



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

RESPONSE REQUIRED

April 28, 2017

Chasity Chace
1202 Medical Center Drive
Wilmington, NC 28401

Conditional Approval

Project ID #: O-11275-16
Facility: Cape Fear Surgical Center, LLC
Project Description: Develop a new ASC with three existing operating rooms relocated from New Hanover Regional Medical Center, and three existing GI Endoscopy rooms from Wilmington Health
County: New Hanover
FID #: 160563

Dear Ms. Chace:

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, N.C. Gen. Stat. §131E-175 et. seq. and regulations promulgated there under, the State Medical Facilities Plan, and other applicable information. Written notice of all findings and conclusions upon which the decision was based will be provided to the applicants within five business days after the date of the decision in accordance with N.C. Gen. Stat. §131E-186. 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 that can be satisfied before issuance of the certificate of need have been met pursuant to N.C. Gen. Stat. §131E-187(a). The conditions are as follows:

1. Cape Fear Surgical Center, LLC, New Hanover Regional Medical Center, Wilmington Health, PLLC and New Hanover Ambulatory Surgery, LLC, shall materially comply with all representations made in the certificate of need application except as specifically amended by these conditions of approval.

HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

WWW.NCDHHS.GOV

TELEPHONE 919-855-3873

LOCATION: EDGERTON BUILDING • 809 RUGGLES DRIVE • RALEIGH, NC 27603

MAILING ADDRESS: 2704 MAIL SERVICE CENTER • RALEIGH, NC 27699-2704

AN EQUAL OPPORTUNITY/ AFFIRMATIVE ACTION EMPLOYER



2. Cape Fear Surgical Center, LLC, New Hanover Regional Medical Center, Wilmington Health, PLLC and New Hanover Ambulatory Surgery, LLC, 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 that would otherwise require a certificate of need
3. Cape Fear Surgical Center, LLC, New Hanover Regional Medical Center, Wilmington Health, PLLC and New Hanover Ambulatory Surgery, LLC, shall not develop any new operating rooms as part of this project.
4. Cape Fear Surgical Center, LLC, New Hanover Regional Medical Center, Wilmington Health, PLLC and New Hanover Ambulatory Surgery, LLC, shall construct an ambulatory surgical facility licensed for no more than three operating rooms to be relocated from NHRMC and three multispecialty GI/endoscopy rooms to be relocated from Wilmington Health.
5. Cape Fear Surgical Center, LLC, New Hanover Regional Medical Center, Wilmington Health, PLLC and New Hanover Ambulatory Surgery, LLC, shall meet all criteria to receive accreditation of the ambulatory surgical facility from JCAHO, AAAHC or a comparable accreditation authority within two years following completion of the facility.
6. Upon licensure Cape Fear Surgical Center, LLC, New Hanover Regional Medical Center, Wilmington Health, PLLC and New Hanover Ambulatory Surgery, LLC, shall take the steps necessary to delicense three operating rooms at NHRMC and three multispecialty GI/endoscopy rooms at Wilmington Health such that NHRMC shall be licensed for no more than 32 operating rooms and that Wilmington Health Endoscopy Center shall no longer be licensed as an ambulatory surgical facility.
7. Cape Fear Surgical Center, LLC, New Hanover Regional Medical Center, Wilmington Health, PLLC and New Hanover Ambulatory Surgery, LLC, shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Healthcare Planning and Certificate of Need Section in writing prior to issuance of the certificate of need.

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 CON Section 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 **\$28,946,325**. If a cost overrun occurs that exceeds the approved capital expenditure amount, a new certificate of need may be required as determined by N.C. Gen. Stat. §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 N.C. Gen. Stat. §150B, Article 3, as amended. This petition must be filed with the Office of Administrative Hearings, P.O. Drawer 27447, Raleigh, North Carolina 27611-7447 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).]

N.C. Gen. Stat. §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:

Lisa G. Corbett
Department of Health and Human Services,
Office of Legal Affairs,
Adams Building – Room 154
2001 MSC
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 **May 30, 2017**. 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:

Obtaining Funds Necessary to Undertake Project _____	June 1, 2017
Completion of Preliminary Drawings _____	September 27, 2017
Completion of Final Drawings and Specifications _____	January 19, 2018
Approval of Final Drawings and Specifications by the Construction Section, DHR _____	March 2, 2018
Contract Award _____	March 12, 2018
25% Completion of Construction (25% of the Dollar Value of the Contract in Place) _____	August 1, 2018
50% Completion of Construction _____	December 1, 2018
75% Completion of Construction _____	March 1, 2019
Completion of Construction _____	June 19, 2019
Occupancy/Offering of Services _____	July 1, 2019

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 us if any clarification of this decision is required.

Chasity Chace
April 28, 2017
Page 4

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

Sincerely,

Gregory F. Yakaboski
Project Analyst

Fatimah Wilson
Team Leader

Martha J. Frisone
Assistant Chief, Certificate of Need

Attachment

cc: Construction Section, DHSR
Acute & Home Care Licensure & Certification 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:

Chasity Chace
1202 Medical Center Drive
Wilmington, NC 28401

James Shafer
1801 South Seventeenth Street
Wilmington, NC 28401

This the 28th day of April, 2017.

Gregory F. Yakaboski
Project Analyst, Certificate of Need