



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

April 17, 2015

Dee Jay Zerman, Director, Regulatory Planning
James T. Hedrick Building
211 Friday Center Drive, Suite G015
Chapel Hill NC 27517

Exempt from Review

Facility: University of North Carolina Hospitals at Chapel Hill
Project Description: Renovation of 6 West Nursing Unit
County: Orange
FID #: 923517

Dear Ms. Zerman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of April 6, 2015, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(g). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need.

However, you need to contact the Agency's Construction and Acute and Home Care Licensure and Certification Sections to determine if they have any requirements for development of the proposed project.

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 Agency. 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.

If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Michael J. McKillip
Project Analyst

Martha J. Frisone, Assistant Chief
Certificate of Need

cc: Construction Section, DHSR
Acute and Home Care Licensure and Certification Section, DHSR
Assistant Chief, Healthcare Planning



Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

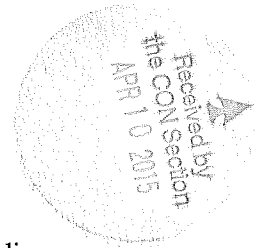
Telephone: 919-855-3873 • Fax: 919-733-8139

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

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

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James T. Hedrick Building
211 Friday Center Drive, Suite G015
Chapel Hill, NC 27517

April 6, 2015

Ms. Martha Frisone, Assistant Chief
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
809 Ruggles Drive
Raleigh, NC 27603

RE: Request for Exemption from Review to Renovate 6 West Nursing Unit at UNC Hospitals

Dear Ms. Frisone:

Pursuant to N.C.G.S. 131E-184 (g) - Exemptions from Review of the Certificate of Need Statute, I am writing to inform you of UNC Hospitals' plan to renovate its 6 West nursing unit.

Pursuant to N.C.G.S. 131E-184 (g), "[t]he Department shall exempt from certificate of need review any capital expenditure that exceeds the two million dollar (\$2,000,000) threshold set forth in G.S. 131E-176(16)b. if any of the following conditions are met:

- (1) The sole purpose of the capital expenditure is to renovate, replace on the same site, or expand the entirety or a portion of an existing health service facility that is located on the main campus.
- (2) The capital expenditure does not result in (i) a change in bed capacity as defined in G.S. 131E-176(5) or (ii) the addition of a health service facility or any other new institutional health service facility or any other new institutional health service other than that allowed in G.S. 131E-176(16)b.
- (3) The licensed health service facility proposing to incur the capital expenditure shall provide written notice to the Department along with support documentation to demonstrate that it meets the exemption criteria of this subsection."

N.C.G.S. 131E-176(14n) states "'Main campus' means all of the following for the purposes of G.S. 131E-184(f) and (g) only:

- a. The site of the main building from which a licensed health service facility provides clinical patient services and exercises financial and administrative control over the entire facility, including the buildings and grounds adjacent to that main building.
- b. Other areas and structures that are not strictly contiguous to the main building but are located within 250 yards of the main building."

UNC Hospitals' proposed renovation of the 6 West nursing unit meets each of the applicable criteria set forth above. The total capital cost of the project is \$4,586,000 to be funded through

accumulated reserves (see Exhibit 1 for a capital cost worksheet). The proposed project involves the renovation of an existing health service facility located on the main campus of UNC Hospitals, 101 Manning Drive, Chapel Hill, NC 27514, which is the main building from which UNC Hospitals provides clinical patient services and exercises financial and administrative control over UNC Hospitals. Please see a site plan of UNC Hospitals' main campus in Exhibit 2 which indicates the location of 6 West as well Med Wing E, the location of the administrative and financial executive offices for UNC Hospitals. UNC Hospitals' main building is composed of several contiguous structures as shown on the site plan. Please see also see a copy of UNC Hospitals' license in Exhibit 3.

The proposed project consists of renovation only and does not involve a change in bed capacity as defined in G.S. 131E-176(5) or the addition of a health service facility or a new institutional health services. The renovations to the 6 West nursing unit will not increase the number of licensed beds, operating rooms, or gastrointestinal endoscopy rooms at UNC Hospitals. The project will not result in the acquisition of major medical equipment or the offering of health services not currently provided. Rather, the renovations will enhance the physical space and services of the unit.

The 6 West nursing unit contains small rooms, once used for pediatric patients, and shared toilets. Once vacant, UNC Hospitals the 6 West nursing unit will be renovated to modern, private rooms. Please see the scale drawing in Exhibit 4. These facility improvements will allow UNC Hospitals to provide enhanced quality of care that meets the needs of its patients.

Based on the above facts, the proposed project is exempt from Certificate of Need review. We are requesting a determination from your office to confirm this exemption.

Please contact me if you have any questions or require additional information at this time.

Sincerely,



Dee Jay Zerman, Director
Regulatory Planning
UNC HCS

DJ.Zerman@unchealth.unc.edu
984-974-1210

Exhibit 1

PROPOSED TOTAL CAPITAL COST OF PROJECT

A. Site Costs

(1) Full purchase price of land	\$	0	
Acres _____ Price per Acre \$ _____			
(2) Closing costs	\$	0	
(3) Site Inspection and Survey	\$	0	
(4) Legal fees and subsoil investigation	\$	0	
(5) Site Preparation Costs			
Soil Borings	\$	0	
Clearing - Earthwork	\$	0	
Fine Grade for Slab	\$	0	
Roads - Paving	\$	0	
Concrete Sidewalks	\$	0	
Water and Sewer	\$	0	
Footing Excavation	\$	0	
Footing Backfill	\$	0	
Termite Treatment	\$	0	
Other (Specify) _____	\$	0	
Sub-Total Site Preparation Costs	\$	0	
(6) Other (Specify) _____	\$	0	
(7) Sub-Total Site Costs			\$ 0

B. Construction Contract

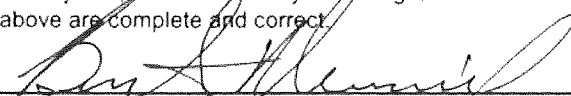
(8) Cost of Materials			
General Requirements	_____		
Concrete/Masonry	_____		
Woods/Doors & Windows/Finishes	_____		
Thermal & Moisture Protection	_____		
Equipment/Specialty Items	_____		
Mechanical/Electrical	_____		
Other () _____	_____		
Sub-Total Cost of Materials	_____		
(9) Cost of Labor	_____		
(10) Other: Construction Contingency	_____		
(11) Sub-Total Construction Contract			\$ 3,566,000

C. Miscellaneous Project Costs

(12) Building Purchase	\$	0	
(13) Fixed Equipment Purchase	\$	0	
(14) Movable Equipment Purchase	\$	0	
(15) Furniture	\$	0	
(16) Landscaping	\$	0	
(17) Consultant Fees			
Architect and Engineering Fees	\$	607,000	
Legal Fees	\$	0	
Market Analysis	\$	0	
Sub-Total Consultant Fees		\$ 607,000	
(18) Financing Costs (e.g. Bond, Loan, etc.)	\$	0	
(19) Interest During Construction	\$	0	
(20) Other: Project Contingency	\$	413,000	
IT Costs	\$	0	
(21) Sub-Total Miscellaneous			\$ 1,020,000
(22) Total Capital Cost of Project (Sum A-C above)			\$ 4,586,000

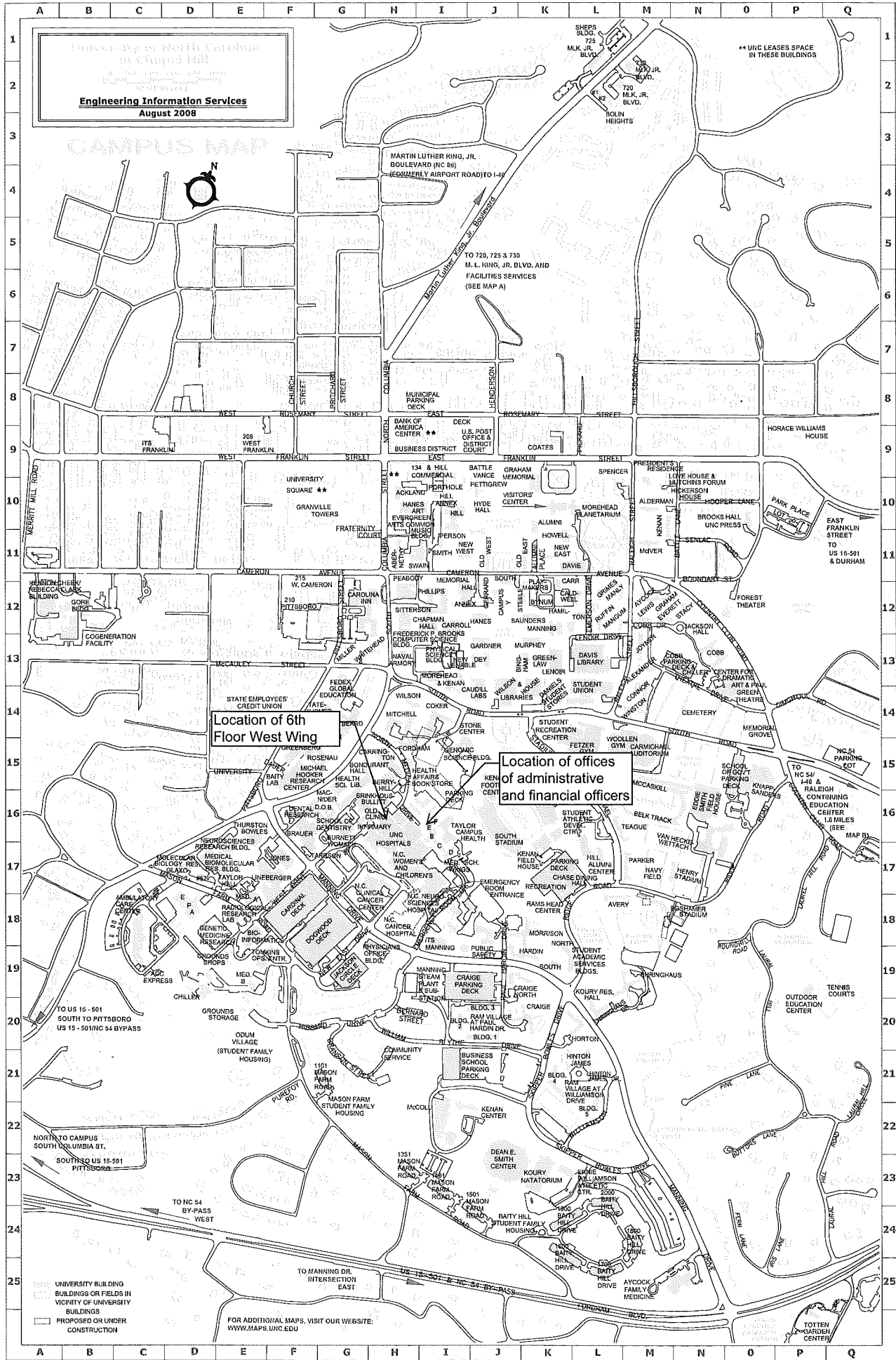


I certify that, to the best of my knowledge, the above construction related costs of the proposed project named above are complete and correct.



 Signature of Licensed Architect or Engineer

Exhibit 2



University of North Carolina
 at Chapel Hill
Engineering Information Services
 August 2008

CAMPUS MAP



**Location of 6th
Floor West Wing**

**Location of offices
of administrative
and financial officers**

- UNIVERSITY BUILDING
- BUILDINGS OR FIELDS IN VICINITY OF UNIVERSITY
- BUILDINGS UNDER CONSTRUCTION
- PROPOSED OR UNDER CONSTRUCTION

FOR ADDITIONAL MAPS, VISIT OUR WEBSITE:
WWW.MAPS.UNC.EDU

Exhibit 3

State of North Carolina

Department of Health and Human Services Division of Health Service Regulation

*Effective January 09, 2015, this license is issued to
University of North Carolina Hospitals at Chapel Hill*

*to operate a hospital known as
University of North Carolina Hospitals
located in Chapel Hill, North Carolina, Orange County.*

*This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall remain
in effect until amended by the issuing agency.*

*Facility ID: 923517
License Number: H0157*

Bed Capacity: 837

General Acute 731, Rehabilitation 30, Psych 76,

Dedicated Inpatient Surgical Operating Rooms: 6

Dedicated Ambulatory Surgical Operating Rooms: 11

Shared Surgical Operating Rooms: 29

Dedicated Endoscopy Rooms: 9

Authorized by:

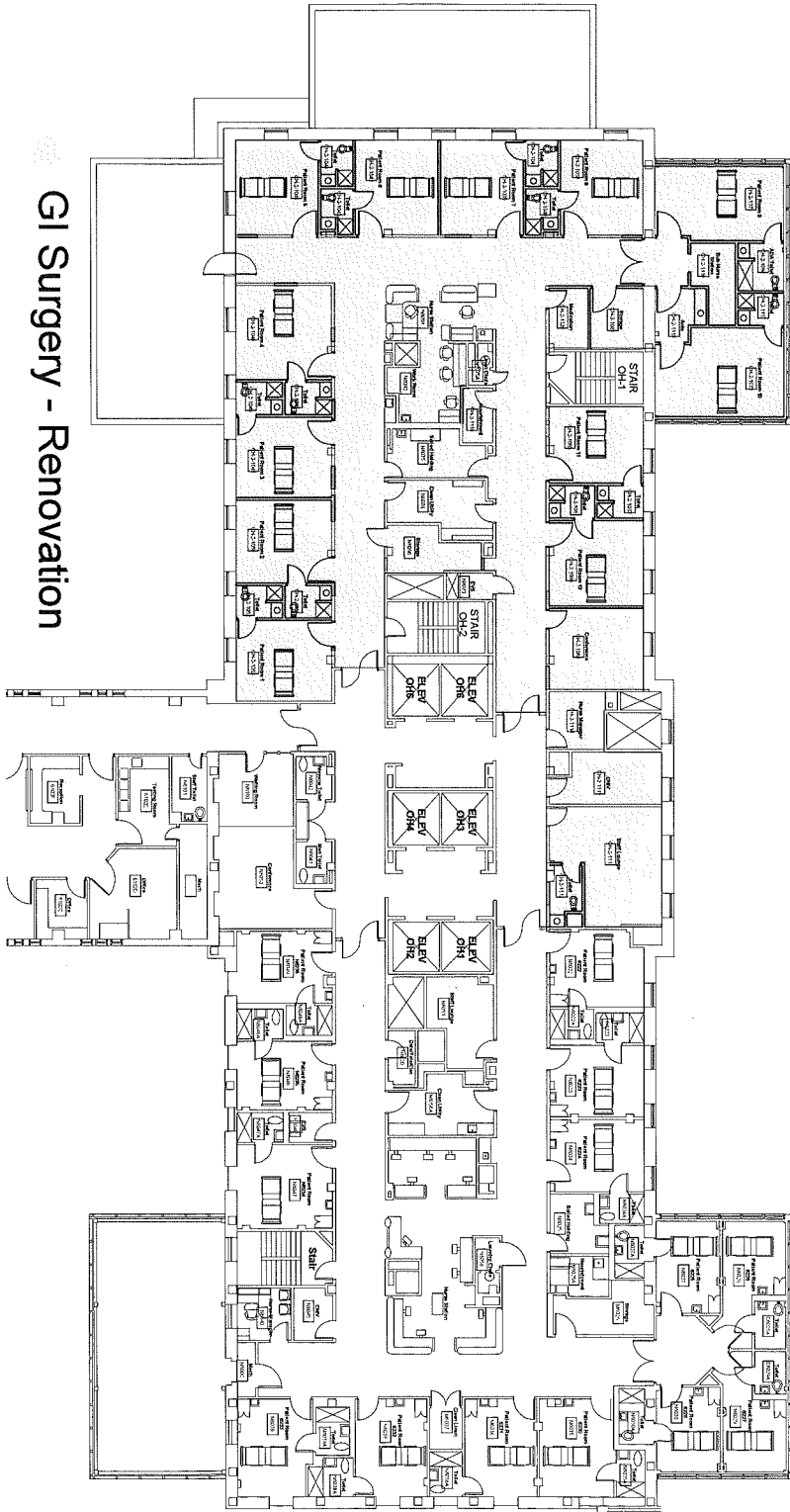


Secretary, N.C. Department of Health and
Human Services



Director, Division of Health Service Regulation

Exhibit 4



GI Surgery - Renovation

6th Floor Old Hospital

UNC HOSPITALS

1" = 20'-0"



MHAworks
 PLANNING ARCHITECTURE INTERIORS

-DURHAM
 -GREENVILLE