



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

Pat McCrory
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Secretary DHHS

Drexdal Pratt
Division Director

January 13, 2015

Chelsey J. Hadfield
1600 Division Street
Suite 700
Nashville, TN 37203

No Review

Facility or Business: Eastern Regional Surgical Center
Project Description: Change in ownership of the licensee
County: Wilson
FID #: 923475

Dear Ms. Hadfield:

The Certificate of Need Section (CON Section) received your letter(s) of December 17, 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.

Moreover, you need to contact the Acute and Home Care Licensure and Certification Section of the Division of Health Service Regulation 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 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.



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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Ms. Hadfield
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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,



Bernetta Thorne-Williams, Project Analyst



Martha J. Frisone, Assistant Chief
Certificate of Need

cc:

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

December 17, 2014

Via Overnight Delivery and Email (Martha.Frisone@dhhs.nc.gov)

Ms. Martha J. Frisone
North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section
809 Ruggles Drive
Raleigh, North Carolina 27603

Re: Eastern Regional Surgical Center (Ambulatory Surgical Clinic License No. AS0005; Facility ID No. 923475); Notice of Proposed Change in Indirect Ownership Interests; Request for "No Review" Determination

Dear Ms. Frisone:

I am writing on behalf of our client, SCA-Wilson, LLC ("Holdings"), a Delaware limited liability company and an affiliate of Surgical Care Affiliates, LLC ("SCA"). The purpose of this letter is to notify the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Certificate of Need Section (the "CON Section") of a proposed transaction pursuant to which Holdings would acquire a sixty-seven percent (67%) ownership interest in Surgery Center of Wilson, LLC (the "Company"), which owns and operates Eastern Regional Surgical Center located at 1709 Medical Park Drive in Wilson, North Carolina (the "Center"). The Center holds the above-referenced North Carolina ambulatory surgical clinic license. Although we believe the proposed transaction falls outside the scope of the North Carolina Certificate of Need Law (N.C. Gen. Stat. § 131E-175 *et seq.*), we are providing this letter to ensure that the CON Section is provided with notice of the proposed transaction.

The proposed transaction, if consummated, will not result in any change in the direct ownership of the Center, nor will it result in any change in the Center's legal business name, federal tax identification number, or Medicare provider number. Further, other than changes resulting in the ordinary course of business, no changes in the day-to-day operations of the Center are anticipated as a result of the proposed transaction. Upon the closing of the proposed transaction, SCA and the Company will enter into a management services agreement pursuant to which SCA will become the management company for the Center. While negotiations are ongoing, the proposed transaction may close effective as of **February 1, 2015**. Enclosed for your reference as Exhibit A are ownership charts showing the ownership structure of the Center before and after the closing of the proposed transaction.

It is our understanding that the proposed transaction falls outside the scope of the North Carolina Certificate of Need Law, as Holdings does not propose to acquire any direct ownership interest in any existing health service facility or "new institutional health service," as defined in

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N.C. Gen. Stat. § 131E-178(16)(1). Rather, Holdings will acquire a portion of the equity interests in the Company and, as such, will only be purchasing an indirect ownership interest in an existing health service facility.

Notwithstanding the foregoing, in the event that the proposed transaction is determined to constitute a "new institutional health service," please allow this letter to serve as the notice required under N.C. Gen. Stat. § 131E-184(a) and a request for confirmation that the proposed transaction is exempt from certificate of need review. As you know, N.C. Gen. Stat. § 131E-184(a)(8) specifically provides that, upon receiving prior written notice, the CON Section shall exempt from certificate of need review the acquisition of "an existing health services facility, including equipment owned by the health service facility at the time of acquisition." Please note that we will also be notifying the Acute and Home Care Licensure and Certification Section of the proposed transaction.

Thank you for your consideration of this request. If you have any questions, or if you require any additional information, please do not hesitate to contact me at (615) 252-2392 or chadfield@babc.com.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

By: 
Chelsey J. Hadfield

Enclosure

cc: Ladd Mark, Esq. (via email: ladd.mark@scasurgery.com)
David Stempel, Esq. (via email: dstempel@babc.com)

EXHIBIT A

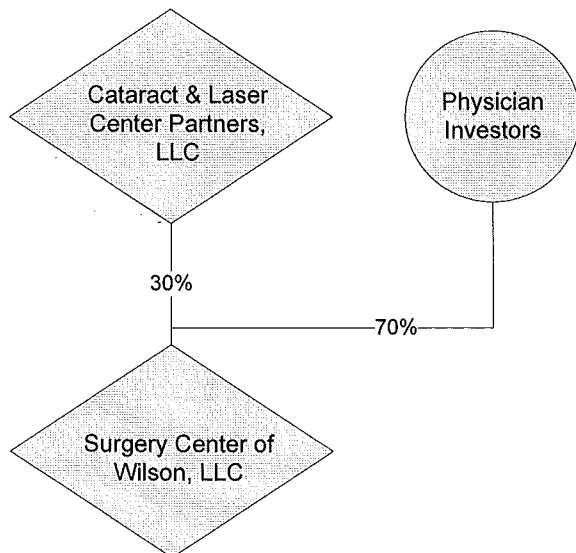
Pre- and Post-Closing Ownership Structure Charts

Please see attached.

Organizational Charts

Surgery Center of Wilson, LLC d/b/a Eastern Regional Surgical Center

Pre-Transaction Structure



Post-Transaction Structure

