



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

Pat McCrory  
Governor

Richard O. Brajer  
Secretary DHHS

Drexdal Pratt  
Division Director

August 31, 2015

Catharine Cummer, Regulatory Counsel, Strategic Planning  
Duke University Health System  
3100 Tower Boulevard, Suite 1300  
Durham NC 27707

**Exempt from Review – Replacement Equipment**

**Record #:** 1698  
**Facility Name:** Duke University Hospital  
**FID #:** 943138  
**Business Name:** Duke University Health System  
**Business #:** 639  
**Project Description:** Replace CT scanner in the emergency department  
**County:** Durham

Dear Ms. Cummer:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of August 24, 2015, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(f). Therefore, you may proceed to acquire, without a certificate of need, the Siemens Force CT scanner. This determination is based on your representations that the unit will be removed from North Carolina and will not be used again in the State without first obtaining a certificate of need.

Moreover, 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 the 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 office and a separate determination. 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  
Assistant Chief, Healthcare Planning  
Acute and Home Care Licensure and Certification Section, DHSR



**Healthcare Planning and Certificate of Need Section**

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

Telephone: 919-855-3873 • Fax: 919-715-4413

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

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

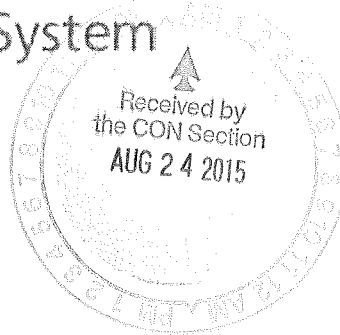
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# Duke University Health System

**Catharine W. Cummer**  
Regulatory Counsel, Strategic Planning



August 24, 2015

Via Electronic Mail

Martha Frisone  
Certificate of Need Section  
Division of Health Service Regulation  
2704 Mail Service Center  
Raleigh, NC 27699-2704

Re: Exempt Replacement Project at Duke University Hospital

Dear Ms. Frisone:

The purpose of this letter is to request the Section's written confirmation that the acquisition of a CT scanner satisfies the requirements under N.C.G.S. 131E-184(f) for "replacement equipment that exceeds the two million dollar (\$2,000,000) threshold set forth in G.S. 131E-176(22) if all of the following conditions are met:

- (1) The equipment being replaced is located on the main campus.
- (2) The Department has previously issued a certificate of need for the equipment being replaced. This subdivision does not apply if a certificate of need was not required at the time the equipment being replaced was initially purchased by the licensed health service facility.
- (3) The licensed health service facility proposing to purchase the replacement equipment shall provide prior written notice to the Department, along with supporting documentation to demonstrate that it meets the exemption criteria of this subsection.

As set forth below, we believe that Duke University Hospital's project is now exempt from certificate of need review.

(1) Main Campus

The purpose of this project is to replace an existing CT scanner that is currently operated in the Duke University Hospital emergency department in Duke North, and that, after replacement, will be located in the Duke Medical Pavilion, which is located on the main campus

of Duke University Hospital. (At the same time, an existing CT scanner currently located in the Duke Medical Pavilion will be relocated to the vacated CT room in the ED; all costs for this relocation are included in the project costs.) The "main campus" of the facility is defined in N.C.G.S. 131E-176(14n) to include both "[t]he 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" and "[o]ther areas and structures that are not strictly contiguous to the main building but are located within 250 yards of the main building."

In this case, Duke University Hospital is a licensed health service facility, and the main hospital building from which Duke University Hospital provides its clinical services and exercises financial and administrative control is the physically contiguous structure that includes Duke South, Duke North, the Duke Children's Hospital, the Duke Medical Pavilion, the Morris Clinic, the Duke Cancer Center, the Wadsworth Building, and the new Hudson Building.

(2) Previous Certificate of Need

Duke received a certificate of need for an emergency department renovation project including the acquisition of the equipment to be replaced pursuant to project ID # J-7072-04 approving the renovation of the emergency department and acquisition of the CT scanner.

(3) Replacement equipment

The equipment qualifies as replacement equipment pursuant to the existing statutory and regulatory definitions. A completed Equipment Comparison form and capital cost form are enclosed. Both the existing equipment and the replacement equipment provide CT imaging procedures. The total project cost exceeds \$2,000,000 reflecting equipment and installation expenses. A copy of the equipment quotation is available upon request. Duke will not acquire any other major medical equipment or develop any other new institutional health services other than those described in Section 131E-176(16)(b).

Thank you for your attention to this request. If you have questions about this information, please let me know.

Very truly yours,



Catharine W. Cummer

Enclosures

EQUIPMENT COMPARISON  
DUH CT ED Replacement

	EXISTING EQUIPMENT	REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	CT	CT
Manufacturer of Equipment	GE Medical Systems	Siemens Medical Systems
Tesla Rating for MRIs	n/a	n/a
Model Number	GE LightSpeed VCT	Force CT
Serial Number	371128CN0	To be determined
Provider's Method of Identifying Equipment	Asset #140865	To be determined
Specify if Mobile or Fixed	Fixed	Fixed
Mobile Trailer Serial Number/VIN #	n/a	n/a
Mobile Tractor Serial Number/VIN #	n/a	n/a
Date of Acquisition of Each Component	2005	To be determined - 2015
Does Provider Hold Title to Equipment or Have a Capital Lease?	Title	Title
Specify if Equipment Was/Is New or Used When Acquired	New	New
Total Capital Cost of Project (Including Construction, etc.) <Use Attached Form>	\$1,162,698.30	\$ 3,169,527
Total Cost of Equipment	\$1,132,698.30	\$ 2,407,882
Fair Market Value of Equipment	\$ 105,000.00	\$ 2,407,882
Net Purchase Price of Equipment	\$1,132,698.30	\$ 2,302,882
Locations Where Operated	Duke University Hospital Emergency Department	Duke University Hospital Duke Medicine Pavilion
Number Days In Use/To be Used in N.C. Per Year	365	365
Percent of Change in Patient Charges (by Procedure)	NA	0
Percent of Change in Per Procedure Operating Expenses (by Procedure)	NA	0
Type of Procedures Currently Performed on Existing Equipment	CT procedures	NA
Type of Procedures New Equipment is Capable of Performing	NA	CT procedures

**PROPOSED TOTAL CAPITAL COST OF PROJECT**

**Project Name:**

**Provider/Company:**

**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) <b>Sub-Total Site Costs</b>		<b>\$ 0</b>

**B. Construction Contract**

(8) Cost of Materials		
General Requirements	\$ _____	
Concrete/Masonry	\$ _____	
Woods/Doors & Windows/Finishes	\$ _____	
Thermal & Moisture Protection	\$ _____	
Equipment/Specialty Items	\$ _____	
Mechanical/Electrical	\$ _____	
Other (Specify)	\$ _____	
Sub-Total Cost of Materials.....	\$ 210,000	
(9) Cost of Labor.....	\$ 315,000	
(10) Other (Contingency).....	\$ 98,500	
(11) <b>Sub-Total Construction Contract</b>		<b>\$ 623,500</b>

**C. Miscellaneous Project Costs**

(12) Building Purchase.....	\$ _____	
(13) Fixed Equipment Purchase/Lease	\$ 2,307,782	
(14) Movable Equipment Purchase/Lease	\$ 25,000	
(15) Furniture	\$ 15,000	
(16) Landscaping	\$ _____	
(17) Consultant Fees		
Architect and Engineering Fees	\$ 78,600	
Legal Fees.....	\$ _____	
Market Analysis.....	\$ _____	
Other (CON/Permit/DHSR).....	\$ 6,500	
Other (Specify).....	\$ _____	
Sub-Total Consultant Fees.....	\$ _____	
(18) Financing Costs (e.g. Bond, Loan, etc.).	\$ _____	
(19) Interest During Construction.	\$ _____	
(20) Other (Technology/Training/Moving/Storage)	\$ 113,145	
(21) <b>Sub-Total Miscellaneous..</b>		<b>\$ 2,546,027</b>
(22) <b>Total Capital Cost of Project (Sum A-C above)</b>		<b>\$ 3,169,527</b>

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: 7-6-15

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.

\_\_\_\_\_  
(Signature and Title of Officer Authorized to Represent Provider/Company)

Date Signed: \_\_\_\_\_