



North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section

2704 Mail Service Center • Raleigh, North Carolina 27699-2704
<http://www.ncdhhs.gov/dhsr/>

Drexdal Pratt, Director

Beverly Eaves Perdue, Governor
Albert A. Delia, Acting Secretary

Craig R. Smith, Section Chief
Phone: (919) 855-3873
Fax: (919) 733-8139

June 27, 2012

Catharine W. Cummer, Regulatory Counsel, Strategic Planning
Duke University Health System
3100 Tower Blvd, Box 3229
Durham NC 27707

RE: No Review / Duke University Health System d/b/a Duke University Hospital / Renovation of
Clinic 1B and 1C to accommodate consolidated spine clinic services / Durham County
FID #: 943138

Dear Ms. Cummer:

The Certificate of Need (CON) Section received your letter of June 18, 2012 regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

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.

In addition, you should contact the Construction Section to determine if they have any requirements for development of the proposed project. Please contact the CON Section if you have any questions.

Sincerely,

Michael J. McKillip
Project Analyst

Craig R. Smith, Chief
Certificate of Need Section

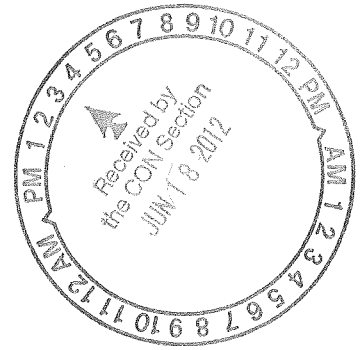
cc: Construction Section, DHSR





Duke University Health System

Catharine W. Cummer
Regulatory Counsel, Strategic Planning



June 18, 2011

Via Electronic Mail

Michael J. McKillip, Project Analyst
Certificate of Need Section
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Construction Project at Duke University Hospital

Dear Mr. McKillip:

I am writing to inform you of a construction project at Duke University Hospital ("Duke") and to request the Section's written confirmation that this project does not require certificate of need review.

With the relocation of services resulting from the recent completion of the Duke Cancer Center and the ongoing construction of the Duke Medical Pavilion, Duke has the opportunity to pursue several discrete renovation projects to update different clinics within the Duke South clinic building. The project that is the subject of this letter is the renovation of clinic space 1B and 1C to accommodate consolidated spine clinic services. Currently, spine providers see patients in many different locations, which include Morreene Road and other locations within Duke South. The new Spine Center space within Duke South will create exam rooms, procedural suites and x-ray rooms sufficient to enable Spine-focused providers from Neurosurgery and Orthopaedics to practice in the same location. The consolidation of spine services would optimize patient efficiency and increase the standardization of patient care processes and may reduce operating expenses through the elimination of redundant resources.

As set forth in the attached capital cost form, the total cost of the project is \$1,961,286. This includes a significant contingency, which ensures that the project cost should remain under \$2 million even in the event of a cost overrun. The components of the project capital cost are:

- Construction – \$1,252,545
- Furniture, Equipment, & Technology – \$361,286

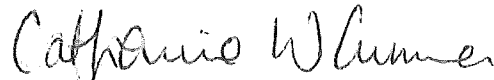
Michael J. McKillip
June 18, 2012

- Architect and Engineering Fees – \$205,000
- Contingency – \$ 142,454

As the total cost is less than \$2 million, and there is no major medical equipment or other new institutional health services developed as part of the project, it is our understanding that this project does not require a certificate of need.

We would appreciate your review of this request and confirmation of our understanding. Please let me know if you have any questions or if we can provide you any further information.

Very truly yours,


Catharine W. Cummer

Enclosure

PROPOSED TOTAL CAPITAL COST OF PROJECT

Project Name: Backfill Clinic 1B/1C

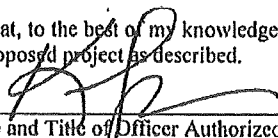
Provider/Company: Duke University Health System d/b/a Duke University Hospital

A. Site Costs	
(1) Full purchase price of land	\$ _____
Acres _____ Price per Acre	\$ _____
(2) Closing costs	\$ _____
(3) Site Inspection and Survey	\$ _____
(4) Legal fees and subsoil investigation	\$ _____
(5) Site Preparation Costs	
Soil Borings.....	\$ _____
Clearing-Earthwork...	\$ _____
Fine Grade For Slab...	\$ _____
Roads-Paving.....	\$ _____
Concrete Sidewalks....	\$ _____
Water and Sewer.....	\$ _____
Footing Excavation....	\$ _____
Footing Backfill.....	\$ _____
Termite Treatment....	\$ _____
Other (Specify).....	\$ _____
Sub-Total Site Preparation Costs	\$ _____
(6) Other (Specify)	\$ _____
(7) Sub-Total Site Costs	\$ _____
B. Construction Contract	
(8) Cost of Materials	
General Requirements	\$ 472,661
Concrete/Masonry	\$ _____
Woods/Doors & Windows/Finishes	\$ 336,734
Thermal & Moisture Protection	\$ _____
Equipment/Specialty Items	\$ 2,840
Mechanical/Electrical	\$ 440,311
Other (Specify)	\$ _____
Sub-Total Cost of Materials.....	\$ _____
(9) Cost of Labor.....	\$ _____
(10) Other (Specify).....	\$ _____
(11) Sub-Total Construction Contract	\$1,252,545
C. Miscellaneous Project Costs	
(12) Building Purchase.....	\$ _____
(13) Fixed Equipment Purchase/Lease	\$ 361,286
(14) Movable Equipment Purchase/Lease	\$ _____
(15) Furniture	\$ _____
(16) Landscaping	\$ _____
(17) Consultant Fees	
Architect and Engineering Fees	\$ 205,000
Legal Fees.....	\$ _____
Market Analysis.....	\$ _____
Other (Specify).....	\$ _____
Other (Specify).....	\$ _____
Sub-Total Consultant Fees.....	\$ 205,000
(18) Financing Costs (e.g. Bond, Loan, etc.)	\$ _____
(19) Interest During Construction.	\$ _____
(20) Other (Specify) CONTINGENCY	\$ 142,454
(21) Sub-Total Miscellaneous	\$ 708,740
(22) Total Capital Cost of Project (Sum A-C above)	\$1,961,286

I certify that, to the best of my knowledge, the costs of the proposed project named above are complete and correct.

 (Signature of Licensed Architect or Engineer) Date Certified: _____

I assure that, to the best of my knowledge, the above costs for the proposed project are complete and correct and that it is my intent to carry out the proposed project as described.


 _____ Date Signed: 6/18/12
 (Signature and Title of Officer Authorized to Represent Provider/Company)