



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

September 3, 2014

Ms. Terrill Harris  
300 N. Greene Street, Suite 1400  
Greensboro, NC 27401

**No Review**

Facility or Business: Central Piedmont Surgery Center, LLC  
Project Description: Acquire remaining 17% ownership of Central Piedmont Surgery Center, LLC  
County: Randolph  
FID #: 090503

Dear Ms. Harris:

The Certificate of Need Section (CON Section) received your letter of August 22, 2014 regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the ownership change described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. Therefore, Randolph Hospital may proceed with acquiring the remaining 17% ownership of Central Piedmont Surgery Center, LLC without first obtaining a certificate of need. Note that pursuant to G.S. 131E-181(b): *"A recipient of a certificate of need, or any person who may subsequently acquire, in any manner whatsoever permitted by law, the service for which that certificate of need was issued, is required to materially comply with the representations made in its application for that 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.

Moreover, you need to contact the Acute and Home Care Licensure and Certification Section of the Division of Health Service Regulation to obtain instructions for changing ownership of the existing facility.

It should be noted that this determination is binding only for the proposal to acquire the remaining 17% ownership of Central Piedmont Surgery Center, LLC. Consequently, if other



**Certificate of Need Section**

[www.ncdhhs.gov](http://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

An Equal Opportunity/ Affirmative Action Employer



changes are made in the Certificate of Need project developed as Central Piedmont Surgery Center, LLC, 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 can include, but are not limited to: (1) modifications in the design of the project; (2) change in location; and (3) material changes in proposed charges and reimbursement rates.

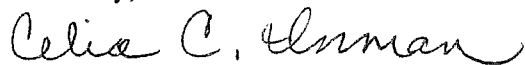
The Agency requires further review and additional information concerning Randolph Hospital's proposal to "*merge CPSC into Randolph and operate the ambulatory surgical facility as a hospital outpatient department under Randolph's license*". N.C.G.S. §131E-178 provides that no person shall offer or develop "a new institutional health service without first obtaining a CON. N.C.G.S. §131E-176(16)u defines "new institutional health service" to include:

The construction, development, establishment, increase in the number, or relocation of an operating room or gastrointestinal endoscopy room in a licensed health service facility, other than the relocation of an operating room or gastrointestinal endoscopy room within the same building or on the same grounds or to grounds not separated by more than a public right-of-way adjacent to the grounds where the operating room or gastrointestinal endoscopy room is currently located. (emphasis added)

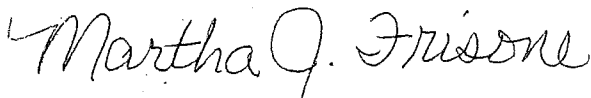
The proposal to "*merge CPSC into Randolph and operate the ambulatory surgical facility as a hospital outpatient department under Randolph's license*" would increase the number of operating rooms on Randolph Hospital's license.

It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office. Also, in all future correspondence you should reference the Facility I.D. # (FID) if the facility is licensed.

Sincerely,



Celia C. Inman, Project Analyst



Martha J. Frisone, Interim Chief  
Certificate of Need Section

cc: Acute and Home Care Licensure and Certification Section, DHSR  
June Ferrell, Attorney General's Office

August 22, 2014

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

Re: Exemption Notice: Reorganization of Central Piedmont Surgery Center, LLC  
FID 090503

Dear Martha and Lisa:

On behalf of our client, Randolph Hospital, Inc. ("Randolph"), we are providing prior written notice of Randolph's planned acquisition of the remaining ownership interests in Central Piedmont Surgery Center, LLC ("CPSC"), an existing, licensed ambulatory surgical facility.

CPSC obtained a certificate of need on January 23, 2010, to establish an ambulatory surgery facility with two operating rooms in Randolph County. CPSC was subsequently assigned Facility ID Number 090503 and License Number AS0133. CPSC is located at 724 Thomas Street<sup>1</sup> in Asheboro, Randolph County, North Carolina, and has been in continuous operation since its initial licensure.

As stated in its CON application, CPSC's initial members/owners were Randolph, individual physicians, and Nueterra, a management company. In January 2014, Randolph acquired the interest of Nueterra so that Randolph currently owns 83% of CPSC. Randolph now plans to acquire the remaining 17% from the physician members and to become the sole member of CPSC. Following the transaction, Randolph plans to merge CPSC into Randolph and operate the ambulatory surgical facility as a hospital outpatient department under Randolph's license. Randolph will lease the building from Asheboro Medical Properties, LLC, the current lessor.

As you know, N.C. Gen. Stat. § 131E-184(a)(8) provides that the Certificate of Need Section shall, upon receipt of prior written notice, exempt from review the acquisition of "an existing health service facility, including equipment owned by the health service facility at the time of acquisition." "Health service facility" is defined to include ambulatory surgical facilities. See N.C. Gen. Stat. § 131E-176(9b). Randolph has always held a majority ownership in CPSC

<sup>1</sup> The physical location listed on the certificate of need is 219 Foust Street, and a declaratory ruling was issued on August 24, 2010 approving the change in location to Thomas Street.

Martha Frisone, Interim Chief  
Lisa Pittman, Assistant Chief  
August 22, 2014  
Page 2

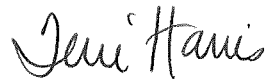
and the acquisition of the remaining ownership interests from individual physicians constitutes a reorganization, not a change of control or ownership. However, Randolph is providing this notice out of an abundance of caution.

Please let us know if you have any questions or need any other information. We expect to close this transaction on October 1, 2014. We look forward to receiving confirmation that this transaction is exempt from review.

With kindest regards, I am

Very truly yours,

SMITH MOORE LEATHERWOOD LLP



Terrill Johnson Harris

cc: Azzie Conley  
Linda Johnson  
Barbara Wolfe  
Robert L. Wilson, Jr.