



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

RESPONSE REQUIRED

June 27, 2016

Dee Jay Zerman
UNC, HCS, Hedrick Building
211 Friday Center Drive, Suite G015
Chapel Hill, NC 27517

Conditional Approval

Project ID #: J-11163-16
Facility: University of North Carolina Hospitals-Hillsborough
Project Description: Develop 29 additional acute care beds on the Hillsborough campus for a total of 101 acute care beds on that campus and 890 on the hospital license, relocate the 30 inpatient rehabilitation beds from Chapel Hill campus and offer inpatient dialysis services on the Hillsborough campus
County: Orange
FID #: 090274

Dear Ms. Zerman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) has conditionally approved the above referenced certificate of need application. This decision was made after a review of the applications submitted for this cycle and after consideration of the Certificate of Need Law, G.S. 131E-175 et. seq. and regulations promulgated there under, the State Medical Facilities Plan, and other applicable information. Attached to this letter are the required findings made with respect to your application. The applicant shall not proceed with the construction, offering or development of this project until the certificate of need is issued. Further, the Agency shall not issue the certificate of need until all applicable conditions of approval have been met pursuant to G.S. 131E-187(a). The conditions are as follows:

1. University of North Carolina Hospitals at Chapel Hill shall materially comply with all representations made in its certificate of need application.



Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

Telephone 919-855-3873 • Fax 919-715-4413

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

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

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2. University of North Carolina Hospitals at Chapel Hill shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application and which would otherwise require a certificate of need.
3. University of North Carolina Hospitals at Chapel Hill shall develop no more than 29 additional acute care beds at UNC Hospitals Hillsborough Campus for a total of no more than 101 acute care beds, including 18 ICU beds, on that campus. This project and Project ID #J-11164-16 (add 55 acute care beds at UNC Hospitals Chapel Hill Campus for a total of no more than 789) would bring the total number of acute care beds for UNC Hospitals to 890 beds, upon completion of both projects.
4. University of North Carolina Hospitals at Chapel Hill shall develop no more than six inpatient dialysis stations at UNC Hospitals Hillsborough Campus, including any isolation stations.
5. University of North Carolina Hospitals at Chapel Hill shall develop no more than 32 unlicensed observation beds at UNC Hospitals Hillsborough Campus.
6. University of North Carolina Hospitals at Chapel Hill shall relocate 30 inpatient rehabilitation beds and related services from UNC Hospitals Chapel Hill Campus to UNC Hospital Hillsborough Campus.
7. University of North Carolina Hospitals at Chapel Hill shall develop and implement an energy efficiency and sustainability plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.
8. Prior to issuance of the certificate of need, University of North Carolina Hospitals at Chapel Hill shall acknowledge acceptance of and agree to comply with all conditions stated herein in writing to the Certificate of Need Section.

Response to the above conditions should be submitted to the Agency no later than 35 days from the date of the decision. Failure to respond within this time period may result in the Agency making a determination not to issue a certificate of need for the project referenced above.

The conditional approval is valid only for a capital expenditure of \$76,889,557. If a cost overrun occurs that exceeds the approved capital expenditure amount, a new certificate of need may be required as determined by G.S. 131E-176(16)(e).

The applicant should be aware that according to the Certificate of Need law any affected person shall have thirty (30) days after the date of decision to file a petition for a contested case on this approval. Further, if you are aggrieved by the conditions of the decision you may file a petition for a contested case hearing in accordance with G.S. 150B, Article 3, as amended. This petition must be filed with the Office of Administrative Hearings, 6714 Mail Service Center, Raleigh, North Carolina 27699-6714 within thirty (30) days of the date of this decision. [Note: Effective October 1, 2009, OAH requires a filing fee with submittal of petitions for contested cases. Please direct all questions regarding this fee to OAH Clerk's Office (919-431-3000).]

G.S. 150B-23 provides that a party filing a petition must also serve a copy of the petition on all parties to the petition. Therefore, if you file a petition for a contested case hearing, you must serve a copy of the petition on the Department of Health and Human Services by mailing a copy of your petition to:

Emery Milliken
Department of Health and Human Services,
Office of Legal Affairs,
Adams Building – Room 154
2001 Mail Service Center
Raleigh, North Carolina, 27699-2001

It is requested that a copy of the petition also be served on the Agency.

The certificate of need will not be issued before the completion of this 30 day period ending July 27, 2016. If a contested case request is received within the thirty (30) day period, the certificate will not be issued until the appeal is resolved (10A NCAC 14C .0208).

The timetable for completion of the project is the timetable outlined in the certificate of need application, unless an adjustment has been made by the Agency because the review period was extended. The timetable for this project is as follows:

Approval of Final Drawings by the Construction Section, DHSR _____	June 16, 2018
25% Completion of Construction _____	January 4, 2019
50% Completion of Construction _____	July 24, 2019
75% Completion of Construction _____	February 9, 2020
Completion of Construction _____	August 28, 2020
Occupancy/Offering of Service/Operation of Equipment _____	October 1, 2020

If the decision is appealed, the timetable set forth in this letter will be adjusted accordingly before the Certificate of Need is issued. Please contact this office if any clarification of this decision is required.

Please refer to the Project ID # and Facility ID # (FID) in all correspondence.

Sincerely,

Celia C. Inman
Project Analyst

Lisa Pittman
Team Leader, Certificate of Need

Attachment

cc: Acute & Home Care Licensure & Certification Section, DHSR
Construction Section, DHSR
Paige Bennett, Assistant Chief, Healthcare Planning, DHSR

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing notice of **conditional approval** on the following person by placing a copy in an official depository of the United States Postal Service in a postage-paid, first class envelope addressed as follows:

Dee Jay Zerman
UNC, HCS, Hedrick Building
211 Friday Center Drive, Suite G015
Chapel Hill, NC 27517

Project ID #: J-11163-16
FID #: 090274

This the 27th day of June, 2016.

Celia C. Inman
Project Analyst, Certificate of Need