August 21, 2019, approved the issuance of the Bonds, subject to compliance with the conditions set forth in such resolution, and the Corporation has complied with such conditions to the satisfaction of the Commission; and

WHEREAS, there have been presented at this meeting drafts or copies, as applicable, of the following documents relating to the issuance of the Bonds:

(a) Trust Agreement, to be dated as of February 1, 2020 (the "Trust Agreement"), between the Commission and U.S. Bank National Association, as trustee (the "Bond Trustee"), together with the form of the Bonds attached thereto;

(b) Loan Agreement, to be dated as of February 1, 2020 (the "Loan Agreement"), between the Commission and the Corporation;

(c) Contract of Purchase, to be dated the date of delivery thereof (the "Contract of Purchase"), between the North Carolina Local Government Commission (the "LGC") and BofA Securities, Inc., Morgan Stanley & Co. LLC and Wells Fargo Bank, National Association (collectively, the "Underwriters"), and approved by the Commission, the Corporation and Rex Healthcare, Inc. (the "Parent Corporation");

(d) Supplemental Indenture for Obligation No. 9, to be dated as of February 1, 2020 (the "Supplemental Indenture"), between the Corporation and U.S. Bank National Association (in such capacity, the "Master Trustee"), supplementing an Amended and Restated Master Trust Indenture, dated as of October 1, 2010 (as amended or supplemented from time to time in accordance with its terms, the "Master Indenture"), by and among the Corporation, the Parent Corporation and the Master Trustee;

(e) the Master Indenture;

(f) Obligation No. 9, to be dated the date of delivery thereof ("Obligation No. 9"), to be issued by the Corporation to the Commission; and

(g) Preliminary Official Statement, dated the date of delivery thereof (as supplemented, the "Preliminary Official Statement"), relating to the offering and sale of the Bonds; and

WHEREAS, the Commission has determined that the Parent Corporation and the Corporation are financially responsible and capable of fulfilling their respective obligations, as applicable, under each of the documents described above to which the Parent Corporation and/or the Corporation is a party; and

WHEREAS, the Commission has determined that the public interest will be served by the proposed financing and that adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds;

NOW THEREFORE, BE IT RESOLVED by the Executive Committee of the North Carolina Medical Care Commission as follows:

Section 1. Capitalized terms used in this Series Resolution and not defined herein shall have the meanings given such terms in the Trust Agreement, the Loan Agreement and the Master Indenture.

Section 2. Pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance of the Bonds in the aggregate principal amount of $199,725,000. The Bonds shall be dated as of the date of delivery thereof and shall mature in such amounts and at

such times and shall bear interest at such rates as are set forth in Exhibit A attached hereto and made a part hereof.

The Bonds shall be issued as fully registered bonds in denominations of $5,000 or any whole multiple thereof. The Bonds shall be initially issued in book-entry only form as described in the Trust Agreement. Interest on the Bonds shall be payable semiannually on each January 1 and July 1, beginning July 1, 2020, until the Bonds are fully paid. Payments of principal of and interest on the Bonds shall be forwarded by the Bond Trustee to the registered owners of the Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Bonds shall be subject to optional, extraordinary and mandatory sinking fund redemption at the times, upon the terms and conditions and at the prices set forth in the Trust Agreement.

Section 4. The proceeds of the Bonds shall be applied as provided in Section 2.08 of the Trust Agreement.

Section 5. The forms, terms and provisions of the Loan Agreement and the Trust Agreement are hereby approved in all respects, and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute and deliver the Loan Agreement and the Trust Agreement in substantially the forms presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary or appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Bonds as shall be set forth in the Contract of Purchase; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 6. The forms, terms and provisions of the Contract of Purchase are hereby approved in all respects and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose is hereby authorized and directed to execute and deliver the Contract of Purchase in substantially the form presented at this meeting, together with such changes, modifications, insertions and deletions as such Chairman, the Vice Chairman or such member of the Commission, with the advice of counsel, may deem necessary or appropriate, including but not limited to changes, modifications and deletions necessary to incorporate the final terms of the Bonds; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 7. The forms of the Bonds set forth in the Trust Agreement are hereby approved in all respects and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature as provided in such form of the Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Commission, the Bonds in definitive form, which shall be in substantially the form presented at this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary or appropriate and consistent

with the Trust Agreement; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Commission.

Section 8. The forms, terms and provisions of the Supplemental Indenture and Obligation No. 9 are hereby approved in substantially the forms presented at this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman, with the advice of counsel, may deem necessary and appropriate; and the execution and delivery of the Trust Agreement by the Commission shall be conclusive evidence of the approval of the Supplemental Indenture and Obligation No. 9 by the Commission.

Section 9. The Commission hereby approves the action of the LGC in awarding the Bonds to the Underwriters at the price of $226,903,981.10 (which price represents the aggregate principal amount of the Bonds, plus an original issue premium of $27,816,103.85 and less an underwriters' discount of $637,122.75).

Section 10. Upon execution of the Bonds in the form and manner set forth in the Trust Agreement, the Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Bonds and, upon compliance with the provisions of Section 2.08 of the Trust Agreement, the Bond Trustee shall deliver the Bonds to the Underwriters against payment therefor.

Section 11. The Commission hereby ratifies the use and distribution of the Preliminary Official Statement in connection with the offering and sale of the Bonds. The preparation and distribution of a final Official Statement (the "Official Statement"), in substantially the form of the Preliminary Official Statement, with such changes as are necessary to reflect the final terms of the Bonds, is hereby approved, and the Chairman, the Vice Chairman or any member of the Commission designated in writing by the Chairman for such purpose is hereby authorized to execute and deliver, on behalf of the Commission, the Official Statement in substantially such form, together with such changes, modifications and deletions as the Chairman, the Vice Chairman or such member of the Commission, with the advice of counsel, may deem necessary or appropriate; and such execution and delivery shall be conclusive evidence of the approval thereof by the Commission. The Commission hereby approves and authorizes the distribution and use of copies of the Loan Agreement, the Trust Agreement, the Supplemental Indenture, Obligation No. 9 and the Master Indenture by the Underwriters in connection with the offering and sale of the Bonds.

Section 12. U.S. Bank National Association is hereby appointed as the Bond Trustee for the Bonds.

Section 13. The Depository Trust Company ("DTC") is hereby appointed as the initial Securities Depository for the Bonds, with Cede & Co., as nominee of DTC, being the initial Securities Depository Nominee and initial registered owner of the Bonds. The Commission has heretofore executed and delivered to DTC a Blanket Letter of Representations.

Section 14. S. Mark Payne, Secretary of the Commission, Geary W. Knapp, Assistant Secretary, Kathy C. Larrison, Auditor, Crystal M. Watson-Abbott, Auditor, and Steven C. Lewis, Chief of the Construction Section of the Division of Health Service Regulation, for the

Commission, are each hereby appointed a Commission Representative (as that term is defined in the Loan Agreement) with full power to carry out the duties set forth therein and the Trust Agreement.

Section 15. The Chairman, the Vice Chairman, any member of the Commission designated in writing by the Chairman, the Secretary and any Assistant Secretary of the Commission are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Loan Agreement, the Trust Agreement, the Contract of Purchase and the Official Statement.

Section 16. The Commission hereby recommends that the Governor of the State of North Carolina approve the issuance of the Bonds pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, and hereby requests such approval.

Section 17. A comparison of the professional fees as set forth in the resolution of the Commission granting preliminary approval of the Bonds with the actual professional fees incurred in connection with the Bonds is set forth as Exhibit B hereto.

Section 18. This Series Resolution shall take effect immediately upon its adoption.

3. <u>Adjournment</u>

There being no further business, the meeting was adjourned at 11:25 a.m.

Respectfully submitted,

Geary W. Knapp
Assistant Secretary

Date: January 31, 2020

EXHIBIT A

MATURITY SCHEDULE

Due July 1	Principal Amount	Interest Rate
2021	$1,185,000	5.00%
2022	1,265,000	5.00
2023	1,330,000	5.00
2024	2,360,000	5.00
2025	2,495,000	5.00
2026	2,640,000	5.00
2027	2,785,000	5.00
2028	2,935,000	5.00
2029	3,105,000	5.00
2030	3,250,000	5.00
2031	3,875,000	5.00
2032	4,065,000	5.00
2033	4,280,000	5.00
2034	4,490,000	5.00
2035	4,725,000	5.00
2036	4,910,000	3.00
2037	5,065,000	3.00
2038	5,215,000	3.00
2039	5,395,000	4.00
2040	5,610,000	4.00

$43,655,000 3.00% Term Bond due July 1, 2045

Due July 1	Sinking Fund Requirement
2041	$ 5,815,000
2042	5,990,000
2043	6,170,000
2044	6,355,000
2045*	19,325,000

* Maturity

$85,090,000 4.00% Term Bond due July 1, 2049

Due July 1	Sinking Fund Requirement
2046	$20,015,000
2047	20,830,000
2048	21,680,000
2049*	22,565,000

_____

* Maturity

EXHIBIT B

PROFESSIONAL FEES

Professional	Preliminary Approval	Actual
Financial Advisor	$150,000	$150,000
Underwriters	875,000	637,123
Accountant/Auditor	130,000	100,000
Bond Counsel	145,000	120,000
Underwriters' Counsel	110,000	120,000
Corporation Counsel	75,000	75,000
Trustee (including counsel)	11,000	7,000

NC MCC Bond Sale Approval Form								
Facility Name: Rex Hospital, Inc.								
	Time of Preliminary Approval		**Time of Mailing POS (if applicable)**		**Time of Final Approval**		**Total Variance**	**Explanation of Variance**
SERIES: 2020A								
PAR Amount	$250,000,000.00		$200,000,000.00		$199,725,000.00		($50,275,000.00)	LGC Sizing Restriction, Improvement in Market Conditions
Estimated Interest Rate [1]	3.43%		3.16%		2.94%		-0.49%	Improvement in Market Conditions
All-in True Interest Cost	3.45%		3.22%		2.97%		-0.48%	Improvement in Market Conditions
Maturity Schedule (Interest) - Date	1/1/2020 - 7/1/2049		7/1/2020 - 7/1/2049		7/1/2020 - 7/1/2049		1st Interest Payment in July 2020	Financing Delays
Maturity Schedule (Principal) - Date	7/1/2020 - 7/1/2049		7/1/2021 - 7/1/2049		7/1/2021 - 7/1/2049		1st Principal Payment in July 2021	Financing Delays
Bank Holding Period (if applicable) - Date	N/A [2]		N/A [2]		N/A [2]		--	--
Estimated NPV Savings ($) (if refunded bonds)	N/A [2]		N/A [2]		N/A [2]		--	--
Estimated NPV Savings (%) (if refunded bonds)	N/A [2]		N/A [2]		N/A [2]		--	--
NOTES:								
(1) True Interest Cost is shown for Estimated Interest Rate.								
(2) The Series 2020A bonds are publicly-offered, fixed-rate, new money bonds.								

10A NCAC 13F .0202 is amended as published in 34:06 NCR 481-485 as follows:

10A NCAC 13F .0202 THE LICENSE

(a) Except as otherwise provided in ~~Rule .0203 of this Section,~~ G.S. 131D-2.4, the Department shall issue an adult care home license to any person who submits the application material according to Rule .0204 of this Section and the Department determines that the applicant complies with the provisions of all ~~applicable~~ State adult care home licensure statutes and ~~rules.~~ rules of this Subchapter. All applications for a new license shall disclose the names of individuals who are co-owners, partners, or shareholders holding an ownership or controlling interest of five percent or more of the applicant entity.

(b) The license shall be conspicuously posted in a public place in the home.

(c) When a provisional license is ~~issued,~~ issued according to G.S. 131D-2.7, the administrator shall post the provisional license and a copy of the notice from the Division of Health Service Regulation identifying the reasons for it, conspicuously in a public place in the home and in place of the full license.

(d) The license is not transferable or assignable.

(e) An adult care home shall be licensed only as an adult care home and not for any other level of care or licensable entity or service. The license shall be terminated when the home is licensed to provide a higher level of care or a combination of a higher level of care and adult care home level of care.

History Note: *Authority G.S. 131D-2.4; 131D-2.7; 131D-2.16; 131D-4.5; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;
Amended Eff. April 1, 2020.

10A NCAC 13F .0204 is amended as published in 34:06 NCR 481-485 as follows:

10A NCAC 13F .0204 APPLYING FOR A LICENSE TO OPERATE A FACILITY NOT CURRENTLY LICENSED

(a) Prior to submission of a license application, all Certificate of Need requirements shall be met according to G.S. 131E, Article 9.

(b) In applying for a license to operate an adult care home to be constructed or ~~renovated~~ renovated, or in an existing building that is not currently licensed, the applicant shall submit the following to the Division of Health Service Regulation:

(1) the Initial License Application ~~which~~ that is available ~~on the internet website,~~ online at ~~http://facility-services.state.nc.us/gcpage.htm~~ https://info.ncdhhs.gov/dhsr/acls/pdf/fcchgapp.pdf at no cost and includes the following: ~~or the Division of Health Service Regulation, Adult Care Licensure Section, 2708 Mail Service Center, Raleigh, NC 27699-2708;~~

(A) contact person, facility site and mailing addresses, and administrator;

(B) operation disclosure including names and contact information of the licensee, management company, and building owner;

(C) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members; and

(D) bed capacity including that of any special care unit for Alzheimer's and Related Disorders;

(2) plans and specifications as required in Section .0300 of this Subchapter and a construction review fee according to ~~G.S. 131E-267;~~ G.S. 131E-267 to be calculated and invoiced by the DHSR Construction Section;

(3) an approved fire and building safety inspection report from the local fire marshal to be submitted upon completion of construction or renovation;

(4) an approved sanitation report or a copy of the permit to begin operation from the sanitation division of the county health department to be submitted upon completion of construction or renovation;

(5) a nonrefundable license fee as required by G.S. ~~131D-2(b)(1);~~ G.S. 131D-2.5; and

(6) a certificate of occupancy or certification of compliance from the local building official to be submitted upon completion of construction or renovation.

Note: Rule .0207 of this Section applies to obtaining a license to operate a currently licensed facility.

(c) ~~A pre-licensing survey shall be made by program consultants of the Division of Health Service Regulation and an adult home specialist of the county department of social services.~~ Issuance of an adult care home license shall be based on the following:

(1) successful completion and approval of Subparagraphs (b)(1) through (b)(6) of this Rule;

(2) the Division of Health Service Regulation's Construction Section's recommendation of licensure based on compliance with rules in Section .0300 of this Subchapter;

(3) a compliance history review of the facility and its principals and affiliates according to G.S. 131D-2.4;

(4) approval by the Adult Care Licensure Section of the facility's operational policies and procedures based on compliance with the rules of this Subchapter; and

(5) the facility's demonstration of compliance with Adult Care Home statutes and rules of this Subchapter as determined by a pre-licensing survey of the facility by the Adult Care Licensure Section.

(d) ~~The Division of Health Service Regulation shall provide to the applicant written notification of the decision to license or not to license the adult care home.~~ The Adult Care Licensure Section shall notify in writing the applicant licensee and the county department of social services of the decision to license or not to license the adult care home based on compliance with adult care home statutes and the rules of this Subchapter within 14 days from the decision to license or not to license the facility.

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-2.16; 143B-165;*
Readopted Eff. October 31, 1977;
Amended Eff. April 1, 1984;
Temporary Amendment Eff. September 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;
Amended Eff. April 1, 2020.

10A NCAC 13F .0208 is amended as published in 34:06 NCR 481-485 as follows:

10A NCAC 13F .0208 RENEWAL OF LICENSE

(a) The ~~license shall be renewed annually,~~ licensee shall file a license renewal application annually on a calendar year basis ~~except as otherwise provided in Rule .0209 of this Subchapter, if the licensee submits an application for renewal~~ on the forms provided by the Department at no cost with a nonrefundable annual license fee according to ~~G.S. 131D-2(b)(1) and the Department determines that the licensee complies with the provisions of all applicable State adult care home licensure statutes and rules. When violations of licensure rules or statutes are documented and have not been corrected prior to expiration of license, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or revoke the license.~~ G.S. 131D-2.5. The renewal application form includes the following:

(1) contact person, facility site and mailing address, and administrator;

(2) operation disclosure including names and contact information of the licensee, management company, and building owner;

(3) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members holding an ownership or controlling interest of five percent or more of the applicant entity;

(4) bed capacity including that of any special care unit for Alzheimer's and Related Disorders; and

(5) population and census data.

~~(b) All applications for license renewal shall disclose the names of individuals who are co-owners, partners or shareholders holding an ownership or controlling interest of five percent or more of the applicant entity.~~

(b) In determining whether to renew a license under G.S. 131D-2.4, the Department shall take into consideration at least the following:

(1) the compliance history of the applicant facility with the provisions of all State adult care home licensure statutes and rules of this Subchapter;

(2) the compliance history of the owners, principals, and affiliates of the applicant facility in operating other adult care homes in the State;

(3) the extent to which the conduct of a related facility, its owners, principals, and affiliates is likely to affect the quality of care at the applicant facility; and

(4) the hardship on residents of the applicant facility if the license is not renewed.

(c) When violations of licensure rules or statutes are documented by the Department and have not been corrected by the facility prior to license expiration, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or deny the license.

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;

Temporary Amendment Eff. December 1, 1999;
Amended Eff. July 1, 2000;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;
Amended Eff. April 1, 2020.

10A NCAC 13F .0209 is repealed as published in 34:06 NCR 481-485 as follows:

10A NCAC 13F .0209 CONDITIONS FOR LICENSE RENEWAL

History Note: *Authority G.S. 131D-2.4; 131D-2.16; 143B-165;*
Temporary Adoption Eff. December 1, 1999;
Eff. July 1, 2000;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;
Repealed Eff. April 1, 2020.

10A NCAC 13F .0212 is amended as published in 34:06 NCR 481-485 as follows:

10A NCAC 13F .0212 DENIAL OR REVOCATION OF LICENSE

(a) A license may be denied by the Division of Health Service Regulation for failure to comply with the rules of this Subchapter.

(b) Denial of a license by the Division of Health Service Regulation shall be effected by mailing to the ~~applicant,~~ applicant licensee, by registered mail, a notice setting forth the particular reasons for such action.

(c) A license may be revoked by the Division of Health Service Regulation in accordance with ~~G.S. 131D-2(b)~~ G.S. 131D-2.7(b) and G.S. 131D-29.

(d) When a facility receives a notice of revocation, the administrator shall inform each resident and the resident's responsible person in writing of the notice and the basis on which it was ~~issued.~~ issued within five calendar days of the notice of revocation being received by the licensee of the facility.

History Note: *Authority G.S. 131D-2.7; 131D-2.16; 131D-4.3; 131D-29; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;
Amended Eff. April 1, 2020.

10A NCAC 13G .0202 is readopted as published in 34:06 NCR 481-485 as follows:

10A NCAC 13G .0202 THE LICENSE

(a) Except as otherwise provided in ~~Rule .0203 of this Subchapter,~~ G.S. 131D-2.4, the Department of Health and Human Services shall issue a family care home license to any person who submits ~~an application on the forms provided by the Department with a non-refundable license fee as required by G.S. 131D-2(b)(1)~~ the application material according to Rule .0204 of this Section and the Department determines that the applicant complies with the provisions of all ~~applicable~~ State ~~family care~~ adult care home licensure statutes and ~~rules.~~ rules of this Subchapter. All applications for a new license shall disclose the names of individuals who are co-owners, partners, or shareholders holding an ownership or controlling interest of five percent or more of the applicant entity.

(b) The license shall be conspicuously posted in a public place in the home.

~~(c) The license shall be in effect for 12 months from the date of issuance unless revoked for cause, voluntarily or involuntarily terminated, or changed to provisional licensure status.~~

~~(d) A provisional license may be issued in accordance with G.S. 131D-2(b).~~

~~(e)~~(c) When a provisional license is ~~issued,~~ issued according to G.S. 131D-2.7, the administrator shall post the provisional license and a copy of the notice from the Division of Health Service Regulation identifying the reasons for it, conspicuously in a public place in the home in place of the full license.

~~(f)~~(d) The license is not transferable or assignable.

~~(g)~~(e) A family care home shall be licensed only as a family care home and not for any other level of care or licensable entity or service. The license shall be terminated when the home is licensed to provide a higher level of care or a combination of a higher level of care and family care home level of care.

History Note: *Authority G.S. 131D-2.4; 131D-2.7; 131D-2.16; 131D-4.5; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. April 1, 1984;
Temporary Amendment Eff. January 1, 1998;
Amended Eff. April 1, 1999;
Temporary Amendment Eff. December 1, 1999;
Amended Eff. July 1, 2000;
Temporary Amendment Eff. July 1, 2004;
Amended Eff. July 1, ~~2005.~~ 2005;
Readopted Eff. April 1. 2020.

10A NCAC 13G .0204 is readopted as published in 34:06 NCR 481-485 as follows:

10A NCAC 13G .0204 APPLYING FOR A LICENSE TO OPERATE A HOME NOT CURRENTLY LICENSED

(a) An application for a license to operate a family care home for adults in an existing building where no alterations are necessary as determined by the Construction Section of the Division of Health Service Regulation or a family care home ~~which~~ that is to be constructed, added ~~to~~ to, or renovated shall be made at the county department of social ~~services.~~ services in the county where the licensed family care home will be located.

~~(b) If during the study of the administrator and the home, it does not appear that the qualifications of the administrator or requirements for the home can be met, the county department of social services shall so inform the applicant, indicating in writing the reason and give the applicant an opportunity to withdraw the application. Upon the applicant's request, the application shall be completed and submitted to the Division of Health Service Regulation for consideration.~~

~~(c)~~(b) The applicant shall submit the following ~~forms and reports through~~ material to the county department of social services for submission to the Division of Health Service ~~Regulation:~~ Regulation within ten business days of receipt by the county department of social services:

(1) the Initial Licensure ~~Application;~~ Application that is available online at https://info.ncdhhs.gov/dhsr/acls/pdf/acchgapp.pdf at no cost and includes the following:
  (A) contact person, facility site and mailing addresses, and administrator;
  (B) operation disclosure including names and contact information of licensee, management company, and building owner;
  (C) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members; and
  (D) bed capacity;
(2) an approval letter from the local zoning jurisdiction for the proposed location;
(3) a photograph of each side of the existing structure and at least one of each of the interior spaces if an existing structure;
(4) a set of blueprints or a floor plan of each level indicating the following:
  (A) the layout of all ~~rooms,~~ rooms;
  (B) the room dimensions (including ~~closets),~~ closets);
  (C) the door widths (exterior, bedroom, ~~bathroom~~ bathroom, and kitchen ~~doors),~~ doors);
  (D) the window sizes and window sill ~~heights,~~ heights;
  (E) the type of ~~construction,~~ construction;
  (F) the use of the basement and ~~attic,~~ attic; and
  (G) the proposed resident bedroom locations including the number of occupants and the bedroom and number (including the ages) of any non-resident who will be residing within the home;

(5) a cover letter ~~or transmittal form~~ prepared by the adult home specialist of the county department of social services ~~identifying~~ stating the following:

(A) the prospective home site ~~address,~~ address;

(B) the name of the contact person (including address, telephone numbers, ~~fax numbers),~~ email address); and

(C) the name and address of the applicant (if different from the contact ~~person) and the total number and the expected evacuation capability of the residents;~~ person); and

(6) ~~a construction review fee according to G.S. 131E-267.~~ a non-refundable license fee as required by G.S. 131D-2.5.

~~(d) The Construction Section of the Division of Health Service Regulation shall review the information and notify the applicant and the county department of social services of any required changes that must be made to the building to meet the rules in Section .0300 of this Subchapter along with the North Carolina State Building Code. At the end of the letter there shall be a list of final documentation required from the local jurisdiction that must be submitted upon completion of any required changes to the building or completion of construction.~~

~~(e) Any changes to be made during construction that were not proposed during the initial review shall require the approval of the Construction Section to assure that licensing requirements are maintained.~~

~~(f) Upon receipt of the required final documentation from the local jurisdiction, the Construction Section shall review the information and may either make an on-site visit or approve the home for construction by documentation. If all items are met, the Construction Section shall notify the Adult Care Licensure Section of the Division of Health Service Regulation of its recommendation for licensure.~~

~~(g) Following review of the application, references, all forms and the Construction Section's recommendation for licensure, a pre-licensing visit shall be made by a consultant of the Adult Care Licensure Section. The consultant shall report findings to the Division of Health Service Regulation which shall notify, in writing, the applicant and the county department of social services of the decision to license or not to license the family care home.~~

(c) Issuance of a family care home license shall be based on the following:

(1) successful completion and approval of Subparagraphs (b)(1) through (b)(6) of this Rule;

(2) the Division of Health Service Regulation's Construction Section's recommendation of licensure based on compliance with rules in Section .0300 of this Subchapter;

(3) a compliance history review of the facility and its principals and affiliates according to G.S. 131D-2.4;

(4) approval by the Adult Care Licensure Section of the facility's operational policies and procedures based on compliance with the rules of this Subchapter; and

(5) the facility's demonstration of compliance with Adult Care Home statutes and rules of this Subchapter as determined by a pre-licensing survey of the facility by the Adult Care Licensure Section.

(d) The Adult Care Licensure Section shall notify in writing the applicant licensee and the county department of social services of the decision to license or not to license the adult care home based on compliance with adult care home statutes and the rules of this Subchapter within 14 days from the decision to license or not to license the facility.

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. July 1, 1990; April 1, 1987; April 1, 1984;
ARRC Objection Lodged November 14, 1990;
Amended Eff. May 1, 1991;
Temporary Amendment Eff. September 1, 2003;
Amended Eff. July 1, 2005; July 1, ~~2004.~~ 2004;
Readopted Eff. April 1, 2020.

10A NCAC 13G .0208 is readopted as published in 34:06 NCR 481-485 as follows:

10A NCAC 13G .0208 RENEWAL OF LICENSE

(a) The ~~license shall be renewed annually,~~ licensee shall file a license renewal application annually on a calendar year basis ~~except as otherwise provided in Rule .0209 of this Subchapter, if the licensee submits an application for renewal~~ on the forms provided by the Department at no cost ~~and the Department determines that the licensee complies with the provisions of all applicable State adult care home licensure statutes and rules. When violations of licensure rules or statutes are documented and have not been corrected prior to expiration of license, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or revoke the license for cause.~~ with a nonrefundable annual license fee according to G.S. 131D-2.5. The renewal application includes the following:

(1) contact person, facility site and mailing address, and administrator;

(2) operation disclosure including names and contact information of the licensee, management company, and building owner;

(3) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members holding an ownership or controlling interest of five percent or more of the applicant entity;

(4) bed capacity; and

(5) population and census data.

~~(b) All applications for license renewal shall disclose the names of individuals who are co-owners, partners or shareholders holding an ownership or controlling interest of 5% or more of the applicant entity.~~

(b) In determining whether to renew a license under G.S. 131D-2.4, the Department shall take into consideration at least the following:

(1) the compliance history of the applicant facility with the provisions of all State adult care home licensure statutes and rules of this Subchapter;

(2) the compliance history of the owners. principals and affiliates of the applicant facility in operating other adult care homes in the State;

(3) the extent to which the conduct of a related facility, its owners, principals, and affiliates is likely to affect the quality of care at the applicant facility; and

(4) the hardship on residents of the applicant facility if the license is not renewed.

(c) When violations of licensure rules or statutes are documented by the Department and have not been corrected by the facility prior to license expiration, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or deny the license.

History Note: *Authority G.S. 131D-2.4; 131D-2.16; 131D-4.5; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. December 1, 1992; July 1, 1990; April 1, 1987; April 1, 1984;

Temporary Amendment Eff. December 1, 1999;

Amended Eff. July 1, ~~2000.~~ 2000;

Readoption Eff. April 1, 2020.

10A NCAC 13G .0209 is repealed through readoption as published in 34:06 NCR 481-485 as follows:

10A NCAC 13G .0209 CONDITIONS FOR LICENSE RENEWAL

History Note: *Authority G.S. 131D-2.4; 131D-2.16; 131D-4.5; 143B-165;*
Temporary Adoption Eff. December 1, 1999;
Eff. July 1, ~~2000.~~ 2000;
Repealed Eff. April 1, 2020.

10A NCAC 13G .0212 is readopted as published in 34:06 NCR 481-485 as follows:

10A NCAC 13G .0212 DENIAL AND REVOCATION OF LICENSE

(a) A license may be denied by the Division of Health Service Regulation for failure to comply with the rules of this Subchapter.

(b) Denial of a license by the Division of Health Service Regulation shall be effected by mailing to the ~~applicant,~~ applicant licensee, by registered mail, a notice setting forth the particular reasons for such action.

(c) A license may be revoked by the Division of Health Service Regulation in accordance with ~~G.S. 131D-2(b)~~ G.S. 131D-2.7(b) and G.S. 131D-29.

(d) When a facility receives a notice of revocation, the administrator shall inform each resident and ~~his~~ the resident's responsible person in writing of the notice and the basis on which it was ~~issued.~~ issued within five calendar days of the notice of revocation being received by the licensee of the facility.

History Note: *Authority G.S. 131D-2.7; 131D-2.16; 131D-4.3; 131D-29; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. April 1, 1984; May 1, 1981;
Temporary Amendment Eff. January 1, 1998;
Amended Eff. April 1, ~~1999.~~ 1999;
Readopted Eff. April 1, 2020.

10A NCAC 13G .0213 is repealed through readoption as published in 34:06 NCR 481-485 as follows:

10A NCAC 13G .0213 APPEAL OF LICENSURE ACTION

History Note: *Authority 131D-2.4; 131D-2.16; 143B-165; 150B-23;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. July 1, 1990; April 1, ~~1984.~~ 1984;
Repealed Eff. April 1, 2020.

DHSR Adult Care Licensure Section

Fiscal Impact Analysis

Permanent Rule Adoptions without Substantial Economic Impact

Agency:	North Carolina Medical Care Commission	
Contact Persons:	Nadine Pfeiffer, MCC/DHSR Rulemaking Coordinator, 919-855-3811	
	Megan Lamphere, Chief, Adult Care Licensure Section, 919-855-3784	
	Doug Barrick, Policy Coordinator, Adult Care Licensure Section, 919 - 855-3778	
Impact:	Federal Government Impact:	No
	State Government Impact:	Yes
	Local Government Impact:	Yes
	Private Entities	Yes
	Substantial Economic Impact:	No

Titles of Rule Changes and N.C. Administrative Code citations

Rule Repeal:

10A NCAC 13F.0209 Conditions for License Renewal

10A NCAC 13G .0209 Conditions for License Renewal

10A NCAC 13G .0213 Appeal of Licensure Action

Rule Readoptions (*See proposed text of these rules in Appendix A):*

10A NCAC 13G .0202 The License

10A NCAC 13G .0204 Applying for a License to Operate a Home Not Currently Licensed

10A NCAC 13G .0208 Renewal of License

10A NCAC 13G .02012 Denial and Revocation of License

Rule Amendments *(See proposed text of these rules in Appendix B)*

10A NCAC 13F .0202 The License

10A NCAC 13F .0204 Applying for a License to Operate a Facility Not Currently Licensed

10A NCAC 13F .0208 Renewal of License

10A NCAC 13F .0212 Denial or Revocation of License

Authorizing Statutes: G.S. 131D-2.1; 131D- 2.4; 131D-2.5; 131D-2.7; 131D-4.3; 131D-4.5; 131D-2.16; 131D-29; 143B-165

Introduction and Background

Under the authority of G.S. 150B-21.3A, Periodic review and expiration of existing rules, the North Carolina Medical Care Commission and Rule Review Commission approved the Subchapter reports with classifications for the rules under 10A NCAC 13F Licensing of Adult Care Homes of Seven or More Beds and 10A NCAC 13G Licensing of Family Care Homes. The rules were classified in the reports as necessary with substantive public interest. Rules 10A NCAC 13G .0202, .0204, .0208 and .0212 are being presented for readoption with substantive changes. The following rules were not identified for readoption with substantive changes based on public comment but are being proposed for amendment to correlate with the 13G rules of same title and similar content being proposed for readoption: 10A NCAC 13F .0202, 13F .0204, 13F .0208 and 13F .0212. Most of the rules for both types of assisted living residences, adult care homes of seven beds or more and family care homes, are the same with the primary exception of staffing and physical plant requirements since they serve the same population based on need for care and services. Therefore, the 13F rules corresponding to the 13G rules being proposed for readoption with changes are being amended concurrently to assure this traditional consistency. Rules 10A NCAC 13F .0209, 13G .0209 and 13G .0213 are being readopted as repeals and will not be discussed in this analysis.

Rule Summary and Anticipated Fiscal Impact

10A NCAC 13G .0202/10A NCAC 13F .0202 The License: These rules address the issuance of licenses for family care homes and adult care homes of seven beds or more based on application and disclosure of specific information, the posting of the license and a provisional license if issued, and the nature of the license.

1. In Paragraph (a), the reference to Subchapter Rule .0203 is proposed for deletion since that rule is being repealed and reference is being made to the law regarding the issuance of a license and to Subchapter Rule .0204 that addresses the license application process.

Fiscal Impact: None

2. In proposed Paragraph (c), the requirement of posting a provisional license conspicuously in the facility is an addition to this rule.

Rationale: The addition is necessary to complement the posting requirement in Paragraph (b) of this Rule. Since the provisional license becomes the facility's current license until its expiration, the disclosure of the current status of the license should be made well-visible to residents and the public to the same extent as a standard license. The law addressing provisional licenses is cited here for reference purposes.

Fiscal Impact: This proposed change to posting "conspicuously" carries no determinable or quantifiable fiscal impact from current rule. Current rule already requires posting and the change simply assures posting in a clearly visible location to the public eye.

3. Proposed Paragraph (e) contains the statement indicating that the facility will be issued and hold only one license from the Division of Health Services Regulation (DHSR), being a family care home license or an adult care home license, and not hold any other license from a licensing entity.

Rationale: This has been the case in DHSR policy for at least 30 years with no other rules or law allowing for more than one license. There is no record of double licensing being allowed but this change formalizes the long-held policy to assure that there is no sharing of licensing and regulatory authority that may impact care of residents and create confusion across lines of authority and services. If a family care home or adult care home desires to change their level of services, a new license must be applied for and would replace the current license.

Fiscal Impact: There is no fiscal impact to this proposed change in rule since historically there has never been multiple licenses allowed for family care homes.

4. This section only applies to 10A NCAC 13G .0202. Current Paragraphs (c) and (d) are proposed for deletion because G.S. 131D-2.4 and G.S. 131D-2.7 address how long the license is in effect and the issuance of a provisional license, and so the citation for these is no longer correct.

Rationale: The reorganization of G.S. 131D-2 in 2009 requires new law references in rules being readopted that contain such references.

Fiscal Impact: There is no fiscal impact to the correct identification of the law based on its reorganization.

Notification of Applicant Licensee and County Department of Social Services

Proposed paragraph (d) of 10A NCAC 13G .0204 and proposed paragraph (d) of 10A NCAC 13F .0204 both require written notification of DHSR's decision regarding the licensing of the facility within 14 days of the licensing decision to the applicant licensee and the county department of social services in which the facility is located. The proposed addition to Paragraph (c) of 10A NCAC 13G .0204 is a listing of what is required for a facility to be licensed.

Rationale: These proposed requirements have been established DHSR policy and procedure for at least ten years and, therefore, the standard of licensure practice that has been consistently followed over that period. The incorporation into rule assures DHSR the authority to deny a

license if conditions are not met, objectivity in that decision-making process by DHSR, and clarity to applicant licensees on the process and consistency in its application. The 14-day written notification period is in line with both past and current practice. By adding the 14-day period to the rule, DHSR is providing the applicant awareness of an expected timeframe for DHSR's decision to license or not to license the facility. It has typically and traditionally been provided well within a 14-day time period.

Fiscal Impact: The incorporation of long-established licensure practice into rule does not involve additional cost for affected parties since it has been the accepted standard of licensure practice for many years and forms the baseline. Email is and has been an acceptable form of written notification.

10A NCAC 13G .0204: This section discusses the rule impacts regarding the license application process for family care homes not currently licensed by specifying how and what information needs to be submitted to the Adult Care Licensure Section (ACLS) and the basis on which the Section can issue a license.

1. Paragraph (a) contains strictly clarifying information with no fiscal impact. Current Paragraph (b) is proposed for deletion because it is outdated by not reflecting current practice.

Rationale: While the county departments of social services still collect the information to forward to ACLS, they do not make any determination about applicant administrators since they are pre-approved by ACLS and county staff should not be in the position of determining if the requirements of the home can be met. That is determined by the Construction Section in its review of physical plant and ACLS in its review of policies and procedures as has been customary for many years per licensure rules regarding construction and facility policies and procedures. The shift in policies and procedures for review of all licensure application through the counties occurred over ten years ago

Fiscal Impact: There is positive fiscal impact due to cost savings by the county department of social services not reviewing/studying license application material to either return to applicant or submit to DHSR. However, those savings are indeterminable because of the inability to project the number of family care home applications that will be received in the future each year by the 97 county departments of social. This number varies considerably by county and any data related to the time required on such a process has not been followed for over ten years. Currently there are 633 licensed family care homes across the state. There is also no data on any applications returned to applicants instead of forwarding to DHSR for review and processing. Neither is there any data on any possible non-recommended applications by the county that the applicant may have requested to be forwarded to DHSR in spite of a lack of recommendation by the county. There would be no additional cost to the State in DHSR staff time since it has always been the responsibility of DHSR to review and process all licensure applications it receives. There may have been some minimal cost savings to the State in not having to review any applications that were not forwarded from counties, but again, these savings cannot be determined due to the lack of any data from so many years ago.

2. Paragraph (b) adds the requirement of submission of application material by the county departments of social services to DHSR within a 10-business-day time period and specifies information to be provided by the applicant on the application.

Rationale: While most applications are submitted within that time frame, this specified time frame will help assure timely submittal by all counties so that the licensing process is not delayed which happens occasionally and results in inquiries by applicants of the county and DHSR and by the Division of Social Services in the counties. Failure to submit applications within a specified time frame may negatively impact the annual evaluation of the county department of social services because the Division has oversight of the county's work in the area of adult and family care home regulation under the direction and leadership of DHSR. Part 1 of this paragraph lists what information the license application requires which is what has been on the application currently being used. Part (4) lists what has been in narrative format to make it easier and clearer to follow. The same holds true for Part (5) plus deletion of phrase in Subpart (c) regarding number of residents and evacuation capability which has to be evaluated and approved by the Construction Section of DHSR. Part (6) references the license fee required by law and deletes references to the Construction review fee which is being proposed for inclusion in Section .0300 of this Subchapter which contains the physical plant rules being readopted.

Fiscal Impact: The organizational changes in content have no fiscal impact. The 10-day period for submission of license application by the county to the Division is within the normal time range of submission. Failure to meet that would not result in any fiscal impact since the county is not fined for singular failures such as this. Any negative impact would be in the Division's periodic evaluation of the county's work.

3. Paragraphs (d), (e), and (f) addressing responsibilities of DHSR's Construction are proposed for deletion.

Rationale: The physical plant rules in Section .0300 of this Subchapter will be readopted to incorporate the requirements in Paragraphs (d), (e) and (f) with possible revisions by the Construction Section which is responsible for building plan reviews.

10A NCAC 13F .0204: This rule directs the license application process for adult care homes of seven or more beds not currently licensed by specifying how and what information needs to be submitted to the Adult Care Licensure Section (ACLS) and the basis on which the Section can issue a license.

1. Paragraph (b)(1) lists what information the license application requires. This information has been on the application currently being used but is now being proposed for disclosure in rule for the purposes of transparency and clarity. Contact information is also updated. Part (2) references the fee requirement in law and the responsibility of the Construction Section to calculate and invoice the fee, which has been and is currently Division policy.

Rationale: Updating of information is required and the inclusion of operational policy in current and traditional practice for several years and as referenced in law is added to assure conformity with current and traditional policy implementation and practice.

Fiscal Note: Since these requirements uphold past and current policy with no change in implementation, there is no additional cost to implementation of the requirements and general statute.

10A NCAC 13G .0208/10A NCAC 13F .0208: This rule addresses when and how a home's license is to be renewed, including information about the licensee and home to be considered for renewal. Rules 13G .0208 and .0209 are proposed for consolidation since contents of both are about license renewal and having just one rule for renewal streamlines the regulatory requirements in a cohesive, logical and non-repetitive manner. Rules 13F .0208 and .0209 are also proposed for consolidation for the same reasons as Rules 13G .0208 and .0209. Therefore, Rule 13G .0208 and Rule 13F .0208 are proposed for readoption to incorporate the requirements of Rule 13G .0209 and Rule 13F .0209, respectively, which are both being proposed for repeal as to being unnecessary with readoption of 13G .0208 and 13F .0208.

1. Paragraph (a) has deletion of reference to Rule .0209 which is proposed for repeal due to its proposed consolidation into this Rule, .0208. Forms have always been provided at no cost but it is stated directly so for readoption. The other deletions in this paragraph are a result of the requirements being moved to Paragraphs (b) and (c) of this Rule for reorganization purposes to be inclusive of requirements in repealed Rule .0209 and for greater clarity. The non-refundable license fee has been mandated by G.S. 131D-2.5 for many years. The contents of the renewal application are listed for greater clarity and disclosure purposes.

Rationale: The changes are proposed for clarity and organizational purposes to allow for the incorporation of repealed Rule .0209 for consolidation of two rules addressing license renewal. The content of both rules lends itself to this reorganization and consolidation.

Fiscal Impact: No costs are associated with these changes.

2. Paragraph (b) of current rule is proposed for deletion to have its contents included in the proposed Paragraph (b), which incorporates the requirements in Rule .0208 and .0209 that are currently proposed for repeal.

Rationale: The changes are a result of incorporating requirements from current Rule .0208 and Rule .0209 that are proposed for repeal for consolidation purposes. The requirement of (b) as proposed for deletion is proposed as (a)(3) of this rule for organizational purposes.

Fiscal Note: Changes are reorganizational to allow for incorporation of repealed Rule .0209 and have no fiscal impact.

3. Paragraph (c) is a repeat of requirement being deleted in Paragraph (a).

Rationale: This change reorganizes the language in the previous rule and provides for clarity as Rules .0208 and .0209 are consolidated.

Fiscal Impact: None

10A NCAC 13G .0212/10A NCAC 13F .1212: These rules address the regulatory action of DHSR in denying and revoking facility licenses.

Paragraphs (b) and (c) contain technical changes for clarity and an updated statutory reference with no fiscal impact.

Paragraph (d) is proposed to require a facility's written notification of resident and responsible person of the notice of revocation of the facility's license. The notification is to be within five calendar days of facility's receipt of the revocation notice.

Rationale: Residents and their responsible persons should be clearly made aware of the revocation of the license of the facility, the residents' home, within a reasonable amount of time so that plans can be made accordingly for relocation. Furthermore, notification in writing provides its own documentation for regulatory compliance purposes as opposed to just verbal communication.

Fiscal Note: Notification is already required in current rule, just not in written form. Since verbal notification itself needs documentation to assure compliance with the rule, the fiscal impact on the facility of written notification is negligible.

Conclusion:

The proposed rule readoptions and amendments in this report are intended to update rules to bring them into line with current licensure processes and procedures, update statutory references, clarify wording and unify family care home and adult care home rules as much as possible for efficient and effective regulation since both types of assisted living facilities are licensed and intended by law to serve residents with similar needs for care and services. This ensures consistency of regulation of facility types determined by capacity in regard to issuing and renewing facility licenses. The proposed changes also include notification timeframes of residents by facilities and of the county departments and applicant licensees by DHSR thereby formalizing DHSR's traditional standards of practice and assuring full transparency and disclosure.

These rule readoptions and amendments concur with licensing and license renewal practices of the past 10 years resulting from law and policy changes impacting process and procedures of the Adult Care Licensure Section of the Division of Health Service Regulation. The changes provide clear guidance and expectations based on current licensure practice to adult care home and family care home licensees to ensure a more streamlined and efficient licensure process. Fiscal impact is minimal in most cases and indeterminable in another where historical and current data is not available or inaccessible.

10A NCAC 13G .0202 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .0202 THE LICENSE

(a) Except as otherwise provided in ~~Rule .0203 of this Subchapter,~~ G.S. 131D-2.4, the Department of Health and Human Services shall issue a family care home license to any person who submits ~~an application on the forms provided by the Department with a non-refundable license fee as required by G.S. 131D-2(b)(1)~~ the application material according to Rule .0204 of this Section and the Department determines that the applicant complies with the provisions of all ~~applicable~~ State ~~family care~~ adult care home licensure statutes and ~~rules.~~ rules of this Subchapter. All applications for a new license shall disclose the names of individuals who are co-owners, partners, or shareholders holding an ownership or controlling interest of five percent or more of the applicant entity.

(b) The license shall be conspicuously posted in a public place in the home.

~~(c) The license shall be in effect for 12 months from the date of issuance unless revoked for cause, voluntarily or involuntarily terminated, or changed to provisional licensure status.~~

~~(d) A provisional license may be issued in accordance with G.S. 131D-2(b).~~

~~(e)~~(c) When a provisional license is ~~issued,~~ issued according to G.S. 131D-2.7, the administrator shall post the provisional license and a copy of the notice from the Division of Health Service Regulation identifying the reasons for it, conspicuously in a public place in the home in place of the full license.

~~(f)~~(d) The license is not transferable or assignable.

~~(g)~~(e) A family care home shall be licensed only as a family care home and not for any other level of care or licensable entity or service. The license shall be terminated when the home is licensed to provide a higher level of care or a combination of a higher level of care and family care home level of care.

History Note: *Authority G.S. 131D-2.4; 131D-2.7; 131D-2.16; 131D-4.5; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. April 1, 1984;
Temporary Amendment Eff. January 1, 1998;
Amended Eff. April 1, 1999;
Temporary Amendment Eff. December 1, 1999;
Amended Eff. July 1, 2000;
Temporary Amendment Eff. July 1, 2004;
Amended Eff. July 1, ~~2005.~~ 2005;
Readopted Eff. April 1. 2020.

10A NCAC 13F .0202 is proposed for amendment as follows:

10A NCAC 13F .0202 THE LICENSE

(a) Except as otherwise provided in ~~Rule .0203 of this Section,~~ G.S. 131D-2.4, the Department shall issue an adult care home license to any person who submits the application material according to Rule .0204 of this Section and the Department determines that the applicant complies with the provisions of all ~~applicable~~ State adult care home licensure statutes and ~~rules.~~ rules of this Subchapter. All applications for a new license shall disclose the names of individuals who are co-owners, partners, or shareholders holding an ownership or controlling interest of five percent or more of the applicant entity.

(b) The license shall be conspicuously posted in a public place in the home.

(c) When a provisional license is ~~issued,~~ issued according to G.S. 131D-2.7, the administrator shall post the provisional license and a copy of the notice from the Division of Health Service Regulation identifying the reasons for it, conspicuously in a public place in the home and in place of the full license.

(d) The license is not transferable or assignable.

(e) An adult care home shall be licensed only as an adult care home and not for any other level of care or licensable entity or service. The license shall be terminated when the home is licensed to provide a higher level of care or a combination of a higher level of care and adult care home level of care.

History Note: *Authority G.S. 131D-2.4; 131D-2.7; 131D-2.16; 131D-4.5; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;
Amended Eff. April 1, 2020.

Temporary Amendment Eff. September 1, 2003;
Amended Eff. July 1, 2005; July 1, ~~2004.~~ 2004;
Readopted Eff. April 1, 2020.

10A NCAC 13G .0204 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .0204 APPLYING FOR A LICENSE TO OPERATE A HOME NOT CURRENTLY LICENSED

(a) An application for a license to operate a family care home for adults in an existing building where no alterations are necessary as determined by the Construction Section of the Division of Health Service Regulation or a family care home ~~which~~ that is to be constructed, added ~~to~~ to, or renovated shall be made at the county department of social ~~services.~~ in the county where the licensed family care home will be located.

~~(b) If during the study of the administrator and the home, it does not appear that the qualifications of the administrator or requirements for the home can be met, the county department of social services shall so inform the applicant, indicating in writing the reason and give the applicant an opportunity to withdraw the application. Upon the applicant's request, the application shall be completed and submitted to the Division of Health Service Regulation for consideration.~~

~~(c)~~(b) The applicant shall submit the following ~~forms and reports through~~ material to the county department of social services for submission to the Division of Health Service ~~Regulation:~~ Regulation within ten business days of receipt by the county department of social services:

(1) the Initial Licensure ~~Application;~~ Application that is available online at https://info.ncdhhs.gov/dhsr/acls/pdf/acchgapp.pdf at no cost and includes the following:
   (A) contact person, facility site and mailing addresses, and administrator;
   (B) operation disclosure including names and contact information of licensee, management company, and building owner;
   (C) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members; and
   (D) bed capacity;
(2) an approval letter from the local zoning jurisdiction for the proposed location;
(3) a photograph of each side of the existing structure and at least one of each of the interior spaces if an existing structure;
(4) a set of blueprints or a floor plan of each level indicating the following:
   (A) the layout of all ~~rooms,~~ rooms;
   (B) the room dimensions (including ~~closets),~~ closets);
   (C) the door widths (exterior, bedroom, ~~bathroom~~ bathroom, and kitchen ~~doors),~~ doors);
   (D) the window sizes and window sill ~~heights,~~ heights;
   (E) the type of ~~construction,~~ construction;
   (F) the use of the basement and ~~attic,~~ attic; and
   (G) the proposed resident bedroom locations including the number of occupants and the bedroom and number (including the ages) of any non-resident who will be residing within the home;
(5) a cover letter ~~or transmittal form~~ prepared by the adult home specialist of the county department of social services ~~identifying~~ stating the following:

(A) the prospective home site ~~address,~~ address;

(B) the name of the contact person (including address, telephone numbers, ~~fax numbers),~~ email address); and

(C) the name and address of the applicant (if different from the contact ~~person) and the total number and the expected evacuation capability of the residents;~~ person); and

(6) ~~a construction review fee according to G.S. 131E-267.~~ a non-refundable license fee as required by G.S. 131D-2.5.

~~(d) The Construction Section of the Division of Health Service Regulation shall review the information and notify the applicant and the county department of social services of any required changes that must be made to the building to meet the rules in Section .0300 of this Subchapter along with the North Carolina State Building Code. At the end of the letter there shall be a list of final documentation required from the local jurisdiction that must be submitted upon completion of any required changes to the building or completion of construction.~~

~~(e) Any changes to be made during construction that were not proposed during the initial review shall require the approval of the Construction Section to assure that licensing requirements are maintained.~~

~~(f) Upon receipt of the required final documentation from the local jurisdiction, the Construction Section shall review the information and may either make an on-site visit or approve the home for construction by documentation. If all items are met, the Construction Section shall notify the Adult Care Licensure Section of the Division of Health Service Regulation of its recommendation for licensure.~~

~~(g) Following review of the application, references, all forms and the Construction Section's recommendation for licensure, a pre-licensing visit shall be made by a consultant of the Adult Care Licensure Section. The consultant shall report findings to the Division of Health Service Regulation which shall notify, in writing, the applicant and the county department of social services of the decision to license or not to license the family care home.~~

(c) Issuance of a family care home license shall be based on the following:

(1) successful completion and approval of Subparagraphs 1 through 6 of Paragraph (b) of this Rule;

(2) the Division of Health Service Regulation's Construction Section's recommendation of licensure based on compliance with rules in Section .0300 of this Subchapter;

(3) a compliance history review of the facility and its principals and affiliates according to G.S. 131D-2.4;

(4) approval by the Adult Care Licensure Section of the facility's operational policies and procedures based on compliance with the rules of this Subchapter; and

(5) the facility's demonstration of compliance with Adult Care Home statutes and rules of this Subchapter as determined by a pre-licensing survey of the facility by the Adult Care Licensure Section.

(d) The Adult Care Licensure Section shall notify in writing the applicant licensee and the county department of social services of the decision to license or not to license the adult care home based on compliance with adult care home statutes and the rules of this Subchapter within 14 days from the decision to license or not to license the facility.

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. July 1, 1990; April 1, 1987; April 1, 1984;
ARRC Objection Lodged November 14, 1990;
Amended Eff. May 1, 1991;
Temporary Amendment Eff. September 1, 2003;
Amended Eff. July 1, 2005; July 1, ~~2004.~~ 2004;
Readopted Eff. April 1, 2020.

10A NCAC 13F .0204 is proposed for amendment as follows:

10A NCAC 13F .0204 APPLYING FOR A LICENSE TO OPERATE A FACILITY NOT CURRENTLY LICENSED

(a) Prior to submission of a license application, all Certificate of Need requirements shall be met according to G.S. 131E, Article 9.

(b) In applying for a license to operate an adult care home to be constructed or ~~renovated~~ renovated, or in an existing building that is not currently licensed, the applicant shall submit the following to the Division of Health Service Regulation:

(1) the Initial License Application ~~which~~ that is available ~~on the internet website,~~ online at ~~http://facility-services.state.nc.us/gcpage.htm~~ https://info.ncdhhs.gov/dhsr/acls/pdf/fcchgapp.pdf at no cost and includes the following: ~~or the Division of Health Service Regulation, Adult Care Licensure Section, 2708 Mail Service Center, Raleigh, NC 27699-2708;~~

(A) contact person, facility site and mailing addresses, and administrator;

(B) operation disclosure including names and contact information of the licensee, management company, and building owner;

(C) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members; and

(D) bed capacity including that of any special care unit for Alzheimer's and Related Disorders;

(2) plans and specifications as required in Section .0300 of this Subchapter and a construction review fee according to ~~G.S. 131E-267;~~ G.S. 131E-267 to be calculated and invoiced by the DHSR Construction Section;

(3) an approved fire and building safety inspection report from the local fire marshal to be submitted upon completion of construction or renovation;

(4) an approved sanitation report or a copy of the permit to begin operation from the sanitation division of the county health department to be submitted upon completion of construction or renovation;

(5) a nonrefundable license fee as required by G.S. ~~131D-2(b)(1);~~ G.S. 131D-2.5; and

(6) a certificate of occupancy or certification of compliance from the local building official to be submitted upon completion of construction or renovation.

Note: Rule .0207 of this Section applies to obtaining a license to operate a currently licensed facility.

(c) ~~A pre-licensing survey shall be made by program consultants of the Division of Health Service Regulation and an adult home specialist of the county department of social services.~~ Issuance of an adult care home license shall be based on the following:

(1) successful completion and approval of Subparagraphs 1 through 6 of Paragraph (b) of this Rule;

(2) the Division of Health Service Regulation's Construction Section's recommendation of licensure based on compliance with rules in Section .0300 of this Subchapter;

(3) a compliance history review of the facility and its principals and affiliates according to G.S. 131D-2.4;

(4) approval by the Adult Care Licensure Section of the facility's operational policies and procedures based on compliance with the rules of this Subchapter; and

(5) the facility's demonstration of compliance with Adult Care Home statutes and rules of this Subchapter as determined by a pre-licensing survey of the facility by the Adult Care Licensure Section.

(d) ~~The Division of Health Service Regulation shall provide to the applicant written notification of the decision to license or not to license the adult care home.~~ The Adult Care Licensure Section shall notify in writing the applicant licensee and the county department of social services of the decision to license or not to license the adult care home based on compliance with adult care home statutes and the rules of this Subchapter within 14 days from the decision to license or not to license the facility.

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-2.16; 143B-165;*
Readopted Eff. October 31, 1977;
Amended Eff. April 1, 1984;
Temporary Amendment Eff. September 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;

Amended Eff. April 1, 2020.

10A NCAC 13G .0208 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .0208 RENEWAL OF LICENSE

(a) The ~~license shall be renewed annually,~~ licensee shall file a license renewal application annually on a calendar year basis ~~except as otherwise provided in Rule .0209 of this Subchapter, if the licensee submits an application for renewal~~ on the forms provided by the Department at no cost ~~and the Department determines that the licensee complies with the provisions of all applicable State adult care home licensure statutes and rules. When violations of licensure rules or statutes are documented and have not been corrected prior to expiration of license, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or revoke the license for cause.~~ with a nonrefundable annual license fee according to G.S. 131D-2.5. The renewal application includes the following:

(1) contact person, facility site and mailing address, and administrator;

(2) operation disclosure including names and contact information of the licensee, management company, and building owner;

(3) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members holding an ownership or controlling interest of five percent or more of the applicant entity;

(4) bed capacity; and

(5) population and census data.

~~(b) All applications for license renewal shall disclose the names of individuals who are co-owners, partners or shareholders holding an ownership or controlling interest of 5% or more of the applicant entity.~~

(b) In determining whether to renew a license under G.S. 131D-2.4, the Department shall take into consideration at least the following:

(1) the compliance history of the applicant facility with the provisions of all State adult care home licensure statutes and rules of this Subchapter;

(2) the compliance history of the owners. principals and affiliates of the applicant facility in operating other adult care homes in the State;

(3) the extent to which the conduct of a related facility, its owners, principals, and affiliates is likely to affect the quality of care at the applicant facility; and

(4) the hardship on residents of the applicant facility if the license is not renewed.

(c) When violations of licensure rules or statutes are documented by the Department and have not been corrected by the facility prior to license expiration, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or deny the license.

History Note: Authority G.S. 131D-2.4; 131D-2.16; 131D-4.5; 143B-165;

Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. December 1, 1992; July 1, 1990; April 1, 1987; April 1, 1984;
Temporary Amendment Eff. December 1, 1999;
Amended Eff. July 1, ~~2000.~~ 2000;
Readoption Eff. April 1, 2020.

10A NCAC 13F .0208 is proposed for amendment as follows:

10A NCAC 13F .0208 RENEWAL OF LICENSE

(a) The ~~license shall be renewed annually,~~ licensee shall file a license renewal application annually on a calendar year basis ~~except as otherwise provided in Rule .0209 of this Subchapter, if the licensee submits an application for renewal~~ on the forms provided by the Department at no cost with a nonrefundable annual license fee according to ~~G.S. 131D-2(b)(1) and the Department determines that the licensee complies with the provisions of all applicable State adult care home licensure statutes and rules. When violations of licensure rules or statutes are documented and have not been corrected prior to expiration of license, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or revoke the license.~~ G.S. 131D-2.5. The renewal application form includes the following:

(1) contact person, facility site and mailing address, and administrator;

(2) operation disclosure including names and contact information of the licensee, management company, and building owner;

(3) ownership disclosure including names and contact information of owners, principals, affiliates, shareholders, and members holding an ownership or controlling interest of five percent or more of the applicant entity;

(4) bed capacity including that of any special care unit for Alzheimer's and Related Disorders; and

(5) population and census data.

~~(b) All applications for license renewal shall disclose the names of individuals who are co-owners, partners or shareholders holding an ownership or controlling interest of five percent or more of the applicant entity.~~

(b) In determining whether to renew a license under G.S. 131D-2.4, the Department shall take into consideration at least the following:

(1) the compliance history of the applicant facility with the provisions of all State adult care home licensure statutes and rules of this Subchapter;

(2) the compliance history of the owners, principals, and affiliates of the applicant facility in operating other adult care homes in the State;

(3) the extent to which the conduct of a related facility, its owners, principals, and affiliates is likely to affect the quality of care at the applicant facility; and

(4) the hardship on residents of the applicant facility if the license is not renewed.

(c) When violations of licensure rules or statutes are documented by the Department and have not been corrected by the facility prior to license expiration, the Department shall either approve a continuation or extension of a plan of correction, issue a provisional license, or deny the license.

History Note: *Authority G.S. 131D-2.4; 131D-2.5; 131D-2.16; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Temporary Amendment Eff. December 1, 1999;
Amended Eff. July 1, 2000;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, 2018. 2018;
Amended Eff. April1, 2020.

10A NCAC 13G .0212 is proposed for readoption with substantive changes as follows:

10A NCAC 13G .0212 DENIAL AND REVOCATION OF LICENSE

(a) A license may be denied by the Division of Health Service Regulation for failure to comply with the rules of this Subchapter.

(b) Denial of a license by the Division of Health Service Regulation shall be effected by mailing to the ~~applicant,~~ applicant licensee, by registered mail, a notice setting forth the particular reasons for such action.

(c) A license may be revoked by the Division of Health Service Regulation in accordance with ~~G.S. 131D-2(b)~~ G.S. 131D-2.7(b) and G.S. 131D-29.

(d) When a facility receives a notice of revocation, the administrator shall inform each resident and ~~his~~ the resident's responsible person in writing of the notice and the basis on which it was ~~issued.~~ issued within five calendar days of the notice of revocation being received by the licensee of the facility.

History Note: *Authority G.S. 131D-2.7; 131D-2.16; 131D-4.3; 131D-29; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Amended Eff. April 1, 1984; May 1, 1981;

Temporary Amendment Eff. January 1, 1998;
Amended Eff. April 1, ~~1999.~~ 1999;
Readopted Eff. April 1, 2020.

10A NCAC 13F .0212 is proposed for amendment as follows:

10A NCAC 13F .0212 DENIAL OR REVOCATION OF LICENSE

(a) A license may be denied by the Division of Health Service Regulation for failure to comply with the rules of this Subchapter.

(b) Denial of a license by the Division of Health Service Regulation shall be effected by mailing to the ~~applicant,~~ applicant licensee, by registered mail, a notice setting forth the particular reasons for such action.

(c) A license may be revoked by the Division of Health Service Regulation in accordance with ~~G.S. 131D-2(b)~~ G.S. 131D-2.7(b) and G.S. 131D-29.

(d) When a facility receives a notice of revocation, the administrator shall inform each resident and the resident's responsible person in writing of the notice and the basis on which it was ~~issued.~~ issued within five calendar days of the notice of revocation being received by the licensee of the facility.

History Note: *Authority G.S. 131D-2.7; 131D-2.16; 131D-4.3; 131D-29; 143B-165;*
Eff. January 1, 1977;
Readopted Eff. October 31, 1977;
Temporary Amendment Eff. July 1, 2003;
Amended Eff. June 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6, ~~2018.~~ 2018;
Amended Eff. April 1, 2020.

10A NCAC 13B .1902 is readopted as published in 34:06 NCR 473-481 as follows:

10A NCAC 13B .1902 DEFINITIONS

The following definitions shall apply throughout this Section, unless text otherwise clearly indicates to the contrary:

(1) "Accident" means something occurring by chance or without intention ~~which~~ that has caused physical or mental harm to a patient, ~~resident~~ resident, or employee.

(2) "Administer" means ~~the direct application of a drug to the body of a patient by injection, inhalation, ingestion or other means.~~ as defined in G.S. 90-87.

(3) "Administrator" means the person who has authority for and is responsible to the governing board for the overall operation of a facility.

(4) "Brain injury long-term care" is defined as an interdisciplinary, intensive maintenance program for patients who have incurred brain damage caused by external physical trauma and who have completed a primary course of rehabilitative treatment and have reached a point of no gain or progress for more than three consecutive months. Services are provided through a medically supervised interdisciplinary process and are directed toward maintaining the individual at the optimal level of physical, ~~cognitive~~ cognitive, and behavioral functioning.

~~(5) "Capacity" means the maximum number of patient or resident beds which the facility is licensed to maintain at any given time. This number shall be determined as follows:~~

~~(a) Bedrooms shall have minimum square footage of 100 square feet for a single bedroom and 80 square feet per patient or resident in multi-bedded rooms. This minimum square footage shall not include space in toilet rooms, washrooms, closets, vestibules, corridors, and built-in furniture.~~

~~(b) Dining, recreation and common use areas available shall total no less than 25 square feet per bed for skilled nursing and intermediate care beds and no less than 30 square feet per bed for adult care home beds. Such space must be contiguous to patient and resident bedrooms.~~

~~(6)~~(5) "Combination Facility" means any hospital with nursing home beds ~~which~~ that is licensed to provide more than one level of care such as a combination of intermediate care ~~and/or~~ and skilled nursing care and adult care home care.

~~(7) "Convalescent Care" means care given for the purpose of assisting the patient or resident to regain health or strength.~~

~~(8)~~(6) "Department" means the North Carolina Department of Health and Human Services.

~~(9)~~(7) "Director of Nursing" means the nurse who has authority and ~~direct~~ responsibility for all nursing services and nursing care.

~~(10)~~(8) "Dispense" means ~~preparing and packaging a prescription drug or device in a container and labeling the container with information required by state and federal law. Filling or refilling drug containers~~

~~with prescription drugs for subsequent use by a patient is "dispensing". Providing quantities of unit dose prescription drugs for subsequent administration is "dispensing".~~ as defined in G.S. 90-87.

~~(11)~~(9) "Drug" means ~~substances:~~

~~(a) recognized in the official United States Pharmacopoeia, official National Formulary, or any supplement to any of them;~~

~~(b) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals;~~

~~(c) intended to affect the structure or any function of the body of man or other animals, i.e., substances other than food; and~~

~~(d) intended for use as a component of any article specified in (a), (b), or (c) of this Subparagraph; but does not include devices or their components, parts, or accessories.~~ as defined in G.S. 90-87.

~~(12)~~(10) "Duly Licensed" means holding a current and valid license as required under the General Statues of North Carolina.

~~(13) "Existing Facility" means a licensed facility; or a proposed facility, proposed addition to a licensed facility or proposed remodeled licensed facility that will be built according to plans and specifications which have been approved by the department through the preliminary working drawings stage prior to the effective date of this Rule.~~

~~(14) "Exit Conference" means the conference held at the end of a survey, inspection or investigation, but prior to finalizing the same, between the department's representatives who conducted the survey, inspection or investigation and the facility administration representative(s).~~

~~(15)~~(11) "Incident" means an intentional or unintentional action, occurrence or happening ~~which~~ that is likely to cause or lead to physical or mental harm to a patient, ~~resident~~ resident, or employee.

~~(16)~~(12) "Licensed Practical Nurse" means ~~a nurse who is duly licensed as a practical nurse under G.S. 90, Article 9A.~~ as defined in G.S. 90-171.30 or G.S. 90-171.32.

~~(17) "Licensee" means the person, firm, partnership, association, corporation or organization to whom a license has been issued.~~

~~(18)~~(13) "Medication" means drug as defined in ~~(12)~~ Item (9) of this Rule.

~~(19) "New Facility" means a proposed facility, a proposed addition to an existing facility or a proposed remodeled portion of an existing facility that is constructed according to plans and specifications approved by the department subsequent to the effective date of this Rule. If determined by the department that more than one half of an existing facility is remodeled, the entire existing facility shall be considered a new facility.~~

~~(20)~~(14) "Nurse Aide" means any individual providing nursing or nursing-related services to patients in a facility, and is not a licensed health professional, a qualified dietitian or someone who volunteers to provide such services without pay, and who is listed in a nurse aide registry approved by the Department.

~~(21)~~(15) "Nurse Aide Trainee" means an individual who has not completed an approved nurse aide training course and competency evaluation and is demonstrating knowledge, while performing tasks ~~for which~~ that they have been found proficient in by an instructor. These tasks shall be performed under the ~~direct~~ supervision of a registered nurse. The term does not apply to volunteers.

~~(22)~~(16) "Nursing Facility" means that portion of a nursing home certified under Title XIX of the Social Security Act (Medicaid) as in compliance with federal program standards for nursing facilities. It is often used ~~as~~ synonymous with the term "nursing ~~home"~~ home," ~~which is~~ the usual prerequisite level for state licensure for nursing facility (NF) certification and Medicare skilled nursing facility (SNF) certification.

~~(23)~~(17) "Nurse in Charge" means the nurse to whom duties for a specified number of patients and staff for a specified period of time have been delegated, such as for Unit A on the 7-3 or 3-11 shift.

~~(24)~~(18) "On Duty" means personnel who are awake, dressed, and responsive to patient needs and ~~physically~~ present in the facility performing assigned duties.

~~(25)~~(19) "Patient" means any person admitted for care to a skilled nursing or intermediate care facility.

~~(26)~~(20) "Physician" means ~~a person licensed under G.S. Chapter 90, Article 1 to practice medicine in North Carolina.~~ as defined in G.S. 90-9.1 or G.S. 90-9.2.

~~(27)~~(21) "Qualified Dietitian" means ~~a person who meets the standards and qualifications established by the Committee on Professional Registration of the American Dietetic Association included in "Standards of Practice" seven dollars and twenty five cents ($7.25) or "Code of Ethics for the Profession of Dietetics" two dollars and fifteen cents ($2.15), American Dietetic Association, 216 W. Jackson Blvd., Chicago, IL 60606-6995.~~ as defined in 42 CFR 483.60(a)(1), herein incorporated by reference including subsequent amendments and editions. Electronic copies of 42 CFR 483.60 can be obtained free of charge at https://www.ecfr.gov/cgi-bin/text-idx?SID=1260800a39929487f0ca55b0ab5e710b&mc=true&tpl=/ecfrbrowse/Title42/42cfrv5_02.tpl#0.

~~(28)~~(22) "Registered Nurse" means ~~a nurse who is duly licensed as a registered nurse under~~ as defined in G.S. 90, Article 9A.

~~(29)~~(23) "Resident" means ~~any person admitted for care to an adult care home.~~ as defined in G.S.131D-2.1.

~~(30) "Sitter" means an individual employed to provide companionship and social interaction to a particular resident or patient, usually on a private duty basis.~~

~~(31)~~(24) "Supervisor-in-Charge" means a duly licensed nurse to whom supervisory duties have been delegated by the Director of Nursing.

~~(32)~~(25) "Ventilator dependence" means physiological dependency by a patient on the use of a ventilator for more than eight hours a day.

History Note: *Filed as a Temporary Amendment Eff. October 1, 1990 For a Period of 142 Days to Expire on February 28, 1991;*

Authority G.S. 131E-79;
Eff. February 1, 1986;
Amended Eff. February 1, 1993; December 1, 1991; March 1, 1991; March 1, ~~1990.~~ 1990;
Readopted Eff. April 1, 2020.

10A NCAC 13B .1915 is readopted as published in 34:06 NCR 473-481 as follows:

10A NCAC 13B .1915 ADULT CARE HOME PERSONNEL REQUIREMENTS

(a) The administrator shall designate a person to be in charge of the adult care home residents at all times. The nurse in charge of nursing services may also serve as supervisor-in-charge of the adult care home beds.

(b) If adult care home beds are located in a separate building or a separate level of the same building, there ~~must~~ shall be a person on duty in the adult care home areas at all times.

(c) A licensed facility shall provide ~~sufficient~~ staff to assure that activities of daily living, personal grooming, and assistance with eating are provided to each resident. Medication administration as indicated by each resident's condition or physician's orders shall be carried out as identified in each resident's plan of care.

(d) Adult care home facilities ~~(Home for the Aged beds)~~ licensed as a part of a combination facility shall comply with the staffing requirements ~~of 10A NCAC 42D .1407 as adopted by the Social Services Commission for freestanding adult care homes.~~ in 10A NCAC 13F .0605 herein incorporated by reference including subsequent amendments and editions.

History Note: *Filed as a Temporary Amendment Eff. October 1, 1990 For a Period of 142 Days to Expire on February 28, 1991;*
Authority G.S. 131E-79; 42 U.S.C. 1396 r (a);
Eff. February 1, 1986;
Amended Eff. March 1, ~~1991.~~ 1991;
Readopted Eff. April 1, 2020.

10A NCAC 13B .1918 is readopted as published in 34:06 NCR 473-481 as follows:

10A NCAC 13B .1918 TRAINING

(a) A licensed facility shall provide ~~for all~~ patient or resident care employees a planned orientation and continuing education program emphasizing patient or resident assessment and planning, activities of daily living, personal grooming, rehabilitative nursing or restorative care, other patient or resident care policies and procedures, patients' rights, and staff performance expectations. Attendance and subject matter covered shall be documented for each ~~session~~ session, retained in accordance with policy established by the facility, and available for licensure inspections.

(b) The administrator shall assure that ~~each employee is~~ employees are oriented within the first week of employment to the facility's philosophy and goals.

(c) ~~Each employee~~ Employees shall have specific on-the-job training as necessary ~~for the employee~~ to ~~properly~~ perform ~~his~~ their individual job assignment.

(d) Unless otherwise prohibited, a nurse aide trainee may be employed to perform the duties of a nurse aide for a period of time not to exceed four months. During this period of time the nurse aide trainee shall be permitted to perform only those tasks ~~for which minimum acceptable~~ that competence has been demonstrated and documented on a skills check-off record. ~~Job applicants for nurse aide positions who were formerly qualified nurse aides but have not been gainfully employed as such for a period of 24 consecutive months or more shall be employed only as nurse aide trainees and must re-qualify as nurse aides within four months of hire by successfully passing an approved competency evaluation. Any individual, nursing home, or education facility may offer Department approved vocational education for nursing home nurse aides. An accurate record~~ Nurse aide I shall meet the training and competency evaluation standards in 10A NCAC 13O .0301, incorporated herein by reference including subsequent amendments and editions. A record of nurse aide qualifications shall be maintained for each nurse aide used by a facility and shall be retained in the general personnel files of the ~~facility.~~ facility in accordance with policy established by the facility.

(e) ~~The curriculum content required for nurse aide education programs shall be subject to approval by the Division of Health Service Regulation and shall include, as a minimum, basic nursing skills, personal care skills, cognitive, behavioral and social care, basic restorative services, and patients' rights. Successful course completion shall be determined by passing a competency evaluation test. The minimum number of course hours shall be 75 of which at least 20 hours shall be classroom and at least 40 hours of supervised practical experience.~~ The initial orientation to the facility shall be exclusive of the 75 hour training program. Competency evaluation shall be conducted in each of the following areas:

(1) Observation and documentation,

(2) Basic nursing skills,

(3) Personal care skills,

(4) Mental health and social service needs,

(5) Basic restorative services, and

(6) Residents' Rights.

~~(f) Successful course completion and skill competency shall be determined by competency evaluation approved by the Department. Commencing July 1, 1989, nurse aides who had formerly been fully qualified under nurse aide training requirements may re-establish their qualifications by successfully passing a competency evaluation test~~.

History Note: *Filed as a Temporary Rule Eff. October 1, 1990 For a Period of 142 Days to Expire on February 28, 1991;*
Authority G.S. 131E-79; 42 U.S.C. 1396 r (b)(5);
Eff. February 1, 1986;
Amended Eff. March 1, 1991; March 1, ~~1990.~~ 1990;
Readopted Eff. April 1, 2020.

10A NCAC 13B .1925 is readopted as published in 34:06 NCR 473-481 as follows:

10A NCAC 13B .1925 REQUIRED SPACES

~~The total space requirements shall be those set forth in Rule .1902(5) of this Section. Physical therapy and occupational therapy space shall not be included in these totals.~~

(a) A combination or nursing facility shall meet the following requirements for bedrooms, dining, recreation, and common use areas:

(1) single bedrooms shall be provided with not less than 100 square feet of floor area;

(2) bedrooms with more than one bed shall be provided with not less than 80 square feet of floor area per bed;

(3) dining, recreation, and common use areas shall:

(A) total not less than 25 square feet of floor area per bed for skilled nursing and intermediate care beds;

(B) total not less than 30 square feet of floor area per bed for adult care home beds; and

(C) be contiguous to patient and resident bedrooms.

(b) Floor space for the following rooms, areas, and furniture shall not be included in the floor areas required by Paragraph (a) of this Rule:

(1) toilet rooms;

(2) vestibules;

(3) bath areas;

(4) closets;

(5) lockers;

(6) built-in furniture;

(7) movable wardrobes;

(6) corridors; and

(7) areas for physical and occupational therapy.

History Note: *Authority G.S. 131E-79;*
Eff. February 1, ~~1986.~~ 1986;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3001 is readopted as published in 34:06 NCR 473-481 as follows:

10A NCAC 13B .3001 DEFINITIONS

Notwithstanding Section .1900 of this Subchapter, ~~The~~ the following definitions shall apply throughout this ~~Section~~ Subchapter unless the context clearly indicates to the contrary:

(1) "Appropriate" means suitable or fitting, or conforming to standards of care as established by professional organizations.

(2) "Authority having jurisdiction" means the Division of Health Service Regulation.

(3) "Certified Dietary Manager" or "CDM" means an individual who is certified by the Certifying Board of the Dietary Managers and meets the standards and qualification as referenced in the "Dietary Manager Training Program Requirements." These standards include any subsequent amendments and editions of the referenced manual. Copies of the "Dietary Manager Training Program Requirements" may be ~~purchased for fifteen dollars ($15.00) from the Dietary Managers Association, 406 Surry Woods Dr., St. Charles, IL 60174.~~ obtained free of charge at https://www.cbdmonline.org/.

(4) "Competence" means the state or quality of being able to perform specific functions well; skill; ability.

(5) "Comprehensive" means covering completely, inclusive; large in scope or content.

(6) "Construction documents" means final building plans and specifications for the construction of a facility that a governing body submits to the Construction Section for approval as specified in Rule .3102 of this Subchapter.

(7) "Construction Section" means the Construction Section of the Division of Health Service Regulation.

~~(6)~~(8) "Continuous" means ongoing or uninterrupted, 24 hours per day.

~~(7)~~(9) "CRNA" means a Certified Registered Nurse Anesthetist as ~~credentialed by the Council on Certification of Nurse Anesthetists and recognized by the Board of Nursing in 21 NCAC 36 .0226.~~ defined in G.S. 90-171.21(d)(4).

~~(8)~~(10) "Credentialed" means that the individual having a given title or position has been credited with the right to exercise official responsibilities to provide specific patient care and treatment services, within defined limits, based primarily upon the individual's license, education, training, experience, competence, and judgment.

~~(9)~~(11) "Department" means the Department of Health and Human Services.

~~(10)~~(12) "Dietetics" means ~~the integration and application of principles derived from the science of nutrition, biochemistry, physiology, food and management and from behavioral and social sciences to achieve and maintain optimal nutritional status.~~ as defined in G.S. 90-352.

~~(11)~~(13) "Dietitian" means ~~an individual who is licensed according to~~ as defined in G.S. 90, ~~Article 25, or is registered by the Commission on Dietetic Registration (CDR) of the American Dietetic Association~~

~~(ADA) according to the standards and qualifications as referenced in the second edition of the "Accreditation/Approval Manual for Dietetic Education Programs", "The Registration Eligibility Application for Dietitians" and the "Continuing Professional Education" and subsequent amendments or editions of the reference material. Copies of the "Accreditation/Approval Manual for Dietetic Education Programs" may be purchased for twenty one dollars and ninety five cents ($21.95) plus three dollars ($3.00) minimum shipping and handling from ADA 216 W. Jackson Blvd., Chicago, IL 60606 9 6995.~~ Article 25.

~~(12)~~(14) "Dietetic Technician Registered" or "DTR" means ~~an individual who is registered by the Commission on Dietetic Registration (CDR) of the American Dietetic Association (ADA) according to the standards and qualifications as referenced in the second edition of the "Accreditation/Approval Manual for Dietetic Education Programs" which is incorporated by reference including any subsequent amendments and editions. Copies of the "Accreditation/Approval Manual for Dietetic Education Programs" may be purchased for twenty one dollars and ninety five cents ($21.95) plus three dollars ($3.00) minimum for shipping and handling from the ADA 216 W. Jackson Blvd., Chicago, IL 60606 9 6995.~~ as defined in G.S. 90-352.

~~(13)~~(15) "Direct Supervision" means the state of being under the immediate control of a supervisor, manager, or other person of authority.

~~(14)~~(16) "Division" means the Division of Health Service Regulation.

~~(15)~~(17) "Facility" means a hospital as defined in G.S. 131E-76.

~~(16)~~(18) "Free standing facility" means a facility that is physically separated from the primary hospital building or separated by a three hour fire containment wall.

~~(17)~~(19) "Full-time equivalent" means a unit of measure of employee work time that is equal to the number of hours that one full-time employee would work during one calendar year if the employee worked eight hours a day, five days a week, and 52 weeks a year; i.e. 2,080 hours per year.

~~(18)~~(20) "Governing body" means the authority as defined in G.S. 131E-76.

~~(19)~~(21) "Imaging" means a reproduction or representation of a body or body part for diagnostic purposes by radiologic intervention that may include conventional fluoroscopic exam, magnetic resonance, nuclear or radio-isotope scan.

~~(20)~~(22) "Invasive procedure" means a procedure involving puncture or incision of the skin, insertion of an instrument or foreign material into the body (excluding venipuncture and intravenous therapy).

~~(21)~~(23) "LDRP" (labor, delivery, recovery, post-partum) means a specific single occupancy obstetrical use room counted as a licensed bed.

~~(22)~~(24) "License" means formal permission to provide services as granted by the State.

~~(23)~~(25) "Medical staff" means the formal organization that is comprised of ~~all of those~~ individuals who have sought and obtained clinical privileges in a facility. Those members of the medical staff who regularly and routinely admit patients to a facility constitute the active medical staff.

~~(24)~~(26) "Mission statement" means a written statement of the philosophy and beliefs of the organization or hospital as approved by the governing body.

~~(25)~~(27) "Neonate" means the newborn from birth to one month.

~~(26)~~(28) "NP" means a Nurse Practitioner as defined in ~~G.S. 90-6;~~ G.S. 90-8.2, ~~90-18(14)~~ 90-18(14), and 90-18.2.

~~(27)~~(29) "Nurse executive" means ~~a registered nurse who is the director of nursing services or a representative of decentralized nursing management staff.~~ as defined in Rule 21 NCAC 36 .0109.

~~(28)~~(30) "Nurse midwife" means ~~a Certified Nurse Midwife~~ as defined in ~~G.S. 90, Article 10.~~ G.S.90-171.21 (4).

~~(29)~~(31) "Nursing facility" means ~~that portion of a hospital that is approved to provide skilled nursing care.~~ as defined in G.S. 131E-116 (2).

~~(30)~~(32) "Nursing staff" means the registered nurses, licensed practical nurses, nurse aides, and others under nurse supervision, who provide ~~direct~~ patient care. The term also includes clerical personnel who work in clinical areas under nurse supervision.

(33) "Nutrition and Dietetic Technician Registered" means as defined by the Academy of Nutrition and Dietetics. A copy of the requirements can be obtained at https://www.eatrightpro.org/about-us/what-is-an-rdn-and-dtr/what-is-a-nutrition-and-dietetics-technician-registered at no cost.

~~(31)~~(34) "Nutrition therapy" ranges from intervention and counseling on diet modification to administration of specialized nutrition therapies as determined necessary to manage a condition or treat illness or injury. Specialized nutrition therapies include supplementation with medical foods, enteral and parenteral nutrition. Nutrition therapy integrates information from the nutrition assessment with information on food and other sources of nutrients and meal preparation consistent with cultural background and socioeconomic status.

~~(32)~~(35) "Observation bed" means a bed used for no more than 24-hours, to evaluate and determine the condition and disposition of a patient and is not considered a part of the hospital's licensed bed capacity.

~~(33)~~(36) "Patient" means any person receiving diagnostic or medical services at a hospital.

~~(34)~~(37) "Pharmacist" means ~~a person licensed according to G.S. 90, Article 4A, by the N.C. Board of Pharmacy to practice pharmacy.~~ as defined in G.S. 90-85.3.

~~(35)~~(38) "Physical Rehabilitation Services" means any combination of physical therapy, occupational therapy, speech ~~therapy~~ therapy, or vocational rehabilitation.

~~(36)~~(39) "Physician" means ~~a person licensed according to G.S. 90, Article 1, by the N.C. Board of Medical Examiners to practice medicine.~~ as defined in G.S.90-9.1 or G.S. 90-9.2.

~~(37)~~(40) "Provisional license" means a hospital license recognizing ~~significantly~~ less than full compliance with the licensure rules.

~~(38)~~(41) "Qualified" means having complied with the specific conditions for employment or the performance of a function.

~~(39)~~(42) "Reference" means to use in consultation to obtain information.

~~(40)~~(43) "Special Care Unit" means a ~~designated~~ unit or area of a hospital ~~with a concentration of qualified professional staff and support services that provide intensive or extra ordinary care on a 24 hour basis to critically ill patients; these units may include but are not limited to Cardiac Care, Medical or Surgical Intensive Care Unit, Cardiothoracic Intensive Care Unit, Burn Intensive Care Unit, Neurologic Intensive Care Unit or Pediatric Intensive Care Unit.~~ that includes a critical care unit, an intermediate care unit, or a pediatric care unit.

~~(41)~~(44) "Unit" means a designated area of the hospital for the delivery of patient care services.

History Note: *Authority G.S. 131E-79;*
RRC Objection due to lack of Statutory Authority Eff. July 13, 1995;
Eff. January 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3101 is readopted as published in 34:06 NCR 473-481 as follows:

10A NCAC 13B .3101 GENERAL REQUIREMENTS

(a) An application for licensure shall be submitted to the Division prior to a license being issued or patients admitted.

(b) An existing facility shall not sell, ~~lease~~ lease, or subdivide a portion of its bed capacity without the approval of the Division.

(c) Application forms may be obtained by contacting the Division.

(d) The Division shall be notified in writing 30 days prior to the occurrence of any of the following:

(1) addition or deletion of a licensable service;

(2) increase or decrease in bed capacity;

(3) change of chief executive officer;

(4) change of mailing address;

(5) ownership change; or

(6) name change.

(e) Each application shall contain the following information:

(1) legal identity of applicant;

(2) name or names ~~under which~~ used to present the hospital or services ~~are presented~~ to the public;

(3) name of the chief executive officer;

(4) ownership disclosure;

(5) bed complement;

(6) bed utilization data;

(7) accreditation data;

(8) physical plant inspection data; and

(9) service data.

(f) A license shall include only facilities or premises within a single county.

History Note: *Authority G.S. 131E-79;*
Eff. January 1, 1996;
Amended Eff. April 1, ~~2003.~~ 2003;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3110 is readopted as published in 34:06 NCR 473-481 as follows:

10A NCAC 13B .3110 ITEMIZED CHARGES

(a) The facility shall ~~either~~ present an itemized list of charges to ~~all~~ discharged patients or the facility shall include on patients' bills that are not itemized, notification of the right to request an itemized bill within three years of receipt of the non-itemized bill or so long as the hospital, a collections agency, or other assignee asserts the patient has an obligation to pay the bill.

(b) If requested, the facility shall present an itemized list of charges to ~~each~~ the patient or the patient's representative. This list shall detail in language comprehensible to an ordinary layperson the specific nature of the charges or expenses incurred by the patient.

(c) The itemized listing shall include each specific chargeable item or service in the following service areas:

(1) room ~~rate~~ rate;
(2) laboratory;
(3) radiology and nuclear medicine;
(4) surgery;
(5) anesthesiology;
(6) pharmacy;
(7) emergency services;
(8) outpatient services;
(9) specialized care;
(10) extended care;
(11) prosthetic and orthopedic appliances; and
(12) professional services provided by the facility.

History Note: *Authority G.S. 131E-79; 131E-91; ~~S.L. 2013-382, s. 13.1;~~*
Eff. January 1, 1996;
Temporary Amendment Eff. May 1, 2014;
Amended Eff. November 1, ~~2014.~~ 2014;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3204 is readopted as published in 34:06 NCR 473-481 as follows:

10A NCAC 13B .3204 TRANSFER AGREEMENT

(a) Any facility ~~which~~ that does not provide hospital based nursing facility service shall maintain written agreements with institutions offering this kind of care. Such agreements shall provide for the transfer and admission of patients who no longer require the services of the hospital but do require nursing facility services.

(b) A patient shall not be transferred to another medical care facility unless prior arrangements for admission have been made. Clinical records ~~of sufficient content~~ to provide continuity of care shall accompany the patient.

History Note: *Authority G.S. 131E-79;*
Eff. January 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3205 is readopted as published in 34:06 NCR 473-481 as follows:

10A NCAC 13B .3205 DISCHARGE OF MINOR OR INCOMPETENT

~~Any individual~~ Individuals who cannot legally consent to his or her own care shall be discharged ~~only~~ to the custody of parents, legal guardian, person standing in loco parentis, or another competent adult unless otherwise directed by the parent or ~~guardian~~ guardian, or court of competent jurisdiction. If the parent or guardian directs that discharge be made otherwise, ~~he~~ they shall so state in writing, and the statement shall become a part of the permanent medical record of the patient.

History Note: *Authority G.S. 131E-79;*
Eff. January 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3302 is readopted as published in 34:06 NCR 473-481 as follows:

10A NCAC 13B .3302 MINIMUM PROVISIONS OF PATIENT'S BILL OF RIGHTS

This Rule does not apply to patients in licensed nursing facility beds since these individuals are granted rights pursuant to G.S. 131E-117. A patient in a facility subject to this Rule has the following rights:

(1) A patient has the right to respectful care given by competent personnel.

(2) A patient has the right, upon request, to be given the name of his attending physician, the names of all other physicians directly participating in his or her care, and the names and functions of other health care persons having direct contact with the patient.

(3) A patient has the right to privacy concerning his or her own medical care program. Case discussion, consultation, examination, and treatment are considered confidential and shall be conducted discreetly.

~~(4) A patient has the right to have all records pertaining to his medical care treated as confidential except as otherwise provided by law or third party contractual arrangements.~~

~~(5)~~(4) A patient has the right to know what facility rules and regulations apply to his or her conduct as a patient.

~~(6)~~(5) A patient has the right to expect emergency procedures to be implemented without ~~unnecessary~~ delay.

~~(7)~~(6) A patient has the right to ~~good~~ quality care and ~~high~~ professional standards that are ~~continually~~ maintained and reviewed.

~~(8)~~(7) A patient has the right to full information in laymen's terms, concerning his diagnosis, treatment and prognosis, including information about alternative treatments and possible complications. When it is not possible or medically advisable to give such information to the patient, the information shall be given on his or her behalf to the patient's designee.

~~(9)~~ (8) Except for emergencies, a physician must obtain ~~necessary~~ informed consent prior to the start of any procedure or ~~treatment, or both.~~ treatment.

~~(10)~~ (9) A patient has the right to be advised when a physician is considering the patient as a part of a medical care research program or donor program. Informed consent ~~must~~ shall be obtained prior to ~~actual~~ participation in such a ~~program and the~~ program. The patient or legally responsible ~~party, may, at any time,~~ party may refuse to continue in any ~~such~~ program ~~to which~~ that he or she has previously given informed consent. An Institutional Review Board (IRB) may waive or alter the informed consent requirement if it reviews and approves a research study in ~~accord~~ accordance with federal regulations for the protection of human research subjects including U.S. Department of Health and Human Services (HHS) regulations under 45 CFR Part 46 and U.S. Food and Drug Administration (FDA) regulations under 21 CFR Parts 50 and 56. For any research study proposed for conduct under an FDA "Exception from Informed Consent Requirements for Emergency Research" or an HHS "Emergency Research Consent Waiver" ~~in which~~ that waives informed consent ~~is waived~~ but

community consultation and public disclosure about the research are required, any facility proposing to be engaged in the research study shall also ~~must~~ verify that the proposed research study has been registered with the North Carolina Medical Care Commission. When the IRB ~~reviewing the research study~~ has authorized the start of the community consultation process required ~~by the federal regulations~~ for emergency research, but before the beginning of that process, notice of the proposed research study ~~by the facility~~ shall be provided to the North Carolina Medical Care Commission. The notice shall include:

(a) the title of the research study;

(b) a description of the research study, including a description of the population to be enrolled;

(c) a description of the planned community consultation process, including ~~currently~~ proposed meeting dates and times;

(d) ~~an explanation of the way that people choosing not to participate in~~ instructions for opting out of the research ~~study may opt out;~~ study; and

(e) contact information including mailing address and phone number for the IRB and the principal investigator.

The Medical Care Commission may publish all or part of the above information in the North Carolina Register, and may require the institution proposing to conduct the research study to attend a public meeting convened by a Medical Care Commission member in the community where the proposed research study is to take place to present and discuss the study or the community consultation process proposed.

~~(11)~~ (10)A patient has the right to refuse any drugs, treatment or procedure offered by the facility, to the extent permitted by law, and a physician shall inform the patient of his or her right to refuse any drugs, treatment or procedures and of the medical consequences of the patient's refusal of any drugs, treatment or procedure.

~~(12)~~ (11)A patient has the right to assistance in obtaining consultation with another physician at the patient's request and expense.

~~(13)~~ (12)A patient has the right to medical and nursing services without discrimination based upon race, color, religion, sex, sexual orientation, gender identity, national origin or source of payment.

~~(14)~~ (13)A patient who does not speak English shall have ~~access, when possible,~~ access to an interpreter.

~~(15)~~ (14)~~A facility shall provide a patient, or patient designee, upon request, access to all information contained in the patient's medical records.~~ A patient or his or her designee has the right to have all records pertaining to his or her medical care treated as confidential except as otherwise provided by law or third party contractual arrangements. A patient's access to medical records may be restricted by the patient's attending physician. If the physician restricts the patient's access to information in the patient's medical record, the physician shall record the reasons on the patient's medical record. Access shall be restricted only for sound medical reason. A patient's designee may have access to

the information in the patient's medical records even if the attending physician restricts the patient's access to those records.

~~(16)~~ (15)A patient has the right not to be awakened by hospital staff unless it is medically necessary.

~~(17)~~ (16)The patient has the right to be free from duplication of medical and nursing procedures as determined by the attending physician.

~~(18)~~ (17)The patient has the right to medical and nursing treatment that avoids unnecessary physical and mental discomfort.

~~(19)~~ (18)When medically permissible, a patient may be transferred to another facility only after he or his next of kin or other legally responsible representative has received complete information and an explanation concerning the needs for and alternatives to such a transfer. The facility ~~to which~~ that the patient is to be transferred must first have accepted the patient for transfer.

~~(20)~~ (19)The patient has the right to examine and receive a detailed explanation of his bill.

~~(21)~~ (20)The patient has a right to full information and counseling on the availability of known financial resources for his health care.

~~(22)~~ (21)A patient has the right to be informed upon discharge of his or her continuing health care requirements following discharge and the means for meeting them.

~~(23)~~ (22)A patient shall not be denied the right of access to an individual or agency who is authorized to act on his or her behalf to assert or protect the rights set out in this Section.

~~(24)~~ (23)A patient has the right to be informed of his rights at the earliest possible time in the course of his or her hospitalization.

~~(25)~~ (24)A patient has the right to designate visitors who shall receive the same visitation privileges as the patient's immediate family members, regardless of whether the visitors are legally related to the patient.

History Note: *Authority G.S. 131E-75; 131E-79; 143B-165;*
RRC Objection due to ambiguity Eff. July 13, 1995;
Eff. January 1, 1996;
Temporary Amendment Eff. April 1, 2005;
Amended Eff. January 1, 2011; May 1, 2008; November 1, ~~2005.~~ 2005;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3303 is readopted as published in 34:06 NCR 473-481 as follows:

10A NCAC 13B .3303 PROCEDURE

(a) The facility shall develop and implement procedures to inform ~~each patient~~ patients of his or her rights. Copies of the facilities' Patient's Bill of Rights shall be made available through one of the following ways:

(1) displayed in prominent ~~displays in appropriate~~ locations in addition to copies available upon request; or

(2) provision of a copy to each patient or responsible party upon admission or as soon after admission as is feasible.

(b) The address and telephone number of the section in the Department responsible for the enforcement of the provisions of this part shall be posted.

(c) The facility shall adopt procedures to ensure ~~effective and fair~~ a comprehensive investigation of violations of patients' rights and to ensure their enforcement. These procedures shall ensure that:

(1) a system is established to identify formal written complaints;

(2) formal written complaints are recorded and investigated;

(3) investigation and resolution of formal complaints shall be conducted; and

(4) disciplinary and education procedures shall be developed for members of the hospital and medical staff who are noncompliant with facility policies.

(d) The Division shall investigate or refer to ~~appropriate~~ other State agencies all complaints within the jurisdiction of the rules in this Subchapter.

History Note: *Authority G.S. 131E-79;*
Eff. January 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

10A NCAC 13B .5412 is readopted as published in 34:06 NCR 473-481 as follows:

10A NCAC 13B .5412 ADDITIONAL REQUIREMENTS FOR TRAUMATIC BRAIN INJURY PATIENTS

Inpatient rehabilitation facilities providing services to ~~persons~~ patients with traumatic brain injuries shall ~~meet the requirements in this Rule in addition to those identified in this Section.~~ provide staff to meet the needs of patients in accordance with the patient assessment, treatment plan, and physician orders.

~~(1) Direct care nursing personnel staffing ratios established in Rule .5408 of this Section shall not be applied to nursing services for traumatic brain injury patients in the inpatient, rehabilitation facility or unit. The minimum nursing hours per traumatic brain injury patient in the unit shall be 6.5 nursing hours per patient day. At no time shall direct care nursing staff be less than two full time equivalents, one of which shall be a registered nurse.~~

~~(2) The inpatient rehabilitation facility or unit shall employ or provide by contractual agreements physical, occupational or speech therapists in order to provide a minimum of 4.5 hours of specific or combined rehabilitation therapy services per traumatic brain injury patient day.~~

~~(3)~~ (1) The facility shall ~~provide special facility or~~ have access to special equipment to meet the needs ~~for patients~~ of patients with traumatic brain ~~injury, including specially designed wheelchairs, tilt tables and standing tables.~~ injury.

~~(4) The medical director of an inpatient traumatic brain injury program shall have two years management in a brain injury program, one of which may be in a clinical fellowship program and board eligibility or certification in the medical specialty of the physician's training.~~

~~(5)~~ (2) The facility shall provide the consulting services of a neuropsychologist.

~~(6)~~ (3) The facility shall provide continuing education in the care and treatment of brain injury patients for all staff.

~~(7)~~ (4) The size of the brain injury program shall ~~be adequate to~~ support a comprehensive, dedicated ongoing brain injury program.

History Note: *Authority G.S. 131E-79;*
RRC Objection due to lack of statutory authority Eff. January 18, 1996;
Eff. May 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

10A NCAC 13B .5413 is readopted as published in 34:06 NCR 473-481 as follows:

10A NCAC 13B .5413 ADDITIONAL REQUIREMENTS FOR SPINAL CORD INJURY PATIENTS

Inpatient rehabilitation facilities providing services to ~~persons~~ patients with spinal cord injuries shall ~~meet the requirements in this Rule in addition to those identified in this Section.~~ provide staff to meet the needs of patients in accordance with the patient assessment, treatment plan, and physician orders.

~~(1) Direct care nursing personnel staffing ratios established in Rule .5408 of this Section shall not be applied to nursing services for spinal cord injury patients in the inpatient rehabilitation facility or unit. The minimum nursing hours per spinal cord injury patient in the unit shall be 6.0 nursing hours per patient day. At no time shall direct care nursing staff be less than two full-time equivalents, one of which shall be a registered nurse.~~

~~(2) The inpatient rehabilitation facility or unit shall employ or provide by contractual agreements physical, occupational or speech therapists in order to provide a minimum of 4.0 hours of specific or combined rehabilitation therapy services per spinal cord injury patient day.~~

~~(3)~~ (1) The facility shall ~~provide special facility or~~ have access to special equipment to meet the needs of patients with spinal cord ~~injury, including specially designed wheelchairs, tilt tables and standing tables.~~ injury.

~~(4) The medical director of an inpatient spinal cord injury program shall have either two years experience in the medical care of persons with spinal cord injuries or six months minimum in a spinal cord injury fellowship.~~

~~(5)~~ (2) The facility shall provide continuing education in the care and treatment of spinal cord injury patients for all staff.

~~(6)~~ (3) The facility shall provide specific staff training and education in the care and treatment of spinal cord injury.

~~(7)~~ (4) The size of the spinal cord injury program shall ~~be adequate to~~ support a comprehensive, dedicated ongoing spinal cord injury program.

History Note: *Authority G.S. 131E-79;*
RRC Objection due to lack of statutory authority Eff. January 18, 1996;
Eff. May 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

Fiscal Impact Analysis of
Permanent Rule Readoption without Substantial Economic Impact

Agency Proposing Rule Change
North Carolina Medical Care Commission

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Impact Summary

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Title of Rules Changes and Statutory Citations

10A NCAC 13B

Section .1900 – Supplemental Rules for the Licensure of the Skilled: Intermediate: Adult Care Home Beds in a Hospital

- Definitions 10A NCAC 13B .1902 (Readopt)
- Adult Care Home Personnel Requirements 10A NCAC 13B .1915 (Readopt)
- Training 10A NCAC 13B .1918 (Readopt)
- Required Spaces 10A NCAC 13B .1925 (Readopt)

Section .3000 – General Information

- Definitions 10A NCAC 13B .3001 (Readopt)
- General Requirements 10A NCAC 13B .3101 (Readopt)
- Itemized Charges 10A NCAC 13B .3110 (Readopt)

Section .3200 -- General Hospital Requirements

- Transfer Agreement 10A NCAC 13B .3204 (Readopt)
- Discharge of Minor or Incompetent 10A NCAC 13B .3205 (Readopt)

Section .3300 – Patient's Bill of Rights

- Minimum Provisions of Patient's Bill of Rights 10A NCAC 13B .3302 (Readopt)
- Procedure 10A NCAC 13B .3303 (Readopt)

Section .5400 –Comprehensive Inpatient Rehabilitation

- Additional Requirements for Traumatic Brain Injury Patients 10A NCAC 13B .5412 (Readopt)
- Additional Requirements for Spinal Cord Injury Patients 10A NCAC 13B .5413 (Readopt)

See proposed text of these rules in Appendix 1

Statutory Authority

G.S. 131E-79-169

Background and Purpose

Under authority of G.S. 150B-21-3A, Periodic review and expiration of existing rules, the Medical Care Commission, Rules Review Commission and the Joint Legislative Administrative Procedure Oversight Committee approved the Subchapter report with classifications for the rules located at 10A NCAC 13B—Rules for the Licensing of Hospitals on February 10, 2017, May 18, 2017, and July 22, 2017, respectively. A total of 13 rules were determined necessary with substantive public interest and therefore subject to readoptions as new rules. The Medical Care Commission is proposing to readopt 13 hospital licensure rules. These rules are a collection of the supplemental rules for the licensure of skilled nursing, intermediate, and adult care home beds in a hospital, comprehensive rehabilitation, and general information regarding hospital licensure. Of those 13 rules, eight are proposed for readoption with substantive changes. (10A NCAC 13B .1902, .1918, .1925, .3001, .3101, .3302, .5412, and .5413).

Five rules are proposed for readoption without substantive changes and will not be discussed in this analysis. (10A NCAC 13B .1915, .3110, .3204, .3205, and .3303).

There are 119 licensed hospitals in North Carolina, of which 21 are combination facilities licensed for Skilled Nursing Beds. There are also five licensed Comprehensive Inpatient Rehabilitation Hospitals and 21 Rehabilitation Units within Acute Care Hospital facilities. The rule readoptions presented in this fiscal analysis will be the third phase of the hospital rule readoptions required by G.S. 150B-21.3.A. The readoptions will update rules that, in some cases, have not been updated in 29 years. The readoptions will update practices and language, address previous Rules Review Commission objections, and implement technical changes. Changes will also allow reference to the General Statute. When a hospital offers nursing facility or adult care home long-term care services, the services shall be included under one hospital license. The general requirements included in this Subchapter shall apply when applicable but in addition the nursing facility care and adult care home care unit must meet the supplemental requirements of this Section. A hospital stakeholder group was put together to assist in rule readoption by providing expertise on hospital processes, current standards of practice, and to ensure hospitals have an opportunity to provide input as we move forward with the readoption process.

Rules Summary and Anticipated Fiscal Impact

Rule 13B .1902 – Definitions
The agency is proposing to readopt this rule with substantive changes. This rule lists definitions that apply throughout the Subchapter and is being changed to update definitions, delete definitions that are no longer used in the Subchapter, to relocate definitions to other existing rules, and to reference definitions in the General Statute. Generally, the definitions in the statute are the same as those used in the rule. There are several minor differences that are noted in the General Statute definitions, but those minor differences do not materially change the scope of the definition and are not any more stringent than the definitions in the current rule. The definitions in the General Statute will always prevail. Two definitions are not utilized in the Subchapter and were deleted.

In addition, the agency removed redundancy by deleting definitions for Existing Facility and New Facility. Those definitions are in Rule 10A NCAC 13B .6102 and .6105 of this Subchapter.

Fiscal Impact:
Federal Government Entities: No Impact

State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Rule 13B .1918 – Training

The agency is proposing to readopt this rule with substantive changes. The rule was last amended in 1991. This rule identifies training requirements for Nurse Aide I patient care employees. This rule previously specified curriculum content for nurse aide training programs and subjected the programs to approval by DHSR. It also specified the breakdown of educational hours between classroom hours and supervised practical experience. The rule also allowed nurse aides who had formerly been fully qualified under the nurse aide training requirements to re-instate their requirements by passing an approved competency evaluation test.

The new changes incorporate the training and competency evaluation standards for Nurse Aide 1 that are contained in 42 CFR 483, Subpart D. The referenced standards establish the requirements for the state approved Nurse Aide 1 training and evaluation program. Regardless of the facility of employment, all Nurse Aide 1s who meet the required training and evaluation are eligible to be put on the Nurse Aide 1 Registry. Therefore, the current baseline incorporates the changes already made to the Nurse Aide 1 registry requirements. The fiscal note for Nurse Aide Registry changes, 10A NCAC 13 .0301 is available at https://ncosbm.s3.amazonaws.com/s3fs-public/documents/files/DHHS07082015.pdf, details the cost associated with the initial switch to the current program. The new rules, 10A NCAC 13 .0301, were designed to result in the public receiving safer/more competent hands-on, direct patient/resident/client care.

DHSR does not require any additional training above the minimum and therefore does not expect any additional costs for training above the current minimum standards. However, a facility or program may go above the minimum training standards for Nurse Aide Is, if they so desire. In the event a new training topic needs to the added to the Nurse Aide I trainings curriculum, approved trainers will not change class time. While new training objectives would be added to the existing class time, there is a possibility that new materials would be required to be purchased in order to teach new skills. However, these are unknown at this time and would be expected to be minimal.
Facilities are responsible for providing their initial facility specific orientation exclusive of the 75-hour training requirement and for checking the Nurse Aide Registry to ensure potential Nurse Aide Is are on the registry prior to employment.

In addition, changes to the rule require training programs to establish a policy for retention of attendance and subject matter covered during the training. This information is currently retained by the training programs. We are instructing them to document their policy for doing so for compliance purposes. Dependent on current practices, there may be some minimal staff time/cost involved in establishing a retention schedule regarding attendance and subject matter covered during the training. There are currently 261 state-approved Nurse Aide I training programs. Changes to this rule won't result in any modification to the training program or process.

Fiscal Impact:

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Rule 13B .1925 – Required Spaces
The agency is proposing to readopt this rule with substantive changes. This rule lists the space requirements for a combination facility (nursing facility within a hospital) and is changed to update requirements, make technical changes, and to reorganize text. Space requirements are being relocated from Rule 10A NCAC 13B .1902 to this Rule. This change will pull similar information together in one location.

Technical changes include changing language to update "washrooms" to "bath areas" and deleting the reference to 10 A NCAC 13B .1902 as it was no longer applicable. This was a technical change and is not expected to have an impact. Lockers and movable wardrobes were added to the rule as additional options in lieu of closets. Closets, lockers or wardrobes space are not counted against the space requirements for bedrooms. The current requirement is one closet or wardrobe per bed. The lockers will give facilities an additional option they can use in lieu of closets or wardrobes. Some of the old facilities may still utilize lockers instead of closets or wardrobes. The nursing home wing in a hospital is required to follow the nursing facility standards regarding space identified in 10A NCAC 13D .3201. It is unknown how many facilities, if any, will take advantage of the additional options. The overall requirements regarding space, closets, or wardrobes in combination facilities remains unchanged. These changes will not expand the scope of this rule or result in any additional administrative or staff time and is unlikely to have financial implications for combination facilities.

Fiscal Impact:

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Rule 13B .3001 -- Definitions
The agency is proposing to readopt this rule with substantive changes. This rule lists definitions that apply throughout the Subchapter and are being changed to satisfy previous Rules Review Commission objections, to update definitions and terminology, and to reference the General Statute. Changes were also made to remove repealed statutes and update statute location. There were nine definitions the Rules Review Commission objected to regarding lack of authority. All were definitions that were defined in the general statute. The nine definitions were replaced with references to the general statute. Changing the definition to referencing the statute does not make any material changes to the definitions or expand or decrease the scope of the definition. Furthermore, the definitions in the statutes constitute the current baseline because the definitions in the general statutes take legal precedence over the current definitions written in rules because the statute is the higher-level authority. Two definitions were relocated from an existing rule to eliminate redundancy. The definition of Special Care units was condensed into three categories. Those three categories are inclusive of all the items identified in the current rule.

As the current baseline includes the definitions as found in the general statutes, there is no impact to this rule change and it does not require any additional actions by the facility or staff.

Fiscal Impact:

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact

Substantial Impact: No Impact

Rule 13B .3101 – General Requirements
The agency is proposing to readopt this rule with substantive changes. This rule lays out general requirements regarding licensure, lease, and bed changes. Changes to the rule establish 30 days as the standard for prior notification of licensure changes. Facilities are currently required to notify the agency in writing at any time prior to the occurrence of licensure changes. The change to the rule will establish a consistent timeframe to make notification. There were also several technical changes. These changes will not result in any increase in administrative or staff time and are unlikely to have any fiscal implications.

Fiscal Impact:

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Rule 13B .3302 – Minimum Provisions of Patient's Bill of Rights
The agency is proposing to readopt this rule with substantive changes. This rule establishes minimal provisions of patient's bill of rights. The rule is changed to consolidate language regarding the patients right to information with the patients access to medical records. This change will combine related information and eliminate redundancy. In addition, the agency made several technical changes to take out ambiguous language. There was no expansion or reduction to the provision of the patient bill of rights and the changes won't result in any administrative or facility costs.

Fiscal Impact:

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Rule 13B .5412 – Additional Requirements for Traumatic Brain Injury Patients
The agency is proposing to readopt this rule with substantive changes. This rule establishes additional requirements for inpatient rehabilitation facilities providing services to persons with traumatic brain injuries. It is being changed to resolve the conflict between the rule and the current standards of practice, and to reflect current standards of care regarding nursing, physical, occupational, and speech therapy hours. The current rule was last amended in 1996 and is highly prescriptive without offering flexibility for hospitals to encourage the efficient use of resources. The rule also does not have any basis in evidence based practice standards that contribute to better patient outcomes.

During the readoption process for these rules, DHSR asked stakeholder groups for input regarding current rules. The stakeholder group was composed of staff from rehabilitation units at acute care hospitals as well as staff from rehabilitation hospitals. Two members of the stakeholder group, both staff at rehabilitation facilities, acknowledged that the standard of practice regarding nursing, physical, occupational, and speech therapy for traumatic brain injury patients is to provide nursing, physical, occupational, and speech therapy hours to meet the needs of the patient in accordance with the patient assessment, treatment plan, and physician orders.

The current rules required a minimum of 6.5 nursing hours per patient day and that direct care nursing staff required at least 2 FTEs, one of which is a registered nurse. According to the CMS Measures Inventory Tool, nursing care hours per patient day is the number of productive hours worked by nursing staff, including RNs, LPN/LVNs, and UAP (unlicensed assistive personnel) with direct patient care responsibilities per patient day for each in-patient unit in a calendar month.[1] While evidence suggests that higher nursing staffing ratios can have impacts on patient outcomes including patient readmission rates[2], preventable events such as falls and pressure ulcers, and medical and medication errors[3], other factors also must be taken into account when developing optimal nursing hours per patient day levels such as patient complexity and acuity and nursing skill mix. Due to these reasons, the rule as currently written does not ensure efficient, high quality care for traumatic brain injury patients, which is the intent of the rule. According to reports from stakeholder groups, this rule is both incredibly onerous and does not represent current practices and has not been followed for some time due to these reasons.

The range of traumatic brain injuries (TBI) is wide and the severity of the injury may vary widely from a mild concussion to severe memory loss and extended period of unconsciousness after injuries. However, this condition is wide ranging – in 2014, there were about "2.87 million TBI-related emergency department (ED) visits, hospitalizations, and deaths[4]" that occurred in the United States. The leading cause of TBIs were falls, which disproportionately affect children aged 0-4 and older adults aged 75 years and older. "Motor vehicle crashes were the leading cause of hospitalizations for adolescents and adults aged 15 to 44 years of age.[5]"

"Inpatient TBI rehabilitation practice remains highly variable, which, in part, reflects lack of empirical evidence of how the complex interweaving of rehabilitations from different professionals, in conjunction with patient prognostic factors (e.g. comorbidities, injury severity), influences recovery.[6]" More research is necessary to determine standardized rehabilitation options across traumatic brain injury patients. Due to the range of symptoms that may occur in TBI patients, each patient should have a care plan that is individualized to them based on their specific needs. However, there is evidence to suggest that similar treatment options based on cognitive functions and other assessments such as the Comprehensive Severity Index that takes into account a patient's comorbidities and severity of illness are more able to be standardized.[7] However, due to the complexity of these factors for every patient, these decisions are generally individualized to each patient based on their cognitive function level and comorbidities as part of their care plan developed by their medical team.

As part of current practice and federal regulations for conditions of payment under the inpatient rehabilitation facility prospective payment system for Medicare and Medicaid, rehabilitation facilities are to furnish through the use of qualified personnel, rehabilitation nursing, physician therapy, and occupational therapy, plus as needed, speech-language pathology, social services, psychological services

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1 https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=12&cad=rja&uact=8&ved=2ahUKEwjH7fvK0sbjAhWLv1kKHdOSA-4QFjALegQIABAC&url=https%3A%2F%2Fcmit.cms.gov%2FCMIT_public%2FReportMeasure%3FmeasureRevisionId%3D1580&usg=AOvVaw2txLly8zRwRfRNN4tkpDlV

2 https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2013.0613

3 https://www.pteqicon.org/wp-content/uploads/2019/01/NurseStaffingWhitePaper_Final.pdf?name=Mary%20Evans&email=mary.evans%40osbm.nc.gov&organization=NC%20Office%20of%20State%20Budget%20and%20Management&job_title=Not%20currently%20working%20in%20nursing&what_best_describes_where_you_work=Other&top_interest_area_1_=Excellence&top_interest_area_2=Care%20Management&top_interest_area_3=Accreditation

4 https://www.cdc.gov/traumaticbraininjury/get_the_facts.html

5 https://www.cdc.gov/traumaticbraininjury/get_the_facts.html

6 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4516907/

7 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4516907/

(including neuropsychological services), and orthotic and prosthetic services. In addition, federal regulation 42 CFR 412.622 (ii) requires intensive rehabilitation therapy programs to generally consist of at least three hours of therapy per day, at least five days per week. However, as noted in stakeholder meetings, meeting these targets also depends on the patient's ability to tolerate these therapies.

A change was also made to eliminate the medical director qualifications because of an existing Rules Review Commission objection. The Rules Review Commission determined that the agency has no authority to set the medical director qualifications. In order to receive reimbursement for Medicare and Medicaid patients, facilities are responsible for providing the appropriate director of rehabilitation per 42 CFR 412.29(g).

As federal regulations already require hospitals to be organized and staffed to provide care according to a patient's assessment and plan of care developed by their medical team as well as the fact that existing rules have not been practiced for some time as they are outdated, the current baseline already reflects the new rules. The new rule also allows hospitals the flexibility to provide care without negatively impacting in any way the wellbeing of the patient. It is unlikely that there will be any additional fiscal impact from this rule update. This readoption also will not result in any changes to current practices or processes and is unlikely to have any fiscal implications for administrative/professional staff, state, or local staff.

Fiscal Impact:

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Rule 13B .5413 – Additional Requirements for Spinal Cord Injury Patients

The agency is proposing to readopt this rule with substantive changes. This rule establishes additional requirements for inpatient rehabilitation facilities providing services to persons with spinal cord injury. It is being changed to resolve the conflict between the outdated rule and the current standards of practice, as well as reflect current standards of care regarding nursing, physical, occupational, and speech therapy hours. Current industry standards for intensive rehabilitation therapy programs generally consist of at least three hours of therapy per day at least five days per week.

An estimated 291,000 people are living with SCI in the United States today. In the United States alone, approximately 17,730 new SCI cases occur each year. Most new spinal cord injuries affect men, who account for 78% of new cases. The average age at the time of injury is 43 years. Most spinal cord injuries are caused by car crashes, followed closely by falls and violent acts. The average Acute Care hospital stay is 11 days. Rehabilitation facility stays average 31 days.[8]

The previously mentioned stakeholder group also provided expertise regarding spinal cord patient care standards. They acknowledged that the standard of practice regarding nursing care and physical, occupational, and speech therapy for spinal cord patients is to provide physical, occupational, and speech therapy hours to meet the needs of the patient in accordance with the patient assessment, treatment plan, and physician orders.

8 https://www.spineuniverse.com/conditions/spinal-cord-injury/traumatic-spinal-cord-injury-facts-figures

Doctors determine the appropriate level of care and treatment plan for SCI patients. Hospitals determine the appropriate level of staffing to meet treatment plan. The current rules required a minimum of 6.0 nursing hours per patient day and that direct care nursing staff required at least 2 FTEs, one of which is a registered nurse. Similarly to the reasons listed for the traumatic brain injury patients, the care of spinal cord patients is also extremely varied based on their individual injuries and comorbidities. Therefore, it is not an efficient or effective practice to mandate minimum numbers of nursing hours per patient day for such a general population. The current rule standards are also not supported by evidence-based practice.

The following current federal regulations set the current industry standards. 42 CFR 482.56 requires hospitals that provide rehabilitation to be organized and staffed to ensure the health and safety of patients. Federal regulation 42 CFR 412.29 as a condition for payment for Medicare and Medicaid patients under the inpatient rehabilitation facility prospective payment system, rehabilitation facilities are to furnish through the use of qualified personnel, rehabilitation nursing, physical therapy, and occupational therapy, plus as needed, speech-language pathology, social services, psychological services (including neuropsychological services), and orthotic and prosthetic services.

In addition, a change was made to eliminate the medical director qualifications because of an existing Rules Review Commission objection. The Rules Review Commission determined that the agency has no authority to set the medical director qualifications. Similarly to traumatic brain injury patients, facilities are responsible for providing the appropriate medical director to meet the needs of patients per 42 CFR 412.29(g).

While changes to rules reflect current practices, it is unlikely that there will be any fiscal impact. Acute care hospitals with rehabilitation units and rehabilitation facilities are currently complying with the federal regulations. Hospitals are required to be in compliance with the federal requirements set forth in the Medicare Conditions of Participation (CoP) in order to receive Medicare/Medicaid payment. This readoption will not result in any changes to current standards, practices, or processes and is unlikely to have any fiscal implications for administrative/professional staff, state, or local staff.

Fiscal Impact:

Federal Government Entities:	No Impact
State Government entities:	No Impact
Local Government Entities:	No Impact
Small Business:	No Impact
Substantial Impact:	No Impact

Impact Summary

These readoptions update rules to account for current practices and language, remove ambiguity, address previous Rule Review Commission objections, and implement technical changes. Changes also allow reference to the General Statute where appropriate. The changes reflect current practices and eliminates the conflict between current standards of practice and rules 13B .5412 and .5413. It is unlikely that there will be any fiscal impact. Updates to current standards or processes is unlikely to have any fiscal implications for facilities since rehabilitation facilities currently adhere to the standards. Changes made to reference the statute will have no impact, as the statutes will always prevail. There were no new requirements added, or changes in scope. It is unlikely changes will have any fiscal impact on facility cost, administrative cost, patient costs, or impact state or local staff.

Appendix 1

10A NCAC 13B .1902 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .1902 DEFINITIONS

The following definitions shall apply throughout this Section, unless text otherwise clearly indicates to the contrary:

(1) "Accident" means something occurring by chance or without intention ~~which~~ that has caused physical or mental harm to a patient, ~~resident~~ resident, or employee.

(2) "Administer" means ~~the direct application of a drug to the body of a patient by injection, inhalation, ingestion or other means.~~ as defined in G.S. 90-87.

(3) "Administrator" means the person who has authority for and is responsible to the governing board for the overall operation of a facility.

(4) "Brain injury long-term care" is defined as an interdisciplinary, intensive maintenance program for patients who have incurred brain damage caused by external physical trauma and who have completed a primary course of rehabilitative treatment and have reached a point of no gain or progress for more than three consecutive months. Services are provided through a medically supervised interdisciplinary process and are directed toward maintaining the individual at the optimal level of physical, ~~cognitive~~ cognitive, and behavioral functioning.

~~(5) "Capacity" means the maximum number of patient or resident beds which the facility is licensed to maintain at any given time. This number shall be determined as follows:~~

~~(a) Bedrooms shall have minimum square footage of 100 square feet for a single bedroom and 80 square feet per patient or resident in multi-bedded rooms. This minimum square footage shall not include space in toilet rooms, washrooms, closets, vestibules, corridors, and built-in furniture.~~

~~(b) Dining, recreation and common use areas available shall total no less than 25 square feet per bed for skilled nursing and intermediate care beds and no less than 30 square feet per bed for adult care home beds. Such space must be contiguous to patient and resident bedrooms.~~

~~(6)~~(5) "Combination Facility" means any hospital with nursing home beds ~~which~~ that is licensed to provide more than one level of care such as a combination of intermediate care ~~and/or~~ and skilled nursing care and adult care home care.

~~(7) "Convalescent Care" means care given for the purpose of assisting the patient or resident to regain health or strength.~~

~~(8)~~(6) "Department" means the North Carolina Department of Health and Human Services.

~~(9)~~(7) "Director of Nursing" means the nurse who has authority and ~~direct~~ responsibility for all nursing services and nursing care.

~~(10)~~(8) "Dispense" means ~~preparing and packaging a prescription drug or device in a container and labeling the container with information required by state and federal law. Filling or refilling drug containers~~

~~with prescription drugs for subsequent use by a patient is "dispensing". Providing quantities of unit dose prescription drugs for subsequent administration is "dispensing".~~ as defined in G.S. 90-87.

~~(11)~~(9) "Drug" means ~~substances:~~

~~(a) recognized in the official United States Pharmacopoeia, official National Formulary, or any supplement to any of them;~~

~~(b) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals;~~

~~(c) intended to affect the structure or any function of the body of man or other animals, i.e., substances other than food; and~~

~~(d) intended for use as a component of any article specified in (a), (b), or (c) of this Subparagraph; but does not include devices or their components, parts, or accessories.~~

as defined in G.S. 90-87.

~~(12)~~(10) "Duly Licensed" means holding a current and valid license as required under the General Statues of North Carolina.

~~(13) "Existing Facility" means a licensed facility; or a proposed facility, proposed addition to a licensed facility or proposed remodeled licensed facility that will be built according to plans and specifications which have been approved by the department through the preliminary working drawings stage prior to the effective date of this Rule.~~

~~(14) "Exit Conference" means the conference held at the end of a survey, inspection or investigation, but prior to finalizing the same, between the department's representatives who conducted the survey, inspection or investigation and the facility administration representative(s).~~

~~(15)~~(11) "Incident" means an intentional or unintentional action, occurrence or happening ~~which~~ that is likely to cause or lead to physical or mental harm to a patient, ~~resident~~ resident, or employee.

~~(16)~~(12) "Licensed Practical Nurse" means ~~a nurse who is duly licensed as a practical nurse under G.S. 90, Article 9A.~~ as defined in G.S. 90-171.30 or G.S. 90-171.32.

~~(17) "Licensee" means the person, firm, partnership, association, corporation or organization to whom a license has been issued.~~

~~(18)~~(13) "Medication" means drug as defined in ~~(12)~~ Item (9) of this Rule.

~~(19) "New Facility" means a proposed facility, a proposed addition to an existing facility or a proposed remodeled portion of an existing facility that is constructed according to plans and specifications approved by the department subsequent to the effective date of this Rule. If determined by the department that more than one half of an existing facility is remodeled, the entire existing facility shall be considered a new facility.~~

~~(20)~~(14) "Nurse Aide" means any individual providing nursing or nursing-related services to patients in a facility, and is not a licensed health professional, a qualified dietitian or someone who volunteers to provide such services without pay, and who is listed in a nurse aide registry approved by the Department.

~~(21)~~(15) "Nurse Aide Trainee" means an individual who has not completed an approved nurse aide training course and competency evaluation and is demonstrating knowledge, while performing tasks ~~for which~~ that they have been found proficient in by an instructor. These tasks shall be performed under the ~~direct~~ supervision of a registered nurse. The term does not apply to volunteers.

~~(22)~~(16) "Nursing Facility" means that portion of a nursing home certified under Title XIX of the Social Security Act (Medicaid) as in compliance with federal program standards for nursing facilities. It is often used ~~as~~ synonymous with the term "nursing ~~home"~~ home," ~~which is~~ the usual prerequisite level for state licensure for nursing facility (NF) certification and Medicare skilled nursing facility (SNF) certification.

~~(23)~~(17) "Nurse in Charge" means the nurse to whom duties for a specified number of patients and staff for a specified period of time have been delegated, such as for Unit A on the 7-3 or 3-11 shift.

~~(24)~~(18) "On Duty" means personnel who are awake, dressed, and responsive to patient needs and ~~physically~~ present in the facility performing assigned duties.

~~(25)~~(19) "Patient" means any person admitted for care to a skilled nursing or intermediate care facility.

~~(26)~~(20) "Physician" means ~~a person licensed under G.S. Chapter 90, Article 1 to practice medicine in North Carolina.~~ as defined in G.S. 90-9.1 or G.S. 90-9.2.

~~(27)~~(21) "Qualified Dietitian" means ~~a person who meets the standards and qualifications established by the Committee on Professional Registration of the American Dietetic Association included in "Standards of Practice" seven dollars and twenty five cents ($7.25) or "Code of Ethics for the Profession of Dietetics" two dollars and fifteen cents ($2.15), American Dietetic Association, 216 W. Jackson Blvd., Chicago, IL 60606-6995.~~ as defined in 42 CFR 483.60(a)(1), herein incorporated by reference including subsequent amendments and editions. Electronic copies of 42 CFR 483.60 can be obtained free of charge at https://www.ecfr.gov/cgi-bin/text-idx?SID=1260800a39929487f0ca55b0ab5e710b&mc=true&tpl=/ecfrbrowse/Title42/42cfrv5_02.tpl#0.

~~(28)~~(22) "Registered Nurse" means ~~a nurse who is duly licensed as a registered nurse under~~ as defined in G.S. 90, Article 9A.

~~(29)~~(23) "Resident" means ~~any person admitted for care to an adult care home.~~ as defined in G.S.131D-2.1.

~~(30) "Sitter" means an individual employed to provide companionship and social interaction to a particular resident or patient, usually on a private duty basis.~~

~~(31)~~(24) "Supervisor-in-Charge" means a duly licensed nurse to whom supervisory duties have been delegated by the Director of Nursing.

~~(32)~~(25) "Ventilator dependence" means physiological dependency by a patient on the use of a ventilator for more than eight hours a day.

History Note: *Filed as a Temporary Amendment Eff. October 1, 1990 For a Period of 142 Days to Expire on February 28, 1991;*

Authority G.S. 131E-79;
Eff. February 1, 1986;
Amended Eff. February 1, 1993; December 1, 1991; March 1, 1991; March 1, ~~1990.~~ 1990;
Readopted Eff. April 1, 2020.

10A NCAC 13B .1918 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .1918 TRAINING

(a) A licensed facility shall provide ~~for all~~ patient or resident care employees a planned orientation and continuing education program emphasizing patient or resident assessment and planning, activities of daily living, personal grooming, rehabilitative nursing or restorative care, other patient or resident care policies and procedures, patients' rights, and staff performance expectations. Attendance and subject matter covered shall be documented for each ~~session~~ session, retained in accordance with policy established by the facility, and available for licensure inspections.

(b) The administrator shall assure that ~~each employee is~~ employees are oriented within the first week of employment to the facility's philosophy and goals.

(c) ~~Each employee~~ Employees shall have specific on-the-job training as necessary ~~for the employee~~ to ~~properly~~ perform ~~his~~ their individual job assignment.

(d) Unless otherwise prohibited, a nurse aide trainee may be employed to perform the duties of a nurse aide for a period of time not to exceed four months. During this period of time the nurse aide trainee shall be permitted to perform only those tasks ~~for which minimum acceptable~~ that competence has been demonstrated and documented on a skills check-off record. ~~Job applicants for nurse aide positions who were formerly qualified nurse aides but have not been gainfully employed as such for a period of 24 consecutive months or more shall be employed only as nurse aide trainees and must re-qualify as nurse aides within four months of hire by successfully passing an approved competency evaluation. Any individual, nursing home, or education facility may offer Department approved vocational education for nursing home nurse aides. An accurate record~~ Nurse aide I shall meet the training and competency evaluation requirements in 42 CFR 483, Subpart D incorporated herein by reference including subsequent amendments and editions. A record of nurse aide qualifications shall be maintained for each nurse aide used by a facility and shall be retained in the general personnel files of the ~~facility.~~ facility in accordance with policy established by the facility.

(e) ~~The curriculum content required for nurse aide education programs shall be subject to approval by the Division of Health Service Regulation and shall include, as a minimum, basic nursing skills, personal care skills, cognitive, behavioral and social care, basic restorative services, and patients' rights. Successful course completion shall be determined by passing a competency evaluation test. The minimum number of course hours shall be 75 of which at least 20 hours shall be classroom and at least 40 hours of supervised practical experience.~~ The initial orientation to the facility shall be exclusive of the 75 hour training program. Competency evaluation shall be conducted in each of the following areas:

(1) Observation and documentation,

(2) Basic nursing skills,

(3) Personal care skills,

(4) Mental health and social service needs,

(5) Basic restorative services, and

(6) Residents' Rights.

~~(f) Successful course completion and skill competency shall be determined by competency evaluation approved by the Department. Commencing July 1, 1989, nurse aides who had formerly been fully qualified under nurse aide training requirements may re-establish their qualifications by successfully passing a competency evaluation test~~.

History Note: *Filed as a Temporary Rule Eff. October 1, 1990 For a Period of 142 Days to Expire on February 28, 1991;*
Authority G.S. 131E-79; 42 U.S.C. 1396 r (b)(5);
Eff. February 1, 1986;
Amended Eff. March 1, 1991; March 1, ~~1990.~~ 1990;
Readopted Eff. April 1, 2020.

10A NCAC 13B .1925 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .1925 REQUIRED SPACES

~~The total space requirements shall be those set forth in Rule .1902(5) of this Section~~. Physical therapy and occupational therapy space shall not be included in these totals. (a) A combination or nursing facility shall meet the following requirements for bedrooms, dining, recreation, and common use areas:

(1) single bedrooms shall be provided with not less than 100 square feet of floor area;

(2) bedrooms with more than one bed shall be provided with not less than 80 square feet of floor area per bed;

(3) dining, recreation, and common use areas shall:

(A) total not less than 25 square feet of floor area per bed for skilled nursing and intermediate care beds;

(B) total not less than 30 square feet of floor area per bed for adult care home beds; and

(C) be contiguous to patient and resident bedrooms.

(b) Floor space for the following rooms, areas, and furniture shall not be included in the floor areas required by Paragraph (a) of this Rule:

(1) toilet rooms;

(2) vestibules;

(3) bath areas;

(4) closets, lockers, or moveable wardrobes;

(5) built-in furniture; and

(6) corridors.

History Note: *Authority G.S. 131E-79;*
Eff. February 1, ~~1986.~~ 1986;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3001 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3001 DEFINITIONS

Notwithstanding Section .1900 of this Subchapter, ~~The~~ the following definitions shall apply throughout this ~~Section~~ Subchapter unless the context clearly indicates to the contrary:

(1) "Appropriate" means suitable or fitting, or conforming to standards of care as established by professional organizations.

(2) "Authority having jurisdiction" means the Division of Health Service Regulation.

(3) "Certified Dietary Manager" or "CDM" means an individual who is certified by the Certifying Board of the Dietary Managers and meets the standards and qualification as referenced in the "Dietary Manager Training Program Requirements." These standards include any subsequent amendments and editions of the referenced manual. Copies of the "Dietary Manager Training Program Requirements" may be ~~purchased for fifteen dollars ($15.00) from the Dietary Managers Association, 406 Surry Woods Dr., St. Charles, IL 60174.~~ obtained free of charge at https://www.cbdmonline.org/.

(4) "Competence" means the state or quality of being able to perform specific functions well; skill; ability.

(5) "Comprehensive" means covering completely, inclusive; large in scope or content.

(6) "Construction documents" means final building plans and specifications for the construction of a facility that a governing body submits to the Construction Section for approval as specified in Rule .3102 of this Subchapter.

(7) "Construction Section" means the Construction Section of the Division of Health Service Regulation.

~~(6)~~(8) "Continuous" means ongoing or uninterrupted, 24 hours per day.

~~(7)~~(9) "CRNA" means a Certified Registered Nurse Anesthetist as ~~credentialed by the Council on Certification of Nurse Anesthetists and recognized by the Board of Nursing in 21 NCAC 36 .0226.~~ defined in G.S. 90-171.21(d)(4).

~~(8)~~(10) "Credentialed" means that the individual having a given title or position has been credited with the right to exercise official responsibilities to provide specific patient care and treatment services, within defined limits, based primarily upon the individual's license, education, training, experience, competence, and judgment.

~~(9)~~(11) "Department" means the Department of Health and Human Services.

~~(10)~~(12) "Dietetics" means ~~the integration and application of principles derived from the science of nutrition, biochemistry, physiology, food and management and from behavioral and social sciences to achieve and maintain optimal nutritional status.~~ as defined in G.S. 90-352.

~~(11)~~(13) "Dietitian" means ~~an individual who is licensed according to~~ as defined in G.S. 90, ~~Article 25, or is registered by the Commission on Dietetic Registration (CDR) of the American Dietetic Association (ADA) according to the standards and qualifications as referenced in the second edition of the "Accreditation/Approval Manual for Dietetic Education Programs", "The Registration Eligibility Application for Dietitians" and the "Continuing Professional Education" and subsequent amendments or editions of the reference material. Copies of the "Accreditation/Approval Manual for Dietetic Education Programs" may be purchased for twenty one dollars and ninety five cents ($21.95) plus three dollars ($3.00) minimum shipping and handling from ADA 216 W. Jackson Blvd., Chicago, IL 60606 9 6995.~~ Article 25.

~~(12)~~(14) "Dietetic Technician Registered" or "DTR" means ~~an individual who is registered by the Commission on Dietetic Registration (CDR) of the American Dietetic Association (ADA) according to the standards and qualifications as referenced in the second edition of the "Accreditation/Approval Manual for Dietetic Education Programs" which is incorporated by reference including any subsequent amendments and editions. Copies of the "Accreditation/Approval Manual for Dietetic Education Programs" may be purchased for twenty one dollars and ninety five cents ($21.95) plus three dollars ($3.00) minimum for shipping and handling from the ADA 216 W. Jackson Blvd., Chicago, IL 60606 9 6995.~~ as defined in G.S. 90-352.

~~(13)~~(15) "Direct Supervision" means the state of being under the immediate control of a supervisor, manager, or other person of authority.

~~(14)~~(16) "Division" means the Division of Health Service Regulation.

~~(15)~~(17) "Facility" means a hospital as defined in G.S. 131E-76.

~~(16)~~(18) "Free standing facility" means a facility that is physically separated from the primary hospital building or separated by a three hour fire containment wall.

~~(17)~~(19) "Full-time equivalent" means a unit of measure of employee work time that is equal to the number of hours that one full-time employee would work during one calendar year if the employee worked eight hours a day, five days a week, and 52 weeks a year; i.e. 2,080 hours per year.

~~(18)~~(20) "Governing body" means the authority as defined in G.S. 131E-76.

~~(19)~~(21) "Imaging" means a reproduction or representation of a body or body part for diagnostic purposes by radiologic intervention that may include conventional fluoroscopic exam, magnetic resonance, nuclear or radio-isotope scan.

~~(20)~~(22) "Invasive procedure" means a procedure involving puncture or incision of the skin, insertion of an instrument or foreign material into the body (excluding venipuncture and intravenous therapy).

~~(21)~~(23) "LDRP" (labor, delivery, recovery, post-partum) means a specific single occupancy obstetrical use room counted as a licensed bed.

~~(22)~~(24) "License" means formal permission to provide services as granted by the State.

~~(23)~~(25) "Medical staff" means the formal organization that is comprised of ~~all of those~~ individuals who have sought and obtained clinical privileges in a facility. Those members of the medical staff who regularly and routinely admit patients to a facility constitute the active medical staff.

~~(24)~~(26) "Mission statement" means a written statement of the philosophy and beliefs of the organization or hospital as approved by the governing body.

~~(25)~~(27) "Neonate" means the newborn from birth to one month.

~~(26)~~(28) "NP" means a Nurse Practitioner as defined in ~~G.S. 90-6;~~ G.S. 90-8.2, ~~90-18(14)~~ 90-18(14), and 90-18.2.

~~(27)~~(29) "Nurse executive" means ~~a registered nurse who is the director of nursing services or a representative of decentralized nursing management staff.~~ as defined in Rule 21 NCAC 36 .0109.

~~(28)~~(30) "Nurse midwife" means ~~a Certified Nurse Midwife~~ as defined in ~~G.S. 90, Article 10.~~ G.S.90-171.21 (4).

~~(29)~~(31) "Nursing facility" means ~~that portion of a hospital that is approved to provide skilled nursing care.~~ as defined in G.S. 131E-116 (2).

~~(30)~~(32) "Nursing staff" means the registered nurses, licensed practical nurses, nurse aides, and others under nurse supervision, who provide ~~direct~~ patient care. The term also includes clerical personnel who work in clinical areas under nurse supervision.

(33) "Nutrition and Dietetic Technician Registered" means as defined by the Academy of Nutrition and Dietetics. A copy of the requirements can be obtained at https://www.eatrightpro.org/about-us/what-is-an-rdn-and-dtr/what-is-a-nutrition-and-dietetics-technician-registered at no cost.

~~(31)~~(34) "Nutrition therapy" ranges from intervention and counseling on diet modification to administration of specialized nutrition therapies as determined necessary to manage a condition or treat illness or injury. Specialized nutrition therapies include supplementation with medical foods, enteral and parenteral nutrition. Nutrition therapy integrates information from the nutrition assessment with information on food and other sources of nutrients and meal preparation consistent with cultural background and socioeconomic status.

~~(32)~~(35) "Observation bed" means a bed used for no more than 24-hours, to evaluate and determine the condition and disposition of a patient and is not considered a part of the hospital's licensed bed capacity.

~~(33)~~(36) "Patient" means any person receiving diagnostic or medical services at a hospital.

~~(34)~~(37) "Pharmacist" means ~~a person licensed according to G.S. 90, Article 4A, by the N.C. Board of Pharmacy to practice pharmacy.~~ as defined in G.S. 90-85.3.

~~(35)~~(38) "Physical Rehabilitation Services" means any combination of physical therapy, occupational therapy, speech ~~therapy~~ therapy, or vocational rehabilitation.

~~(36)~~(39) "Physician" means ~~a person licensed according to G.S. 90, Article 1, by the N.C. Board of Medical Examiners to practice medicine.~~ as defined in G.S.90-9.1 or G.S. 90-9.2.

~~(37)~~(40) "Provisional license" means a hospital license recognizing ~~significantly~~ less than full compliance with the licensure rules.

~~(38)~~(41) "Qualified" means having complied with the specific conditions for employment or the performance of a function.

~~(39)~~(42) "Reference" means to use in consultation to obtain information.

~~(40)~~(43) "Special Care Unit" means a ~~designated~~ unit or area of a hospital ~~with a concentration of qualified professional staff and support services that provide intensive or extra ordinary care on a 24 hour basis to critically ill patients; these units may include but are not limited to Cardiac Care, Medical or Surgical Intensive Care Unit, Cardiothoracic Intensive Care Unit, Burn Intensive Care Unit, Neurologic Intensive Care Unit or Pediatric Intensive Care Unit.~~ that includes a critical care unit, an intermediate care unit, or a pediatric care unit.

~~(41)~~(44) "Unit" means a designated area of the hospital for the delivery of patient care services.

History Note: *Authority G.S. 131E-79;*
RRC Objection due to lack of Statutory Authority Eff. July 13, 1995;
Eff. January 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3101 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3101 GENERAL REQUIREMENTS

(a) An application for licensure shall be submitted to the Division prior to a license being issued or patients admitted.

(b) An existing facility shall not sell, ~~lease~~ lease, or subdivide a portion of its bed capacity without the approval of the Division.

(c) Application forms may be obtained by contacting the Division.

(d) The Division shall be notified in writing 30 days prior to the occurrence of any of the following:

(1) addition or deletion of a licensable service;

(2) increase or decrease in bed capacity;

(3) change of chief executive officer;

(4) change of mailing address;

(5) ownership change; or

(6) name change.

(e) Each application shall contain the following information:

(1) legal identity of applicant;

(2) name or names ~~under which~~ used to present the hospital or services ~~are presented~~ to the public;

(3) name of the chief executive officer;

(4) ownership disclosure;

(5) bed complement;

(6) bed utilization data;

(7) accreditation data;

(8) physical plant inspection data; and

(9) service data.

(f) A license shall include only facilities or premises within a single county.

History Note: *Authority G.S. 131E-79;*
Eff. January 1, 1996;
Amended Eff. April 1, ~~2003.~~ 2003;
Readopted Eff. April 1, 2020.

10A NCAC 13B .3302 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .3302 MINIMUM PROVISIONS OF PATIENT'S BILL OF RIGHTS

This Rule does not apply to patients in licensed nursing facility beds since these individuals are granted rights pursuant to G.S. 131E-117. A patient in a facility subject to this Rule has the following rights:

(1) A patient has the right to respectful care given by competent personnel.

(2) A patient has the right, upon request, to be given the name of his attending physician, the names of all other physicians directly participating in his or her care, and the names and functions of other health care persons having direct contact with the patient.

(3) A patient has the right to privacy concerning his or her own medical care program. Case discussion, consultation, examination, and treatment are considered confidential and shall be conducted discreetly.

~~(4) A patient has the right to have all records pertaining to his medical care treated as confidential except as otherwise provided by law or third party contractual arrangements.~~

~~(5)~~(4) A patient has the right to know what facility rules and regulations apply to his or her conduct as a patient.

~~(6)~~(5) A patient has the right to expect emergency procedures to be implemented without ~~unnecessary~~ delay.

~~(7)~~(6) A patient has the right to ~~good~~ quality care and ~~high~~ professional standards that are ~~continually~~ maintained and reviewed.

~~(8)~~(7) A patient has the right to full information in laymen's terms, concerning his diagnosis, treatment and prognosis, including information about alternative treatments and possible complications. When it is not possible or medically advisable to give such information to the patient, the information shall be given on his or her behalf to the patient's designee.

~~(9)~~ (8) Except for emergencies, a physician must obtain ~~necessary~~ informed consent prior to the start of any procedure or ~~treatment, or both.~~ treatment.

~~(10)~~ (9) A patient has the right to be advised when a physician is considering the patient as a part of a medical care research program or donor program. Informed consent ~~must~~ shall be obtained prior to ~~actual~~ participation in such a ~~program and the~~ program. The patient or legally responsible party~~, may, at any time,~~ may refuse to continue in any ~~such~~ program ~~to which~~ that he or she has previously given informed consent. An Institutional Review Board (IRB) may waive or alter the informed consent requirement if it reviews and approves a research study in ~~accord~~ accordance with federal regulations for the protection of human research subjects including U.S. Department of Health and Human Services (HHS) regulations under 45 CFR Part 46 and U.S. Food and Drug Administration (FDA) regulations under 21 CFR Parts 50 and 56. For any research study proposed for conduct under an FDA "Exception from Informed Consent Requirements for Emergency Research" or an HHS "Emergency Research Consent Waiver" ~~in which~~ that waives informed consent ~~is waived~~ but community consultation and public disclosure about the research are required, any facility proposing to be engaged in the research study shall also ~~must~~ verify that the proposed research study has been registered with the North Carolina Medical Care Commission. When the IRB ~~reviewing the research study~~ has authorized the start of the community consultation process required ~~by the federal regulations~~ for emergency research, but before the beginning of that process, notice of the proposed research study ~~by the facility~~ shall be provided to the North Carolina Medical Care Commission. The notice shall include:

(a) the title of the research study;

(b) a description of the research study, including a description of the population to be enrolled;

(c) a description of the planned community consultation process, including ~~currently~~ proposed meeting dates and times;

(d) ~~an explanation of the way that people choosing not to participate in~~ instructions for opting out of the research ~~study may opt out;~~ study; and

(e) contact information including mailing address and phone number for the IRB and the principal investigator.

The Medical Care Commission may publish all or part of the above information in the North Carolina Register, and may require the institution proposing to conduct the research study to attend a public meeting convened by a Medical Care Commission member in the community where the proposed research study is to take place to present and discuss the study or the community consultation process proposed.

~~(11)~~ (10)A patient has the right to refuse any drugs, treatment or procedure offered by the facility, to the extent permitted by law, and a physician shall inform the patient of his or her right to refuse any drugs, treatment or procedures and of the medical consequences of the patient's refusal of any drugs, treatment or procedure.

~~(12)~~ (11)A patient has the right to assistance in obtaining consultation with another physician at the patient's request and expense.

~~(13)~~ (12)A patient has the right to medical and nursing services without discrimination based upon race, color, religion, sex, sexual orientation, gender identity, national origin or source of payment.

~~(14)~~ (13)A patient who does not speak English shall have ~~access, when possible,~~ access to an interpreter.

~~(15)~~ (14)~~A facility shall provide a patient, or patient designee, upon request, access to all information contained in the patient's medical records.~~ A patient or his or her designee has the right to have all records pertaining to his or her medical care treated as confidential except as otherwise provided by law or third party contractual arrangements. A patient's access to medical records may be restricted by the patient's attending physician. If the physician restricts the patient's access to information in the patient's medical record, the physician shall record the reasons on the patient's medical record. Access shall be restricted only for sound medical reason. A patient's designee may have access to the information in the patient's medical records even if the attending physician restricts the patient's access to those records.

~~(16)~~ (15)A patient has the right not to be awakened by hospital staff unless it is medically necessary.

~~(17)~~ (16)The patient has the right to be free from duplication of medical and nursing procedures as determined by the attending physician.

~~(18)~~ (17)The patient has the right to medical and nursing treatment that avoids unnecessary physical and mental discomfort.

~~(19)~~ (18)When medically permissible, a patient may be transferred to another facility only after he or his next of kin or other legally responsible representative has received complete information and an explanation concerning the needs for and alternatives to such a transfer. The facility ~~to which~~ that the patient is to be transferred must first have accepted the patient for transfer.

~~(20)~~ (19)The patient has the right to examine and receive a detailed explanation of his bill.

~~(21)~~ (20)The patient has a right to full information and counseling on the availability of known financial resources for his health care.

~~(22)~~ (21)A patient has the right to be informed upon discharge of his or her continuing health care requirements following discharge and the means for meeting them.

~~(23)~~ (22)A patient shall not be denied the right of access to an individual or agency who is authorized to act on his or her behalf to assert or protect the rights set out in this Section.

~~(24)~~ (23)A patient has the right to be informed of his rights at the earliest possible time in the course of his or her hospitalization.

~~(25)~~ (24)A patient has the right to designate visitors who shall receive the same visitation privileges as the patient's immediate family members, regardless of whether the visitors are legally related to the patient.

History Note: *Authority G.S. 131E-75; 131E-79; 143B-165;*
RRC Objection due to ambiguity Eff. July 13, 1995;
Eff. January 1, 1996;
Temporary Amendment Eff. April 1, 2005;
Amended Eff. January 1, 2011; May 1, 2008; November 1, ~~2005.~~ 2005;
Readopted Eff. April 1, 2020.

10A NCAC 13B .5412 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .5412 ADDITIONAL REQUIREMENTS FOR TRAUMATIC BRAIN INJURY PATIENTS

Inpatient rehabilitation facilities providing services to ~~persons~~ patients with traumatic brain injuries shall ~~meet the requirements in this Rule in addition to those identified in this Section.~~ provide staff to meet the needs of patients in accordance with the patient assessment, treatment plan, and physician orders.

~~(1) Direct care nursing personnel staffing ratios established in Rule .5408 of this Section shall not be applied to nursing services for traumatic brain injury patients in the inpatient, rehabilitation facility or unit. The minimum nursing hours per traumatic brain injury patient in the unit shall be 6.5 nursing hours per patient day. At no time shall direct care nursing staff be less than two full time equivalents, one of which shall be a registered nurse.~~

~~(2) The inpatient rehabilitation facility or unit shall employ or provide by contractual agreements physical, occupational or speech therapists in order to provide a minimum of 4.5 hours of specific or combined rehabilitation therapy services per traumatic brain injury patient day.~~

~~(3)~~ (1) The facility shall ~~provide special facility or~~ have access to special equipment to meet the needs ~~for patients~~ of patients with traumatic brain ~~injury, including specially designed wheelchairs, tilt tables and standing tables.~~ injury.

~~(4) The medical director of an inpatient traumatic brain injury program shall have two years management in a brain injury program, one of which may be in a clinical fellowship program and board eligibility or certification in the medical specialty of the physician's training.~~

~~(5)~~ (2) The facility shall provide the consulting services of a neuropsychologist.

~~(6)~~ (3) The facility shall provide continuing education in the care and treatment of brain injury patients for all staff.

~~(7)~~ (4) The size of the brain injury program shall ~~be adequate to~~ support a comprehensive, dedicated ongoing brain injury program.

History Note: *Authority G.S. 131E-79;*
RRC Objection due to lack of statutory authority Eff. January 18, 1996;
Eff. May 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

10A NCAC 13B .5413 is proposed for readoption with substantive changes as follows:

10A NCAC 13B .5413 ADDITIONAL REQUIREMENTS FOR SPINAL CORD INJURY PATIENTS

Inpatient rehabilitation facilities providing services to ~~persons~~ patients with spinal cord injuries shall ~~meet the requirements in this Rule in addition to those identified in this Section.~~ provide staff to meet the needs of patients in accordance with the patient assessment, treatment plan, and physician orders.

~~(1) Direct care nursing personnel staffing ratios established in Rule .5408 of this Section shall not be applied to nursing services for spinal cord injury patients in the inpatient rehabilitation facility or unit. The minimum nursing hours per spinal cord injury patient in the unit shall be 6.0 nursing hours per patient day. At no time shall direct care nursing staff be less than two full-time equivalents, one of which shall be a registered nurse.~~

~~(2) The inpatient rehabilitation facility or unit shall employ or provide by contractual agreements physical, occupational or speech therapists in order to provide a minimum of 4.0 hours of specific or combined rehabilitation therapy services per spinal cord injury patient day.~~

~~(3)~~ (1) The facility shall ~~provide special facility or~~ have access to special equipment to meet the needs of patients with spinal cord ~~injury, including specially designed wheelchairs, tilt tables and standing tables.~~ injury.

~~(4) The medical director of an inpatient spinal cord injury program shall have either two years experience in the medical care of persons with spinal cord injuries or six months minimum in a spinal cord injury fellowship.~~

~~(5)~~ (2) The facility shall provide continuing education in the care and treatment of spinal cord injury patients for all staff.

~~(6)~~ (3) The facility shall provide specific staff training and education in the care and treatment of spinal cord injury.

~~(7)~~ (4) The size of the spinal cord injury program shall ~~be adequate to~~ support a comprehensive, dedicated ongoing spinal cord injury program.

History Note: *Authority G.S. 131E-79;*

RRC Objection due to lack of statutory authority Eff. January 18, 1996;
Eff. May 1, ~~1996.~~ 1996;
Readopted Eff. April 1, 2020.

Licensing of Hospitals Rules Readoption – Public Comments
10A NCAC 13 B .1902, .1915, .1918, .1925, .3001, .3131, .3110, .3204, .3205, .3302, .3303, .5412, and .5413
Comment Period 9/16/19 – 11/15/19

Introduction:

Two individuals submitted comments during the public comment period on the readoption of Licensing of Hospital rules 10A NCAC 13 B .1902, .1915, .1918, .1925, .3001, .3131, .3110, .3204, .3205, .3302, .3303, .5412, and .5413. Of these comments, no member of the public was present during the public hearing conducted on October 1, 2019. These comments were submitted by a representative from the North Carolina Healthcare Association and summarized below:

Comments Received and Agency's Consideration of Comments for Readoption Rule 13B .5412 – Additional Requirements for Traumatic Brain Injury Patients:

Commenter	Comment Summary
North Carolina Healthcare Association	(in (2)) Providing the consulting services of neuropsychologist is almost impossible in rural areas due to the lack in and access to these providers. These areas may use licensed clinical counselors instead. This wording may preclude rural and community based inpatient rehabs from providing this service line to and for their community. As this is another of the rules that are ideally addressed by CMS and/or Accreditation bodies, is this a change that can be considered under the current timetable for the periodic rule review?
North Carolina Healthcare Association	The requirement in Section .5412 (2) "*shall provide the consulting services of a neuropsychologist"* is not consistent with CMS requirements for inpatient comprehensive inpatient providers of TBI services. Obtaining these services in rural areas may be difficult due to lack of access to neuropsychologists. Suggest: remove the requirement or modify to require "the provision of clinical counseling" without mandating a credential for the provider of the service.

Agency Response to Comments Above:

DHSR does not support deleting "consulting services of a neuropsychologist" in the rule.

NC General Assembly Session Law 2019 – 240; Senate Bill 537
(38a) Traumatic brain injury. – An injury to the brain caused by an external physical force resulting in total or partial functional disability, psychosocial impairment, or both, and meets all of the following criteria: a. Involves an open or closed head injury. b. Resulted from a single event or resulted from a series of events which may include multiple concussions. c. Occurs with or without a loss of consciousness at the time of injury. d. Results in impairments in one or more areas of the following functions: cognition; language; memory; attention; reasoning; abstract thinking; judgment; problem-solving; sensory, perceptual, and motor abilities; psychosocial behavior; physical functions; information processing; and speech. e. Does not include brain injuries that are congenital or degenerative. …." Approved November 6, 2019

Hospital rule: 10A NCAC 13B .1902 DEFINITIONS
The following definitions shall apply throughout this Section, unless text otherwise clearly indicates to the contrary:
(1) (2) (3) .

(4) "Brain injury long-term care" is defined as an interdisciplinary, intensive maintenance program for patients who have incurred brain damage caused by external physical trauma and who have completed a primary course of rehabilitative treatment and have reached a point of no gain or progress for more than three consecutive months. Services are provided through a medically supervised interdisciplinary process and are directed toward maintaining the individual at the optimal level of physical, cognitive and behavioral functioning.

NCHA references the following CMS rule:

42 CFR 482.56 Condition of Participation: Rehabilitation Services

Addresses the provision of rehabilitation, physical therapy, occupational therapy, audiology, or speech pathology services in an organized manner to ensure the health and safety of patients. The provision of rehab services in this particular regulation clearly addresses the physical needs of patients. However, this regulation is not intended to be an all-inclusive listing of all the care, treatment and services warranted by a traumatic brain injury patient in an acute inpatient rehabilitation bed or outpatient setting. Examples of care needs may include sensory problems, emotional problems, and/or thinking problems of which the services of a psychologist/neuropsychologist are needed to assess and treat problems with thinking, memory, mood, and behavior. Provision of services via technology-assisted media or telemedicine is an optional mean of assessing and serving the needs of patients.

A position statement from the North Carolina Psychology Board from March, 2005, titled “Provision of Services via electronic means” stated that deleting the services of a neuropsychologist has the potential of diminishing the delivery of quality care and meeting he needs of TBI patients.

At this time, we do not have the support of NC Psychology Board and/or NC DHHS Division of Mental Health, Developmental Disabilities and Substance Abuse Services Traumatic Brain Injury Team, NC DHSR Mental Health Licensure Section to delete the reference in the rule. DHSR recommends no change to the reference in the rule on “consulting services of a neuropsychologist.”

EXHIBIT D

Friends Homes

Compliance Summary:

- **<u>Violation of MCC Compliance policy (Section A Only)</u>**

  1) Violation of 12 month compliance requirement (Section B of MCC Compliance Policy):

     - NONE

  2) Violation of multi-year history of non-compliance requirement (Section A of MCC Compliance Policy):

     - VIOLATION (FYE 2018 & FYE 2016)
       - FYE 2019 (Review of Routine Annual & Quarterly Filings) – No Findings
       - FYE 2018 (Review of Routine Annual & Quarterly Filings)
         - Late filing of Opinion of Counsel regarding financing statements
       - FYE 2017 (Review of Routine Annual & Quarterly Filings) – No Findings
       - FYE 2016
         - Late filing of Opinion of Counsel regarding financing statements
         - Late filing of Schedule K

Selected Application Information:

1) Information from FYE 2019 (9/30 Year End) Audit of Friends Homes:

Operating Income	$ 2,476,937
Resident Service Revenue	$ 29,590,499
Change in Unrestricted Net Assets	$ 613,870
Change in Net Assets	$ 655,528
Net Cash provided by Operating Activities	$ 2,793,296
Unrestricted Cash	$ 1,143,803
Change in Cash	$ (78,922)

Note: Decrease in cash due to purchase of investments and property.

2) Ratings: None

3) Community Benefits (FYE 2019):

Per N.C.G.S § 105 – 5.16% (Eligible for 100% property tax exclusion)

- Total Community Benefits and Charity Care - $1,428,075

4) Long-Term Debt Service Coverage Ratios:

Actual	FYE	2019	2.73
Forecasted	FYE	2020	1.94
Forecasted	FYE	2021	2.03
Forecasted	FYE	2022	2.50
Forecasted	FYE	2023	1.32
Forecasted	FYE	2024	1.35

5) Transaction Participants:

Underwriter	BB&T Capital Markets
Feasibility Consultant	*TBD*
Bond Counsel	Parker Poe Adams & Bernstein LLP
Corporation Counsel	Hill Evans Jordan & Beatty PLLC
Underwriter Counsel	McGuireWoods LLP
Trustee	U.S. Bank National Association
Trustee Counsel	Troutman Sanders LLP

6) Other Information:

(a) Board diversity

Male:	13
Female:	7
Total:	20

Caucasian:	18
African American:	2
	20

(b) Diversity of residents

Guilford / West

Male:	75 / 90
Female:	235 / 202
Total:	310 / 292

Caucasian:	309 / 291
African American:	1 / 1
	310 / 292

(c) Fee Schedule – Attached (D-3)

(d) MCC Bond Sale Approval Policy Form – Attached (D-5)

Friends Homes
ESTABLISHED 1958

Guilford Campus - 2020

	Description	Square footage	Entrance Fee	Single Occupancy Monthly Service Fee	Double Occupancy Monthly Service Fee
Hobbs					
	1 Bedroom	835	$105,000*	$2,579	$3,174
	2 Bedroom	1232	$151,000*	$3,430	$4,025
	2 Bedroom Deluxe	1352	$162,000*	$3,666	$4,261

* Amortizes by 1.6% per month over 60 months less a 4% non-refundable fee.

- Main level 1 and 2 Bedroom apartments with patios are an additional $5,000 (one-time fee)

- Monthly Service Fees include one meal per day and all utilities except telephone, cable and wifi (additional $50 per month).

			Partial Kitchen	Full Kitchen		
Woolman & Fox						
	Studio	334	$26,000	N/A	$1,605	n/a
	1 Bedroom	576-648	$42,000	$65,000	$2,448	$3,043
	1 Bedroom Deluxe	792	N/A	$70,000	$2,909	$3,504
	2 Bedroom	910-982	$58,000	$80,000	$3,235	$3,830

- Main level apartments with patios are an additional $5,000 (one-time fee)

- Monthly Service Fees include one meal per day and all utilities except telephone, cable and wifi (additional $50 per month).

		Monthly Rate
Elizabeth Fry Hall		
(Assisted living)	Private	$4,047
	Private Deluxe	$4946/$7419

		Daily Rate
Whittier Nursing Center		
	Semi-private room	**$283
	Private room	**$296

***Reflects discounted rate for Friends Homes residents*

EQUAL HOUSING OPPORTUNITY

Friends Homes
ESTABLISHED 1958

West Campus - 2020

Indepdendent Living	Description	Square footage	Entrance Fee*	Single Occupancy Monthly Service Fee	Double Occupancy Monthly Service Fee
	1 Bedroom	800	$105,000	$2,532	$3,127
	2 Bedroom Standard	1090	$145,000	$3,367	$3,962
	2 Bedroom with Balcony	1140	$150,000	$3,478	$4,073
	2 Bedroom Deluxe	1166	$156,000	$3,581	$4,176

* Amortizes by 1.6% per month over 60 months less a 4% non-refundable fee.
Monthly Service Fees include one meal per day and all utilities except telephone, cable and wifi (additional $50 per month).

Assisted Living		Monthly Rate
	Private room	$4,946

Nursing Center		Daily Rate
	Private room	**$296

***Reflects discounted rate for Friends Homes residents*

EQUAL HOUSING OPPORTUNITY

NC MCC Bond Sale Approval Form	
Facility Name: Friends Homes	
	Time of Preliminary Approval
SERIES: 2020	
PAR Amount	$68,185,000.00
Estimated Interest Rate	5.00%
All-in True Interest Cost	5.00%
Maturity Schedule (Interest) - Date	9/1/2050
Maturity Schedule (Principal) - Date	9/1/2050
Bank Holding Period (if applicable) - Date	N/A
Estimated NPV Savings ($) (if refunded bonds)	N/A
Estimated NPV Savings (%) (if refunded bonds)	N/A
NOTES:	