



GEORGIA DEPARTMENT OF
COMMUNITY HEALTH

Rhonda M. Medows, MD, Commissioner

Sonny Perdue, Governor

2 Peachtree Street, NW
Atlanta, GA 30303-3159
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WRITER'S DIRECT DIAL
404-657-7198

June 30, 2008

Roger Cochran, Ph.D.
Morgan Healthcare Consulting, LLC
5555 Glenridge Connector, Suite 200
Atlanta, GA 30342

RE: Senate Bill 433 Clarification Regarding Continuing Care Retirement
Communities

Dear Mr. Cochran:

The Georgia Department of Community Health, Division of Health Planning (the Department) is in receipt of your request, dated May 20, 2008, seeking clarification with respect to the continuing care retirement communities (CCRC) provisions contained in Senate Bill 433. Your request was submitted in response to the Department's invitation to submit questions regarding the impact and applicability of Senate Bill (SB) 433, a Certificate of Need (CON) reform bill passed during the 2008 session of the Georgia General Assembly.

Your letter asks whether a proposed CCRC that wishes to offer over 24 personal care beds that will not accept Medicaid reimbursement will be able to avail itself of the exemption for CCRCs contained in SB 433. You also inquire as to the mechanism the Department will use to issue the required written exemption referenced in the SB 433 CCRC exemption, whether a written exemption is required for the sheltered skilled nursing component of a CCRC, and whether there is a limitation on the number of sheltered skilled nursing beds within a CCRC.

The CON reform changes contained within SB 433 are effective on July 1, 2008. One of the new exemptions from prior CON review and approval in the legislation is for continuing care retirement communities, provided that the skilled nursing component of the facility is for the exclusive use of residents of the continuing care retirement community and that a written exemption is obtained from the Department. O.C.G.A. § 31-6-47(a)(17). {Note: all citations referenced are effective July 1, 2008}. The exemption goes on to provide for instances where the sheltered nursing beds may be used by non-resident persons for a period of five years in decreasing percentages. A CCRC is specifically defined at O.C.G.A. § 31-6-2(11).

Please be advised that Section 3-1 of SB 433 provides that the CON changes in Part I of the bill shall become effective on July 1, 2008, and shall only apply to applications submitted on or after July 1, 2008. The Department interprets the exemption to apply to

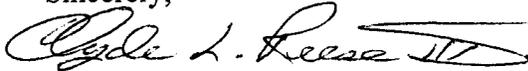
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an entire CCRC community, inclusive of all its components, as defined in the statute, including personal care beds, if the specific requirements of the statutory exemption are met. Also, the Department feels there would be no limit on the number of sheltered skilled nursing beds a CCRC, which met the statutory exemption requirements, could build and offer. The Department considers skilled nursing beds offered in a CCRC only for the residents of the CCRC, not to the general population, subject to the limitations outlined in the statutory exemption, and which will not be eligible for Medicaid reimbursement, to be sheltered beds that qualify the entire CCRC for the statutory exemption.

Please be advised that a party wishing to avail itself of this exemption on or after July 1, 2008, must submit a specific and factual determination request to the Department on the existing published Determination form, along with the proper filing fee. The Department will respond as appropriate, and the Department response shall be the written confirmation of exemption required in SB 433. This letter is not an official written confirmation of any activity to be undertaken on or after July 1, 2008 pursuant to SB 433.

I hope this letter is responsive to your request. If there are any further questions or concerns, please feel free to contact me at the Department.

Sincerely,

A handwritten signature in black ink, appearing to read "Clyde L. Reese III". The signature is fluid and cursive, with a prominent initial "C" and a long, sweeping underline.

Clyde L. Reese, III
General Counsel