



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

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

February 11, 2014

Lisa D'Agostino
509 Biltmore Avenue
Asheville, NC 28801

No Review

Facility: Highlands-Cashiers Hospital, Inc.
Project Description: Mission Health System, Inc. will become the sole member of Highlands-Cashiers Hospital, Inc.
County: Macon
FID #: 943256

Dear Ms. D'Agostino:

The Certificate of Need Section (CON Section) received your letter of January 24, 2014 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.



Certificate of Need Section

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

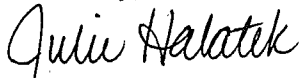
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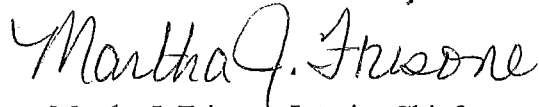
Lisa D'Agostino
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Please contact the CON Section if you have any questions. Also, in all future correspondence you should reference the Facility I.D. # (FID) if the facility is licensed.

Sincerely,



Julie Halatek
Project Analyst



Martha J. Frisone, Interim Chief
Certificate of Need Section

cc: Medical Facilities Planning Branch, DHSR
Acute and Home Care Licensure and Certification Section, DHSR

file



Received by
the CON Section
JAN 31 2014

January 24, 2014

Martha Frisone, Interim Chief
Certificate of Need Section
Division of Health Service Regulation
NC Department of Health and Human Services
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Highlands-Cashiers Hospital, Inc.

Dear Ms. Frisone:

This letter notifies the North Carolina Department of Health and Human Services – Certificate of Need Section regarding a change of information for Highlands-Cashiers Hospital, Inc. (“Highlands”). Highlands operates hospital facilities known as Highlands-Cashiers Hospital (collectively the “Facility”).

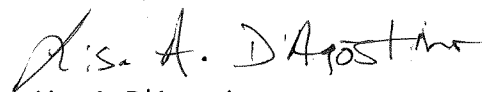
On or about February 1, 2014 Highlands will enter into an affiliation with Mission Health System, Inc. (“Mission”). As a result of this affiliation, Mission becomes the sole member (i.e., the parent) of Highlands. Highlands remains a separate legal entity and continues to operate the Facility. The assets of the Facility continue to be owned by Highlands and there will not be a transfer of any assets (including patient records) to Mission as a result of the affiliation. Highlands will retain and continue to use its provider numbers and will not transfer them to Mission. Highlands’ tax identification number will not change, and the affiliation does not constitute a change of ownership for Medicare enrollment purposes.

The acquisition of “an existing health service facility, including equipment owned by the health service facility at the time of acquisition” is exempt from certificate of need review. N.C. Gen. Stat. § 131E-184(a)(8). Although the transaction described above does not constitute a direct acquisition of the Hospital by Mission, we are providing notice of the affiliation and change of control of Highlands as the parent entity of the Hospital.

Based on the foregoing, we request that you confirm that the proposed affiliation with Highlands is exempt from certificate of need review pursuant to N.C. Gen. Stat. § 131E-184(a)(8) or is otherwise not subject to certificate of need review.

Please let us know if you have any questions or need any additional information.

Sincerely,

A handwritten signature in black ink that reads "Lisa A. D'Agostino". The signature is written in a cursive style with a large initial "L" and "A".

Lisa A. D'Agostino
Sr. Associate General Counsel
Mission Health System