



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

Pat McCrory
Governor

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Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

March 16, 2015

Justin M. Puleo
434 Fayetteville Street
Suite 2800
Raleigh, NC 27601

No Review

Facility or Business: Columbus Regional Diagnostics
Project Description: Acquisition of X-Ray Unit
County: Columbus
FID #: 050908

Dear Mr. Puleo:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of February 20, 2015 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 Agency's Construction Section 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 in your correspondence. 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 this office. 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

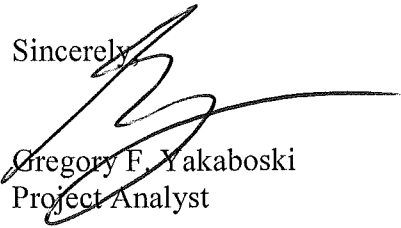
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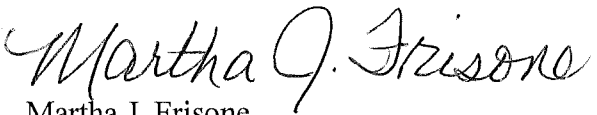
Mr. Puleo
March 16, 2015
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Please contact this office if you have any questions. Also, in all future correspondence you should reference the Facility ID # (FID) if the facility is licensed.

Sincerely,



Gregory F. Yakaboski
Project Analyst



Martha J. Frisone
Assistant Chief, Certificate of Need

cc: Construction Section, DHSR
Assistant Chief, Health Care Planning

Received by
the CON Section
FEB 25 2015
February 20, 2015

Via US Mail, Return Receipt Requested
Ms. Martha Frisone, Assistant Section 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: Request for No Review Determination - Acquisition of X-ray unit by Columbus Regional Diagnostics below major medical equipment threshold

Dear Ms. Frisone:

Our client, Columbus Regional Diagnostics ("CRD"), intends to acquire an X-ray unit from its sole member, Columbus Regional Healthcare System (the "Hospital"). As this acquisition does not constitute a new institutional health service nor does it involve an acquisition of major medical equipment, CRD respectfully requests your determination and confirmation that it is not subject to CON review.

On February 27, 2013, CRD obtained an exempt from review determination for its acquisition of an existing diagnostic center, Waccamaw Ultrasound & Diagnostics, Inc. ("Waccamaw") along with all associated equipment owned by Waccamaw under N.C. Gen. Stat. § 131E-184(a)(8). This included a mobile MRI unit, ultrasound equipment, a bone densitometer, and mobile CT equipment. CRD would now like to supplement this equipment with an X-ray unit currently owned by the Hospital so that CRD can offer X-rays as a non-hospital based service at its current 619 Jefferson Street, Whiteville address. Doing so would have no impact on Project I.D. No. O-7340-05.

As you know, CRD, a North Carolina diagnostic center licensed with the Radiation Protection Section (Reg. #24-P003775) and certified by the American College of Radiology (MRAP #06704-01); is an existing health service facility. According to N.C. Gen. Stat. § 131E-176 (16b), a capital expenditure of less than two million dollars (\$2,000,000) to develop or expand a health service does not constitute a new institutional health service. Further, according to N.C. Gen. Stat. § 131E-176 (14o), a capital expenditure of less than seven hundred and fifty thousand dollars (\$750,000) does not constitute major medical equipment and is thus not a new institutional health service.

Ms. Martha Frisone, Assistant Section Chief
February 20, 2015
Page 2

The Hospital has agreed to contribute a QUANTUM Digital Radiography DR MED DIAG-RM X-ray unit (the "Unit") to CRD via a contribution agreement, enclosed as EXHIBIT A. The Unit, along with all additional equipment and activities essential to making it operational, has a Fair Market Value of Eighty-Two Thousand Seven Hundred Seventy-Six Dollars and 73/100 (\$82,776.73), well below the thresholds of both N.C. Gen. Stat. § 131E-176 (16b) and N.C. Gen. Stat. § 131E-176 (14o).

As acquisition of the Unit as described herein does not constitute a new institutional health service and does not constitute acquisition of major medical equipment, CRD respectfully requests that the Certificate of Need Section confirm that CRD does not require a certificate of need in order to proceed with the transfer described in EXHIBIT A.

Please do not hesitate to contact me if you have any questions concerning this request. Thank you for your consideration.

Sincerely,

Smith Moore Leatherwood LLP

Justin M. Puleo with permission
by *Susan M. Fradette*

Justin M. Puleo

Enclosure: Contribution Agreement

AGREEMENT OF CONTRIBUTION, ASSIGNMENT, AND TRANSFER OF PROPERTY

THIS AGREEMENT OF CONTRIBUTION, ASSIGNMENT, AND TRANSFER OF PROPERTY (the "Agreement"), is made and effective as of February 20, 2015, by and between COLUMBUS REGIONAL HEALTHCARE SYSTEM, a North Carolina nonprofit corporation (the "Hospital"), and COLUMBUS REGIONAL DIAGNOSTICS, a North Carolina nonprofit corporation (the "Imaging Center").

Recitals:

A. The Imaging Center has been formed for the purpose of, among other things, the provision of diagnostic imaging and related services utilizing multiple imaging modalities (the "Services");

B. The Hospital is the sole member of the Imaging Center, and desires to convey, transfer, and assign the Contributed Property (as described on Exhibit A attached hereto and incorporated herein by this reference), to the Imaging Center, as a capital contribution, for use in providing the Services; and

C. The Imaging Center desires to use the Contributed Property for the operation of the Imaging Center for the provision of the Services.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties agree as follows:

1. Contribution, Transfer, and Conveyance of the Contributed Property. The Hospital does hereby contribute, transfer, and assign to the Imaging Center the Contributed Property, subject to all liens and encumbrances existing thereon, and all rights pertaining thereto. The Contributed Property has a Fair Market Value of Eighty-Two Thousand Seven Hundred Seventy-Six Dollars and 73/100 (\$82,776.73). The books and records of the Imaging Center shall be amended to reflect the additional capital contribution of the Contributed Property by the Hospital.

2. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina and, to the extent to which such laws apply, the laws of the United States of America.

3. Miscellaneous. This Agreement may be executed in counterparts and all so executed shall constitute one (1) agreement, notwithstanding that all persons are not signatories to the original or same counterpart. Facsimile transmissions of the signatures provided for below may be relied upon and shall have the same legal effect as the originals of such signatures. All actions of the parties hereto and their respective members, agents, servants, and officers, for and on behalf of the them, heretofore taken in connection with the transactions contemplated by this Agreement are hereby ratified, affirmed, and approved in all respects.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

IMAGING CENTER:

COLUMBUS REGIONAL DIAGNOSTICS, a
North Carolina nonprofit corporation

By: 
Its Authorized Officer

HOSPITAL:

COLUMBUS REGIONAL HEALTHCARE
SYSTEM, a North Carolina nonprofit corporation

By: 
Its Authorized Officer

EXHIBIT A

CONTRIBUTED PROPERTY

1. QUANTUM Digital Radiography DR MED DIAG-RM X-Ray Unit, Model # QG-500, Serial # 136-0702.
2. All other rights and personal property owned by the Hospital necessary to operate the foregoing.