



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

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Governor

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Division Director

July 29, 2014

Ms. Emily Cromer, Ascendent Healthcare Advisors, Inc.  
324 Blackwell Street, Suite 1100  
Durham, NC 27701

**Exempt from Review**

Facility: Salemtowne  
Project Description: Replace 46 existing adult care home beds on the same site and obtain a separate license  
County: Forsyth  
FID #: 923440

Dear Ms. Cromer:

In response to your letter of May 15, 2014, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(e). Therefore, you may proceed to develop the above referenced project without a certificate of need.

However, you need to contact the Construction, Nursing Home Licensure and Certification and Adult Care Home Licensure Sections of the Division of Health Service Regulation to determine if they have any requirements for development of the proposed project.

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

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

Sincerely,

Celia C. Inman  
Project Analyst

Martha J. Frisone, Interim Chief  
Certificate of Need Section

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

**Certificate of Need Section**

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

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

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

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

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Celia



May 15, 2014

Martha Frisone, Interim Chief  
Kim Randolph, Project Analyst  
Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Service Center  
Raleigh, NC 27699-2704



**RE: Exemption from Review Notification for Replacement, Renovation, and Expansion of Existing Adult Care Home Facility Pursuant to N.C. GEN. STAT. § 131E-184(e)**

Dear Ms. Frisone and Ms. Randolph:

Moravian Home, Inc. d/b/a Salemtowne intends to replace its existing general adult care home facility on the same site of its continuing care retirement community (CCRC). As discussed in detail below, the replacement, renovation, and expansion will not result in a change in bed capacity; however, it will provide innovative, homelike residential dining spaces and expand common areas which will serve to improve the quality of life of the residents of the existing adult care home facility. The purpose of this letter is to notify the North Carolina Department of Health and Human Services, Division of Health Service Regulation, CON Section (the Agency) of this exempt replacement, renovation, and expansion under the CON law's exemption provisions set forth under N.C. GEN. STAT. § 131E-184, and to request the Agency's confirmation of this project's exempt status.

The adult care home facility Salemtowne intends to replace currently houses 46 general adult care home beds. The existing facility, which occupies 26,597 square feet of space across two floors, was constructed approximately 42 years ago and has not undergone any significant renovation since that time. The design of the existing facility does not meet modern standards for comfort and energy efficiency and it is difficult and cost-prohibitive to make changes to the existing layout given its cinderblock construction. As such, renovation of the existing facility was determined to be cost-prohibitive. Salemtowne has submitted a certificate of need application to replace and expand its existing skilled nursing facility. Once the skilled nursing facility has been replaced and the existing building has been vacated, Salemtowne intends to renovate and expand the vacated skilled nursing facility to house all of its general adult care home beds. Upon completion of the replacement/renovation/expansion, Salemtowne's general adult care home facility will continue to house 46 general adult care home beds. Please note that the reference to expansion does not refer to an expansion of licensed bed capacity, rather

it refers to an expansion of the space the adult care home beds will occupy as well as the expansion of the footprint of the existing nursing facility (that will be vacated pursuant to the concurrently filed CON application and then utilized for the exempt replacement of the adult care home facility) by approximately 1,124 square feet. Of note, the project and the concurrently filed CON application allow for a phased development that will not interrupt normal day-to-day operations or result in the temporary displacement of any residents during construction and renovation. That is, once the replacement nursing facility is built and the residents vacate the existing nursing facility, Salemtowne can begin renovation of the existing nursing facility to house its relocated adult care home beds, during which time the adult care home beds remain in place and operational.

As discussed below, we believe that the project is exempt from CON review under N.C. GEN. STAT. § 131E-184. In particular, under subpart (e), the General Assembly has chosen to exempt the following, otherwise reviewable, events from CON review:

- (e) The Department shall exempt from certificate of need review a capital expenditure that exceeds the two million (\$2,000,000) threshold set forth in G.S. 131E-176(16)b. if all of the following conditions are met:
  - (1) The proposed capital expenditure would:
    - a. Be used solely for the purpose of renovating, replacing on the same site, or expanding an existing:
      - 1. Nursing home facility,
      - 2. Adult care home facility, or
      - 3. Intermediate care facility for the mentally retarded; and
    - b. Not result in any change in bed capacity, as defined in G.S. 131E-176(5), or the addition of a health service facility or any other new institutional health service other than that allowed in G.S. 131E-176(16)b.
  - (2) The entity proposing to incur the capital expenditure provides prior written notice to the Department, which notice includes documentation that demonstrates that the proposed capital expenditure would be used for one or more of the following purposes:
    - a. Conversion of semiprivate resident rooms to private rooms.
    - b. Providing innovative, homelike residential dining spaces, such as cafes, kitchenettes, or private dining areas to accommodate residents and their families or visitors.
    - c. Renovating, replacing, or expanding residential living or common areas to improve the quality of life of residents.

See N.C. GEN. STAT. § 131E-184(e).

Salemtowne's replacement, renovation, and expansion project falls within the scope of subpart (e)(1) because the proposed capital expenditure will be used solely for the purpose of renovating, expanding, and replacing (on the same site) an existing adult care home facility and it will not result in any change in bed capacity, or the addition of a health service facility or any other new institutional health services. Salemtowne's general adult care home facility is currently licensed for 46 general adult care home beds and it will continue to be licensed for 46 general adult care home beds upon completion of the replacement, renovation, and expansion. Moreover, the project does not involve the construction, development, or other establishment of a new health service facility; the purchase or transfer of any major medical equipment or any *per se* reviewable equipment as defined under N.C. GEN. STAT. §§ 131E-176(14o) and (16)(fl); or the offering of any *per se* reviewable services. Further, under subpart (e)(2), the proposed capital expenditure will be used to provide innovative, homelike residential dining spaces to accommodate residents and their families or visitors and to renovate, replace, and expand residential living and common areas to improve the quality of life of the residents. It is important to note that the existing adult care home facility, Masten Assisted Living Center, is grossly undersized, occupying only 26,597 total square feet of space (located on the second and third floors of the facility). In contrast, the space to be vacated by Phillips Health Care Center (the existing skilled nursing facility) occupies approximately 44,567 square feet of space. As noted above, Salemtowne intends to renovate the vacated facility as well as construct 1,124 square feet of new space for a total square footage amount of 45,691 upon project completion, which is more than 19,000 square feet larger than the existing Masten Assisted Living Center. The additional space will allow Salemtowne to right-size spaces. In particular, the proposed renovation is designed to improve the existing general adult care home facility design in order to allow Salemtowne to provide its residents with a more home-like environment where personal choice, privacy and dignity are the hallmarks of care. Of note, the expanded footprint will allow Salemtowne to develop multiple living/library spaces in close proximity to resident rooms. Salemtowne believes that this design will facilitate socialization, encourage residents to become involved, and strengthen the sense of community. The renovated facility also includes two dining areas—one to accommodate a minimum of 46 people each and another private dining room to accommodate residents, their families, or visitors. The design of the proposed dining areas will improve the quality of life of residents, particularly those residing on the third floor of Masten Assisted Living Center who at present must travel via elevator to the second floor to access the dining room. The renovated facility will also include a pantry/kitchen with warming and cooking capabilities which will help to stimulate residents' appetites and provide residents with more choice in dining.

As illustrated in the line drawings, excerpted on the following page, each of the resident rooms will be located at the periphery. This design maximizes the use of natural light, which contributes to improved patient well-being and creates a more efficient building. Moreover, all resident rooms will be located on one floor (unlike the existing Masten Assisted Living Center). This will allow all of the residents to have access to outdoor space without having to travel via elevator as with the existing adult care home facility. As illustrated below, the renovated facility will include two courtyards with plantings, patios, and walkways. These areas will provide peaceful seating areas as well as ample room for walking exercise. The gardens will also provide residents with the opportunity to engage in gardening activities.



Based on the foregoing information, we respectfully request that the Agency confirm that the replacement and renovation described herein is exempt from Certificate of Need review under N.C. GEN. STAT. § 131E-184(e).

Thank you for your attention to this matter. If you have any questions or require any additional information to consider this request, please do not hesitate to contact me at (919) 226-1707.

Sincerely,

A handwritten signature in cursive script that reads "Emily Cromer".

Emily Cromer  
Principal  
Ascendient Healthcare Advisors, Inc.