



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne, Director
Health Service Regulation

August 19, 2016

Elizabeth Kirkman
CHS Management Company
2709 Water Ridge Parkway, Suite 200
Charlotte, North Carolina 28217

Exempt from Review

Record #: 2033
Facility Name: Carolinas Rehabilitation
FID #: 943092
Business Name: The Charlotte-Mecklenburg Hospital Authority
Business #: 1770
Project Description: Renovate C-unit and related space
County: Mecklenburg

Dear Ms. Kirkman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of August 15, 2016, 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.



Healthcare Planning and Certificate of Need Section

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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Ms. Elizabeth Kirkman
August 19, 2016
Page 2

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

Sincerely,

Celia C. Unnan
for

Gloria C. Hale
Project Analyst

Martha J. Frisone

Martha J. Frisone
Assistant Chief Certificate of Need

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



Carolinus HealthCare System



August 15, 2016

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 Carolinus Rehabilitation C-unit and related space at The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinus Rehabilitation

Dear Ms. Frisone:

I am writing to inform you of The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinus Rehabilitation's (CR) plan to renovate its C-unit and related space.

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."

CR's C-unit renovation project meets each of the applicable conditions set forth above. The estimated total capital cost of the project exceeds \$2,000,000 (see Exhibit 1 for a capital cost worksheet and a certified construction cost estimate). The proposed project involves the renovation of an existing health service facility located at 1100 Blythe Boulevard, Charlotte, NC 28203, which is the site from which CR provides clinical patient services and exercises financial and administrative control over the entire facility (see Exhibit 2). CR's administrator's office is located on the first floor of the main building. Please see a copy of CR's license in Exhibit 3.

The 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 service. The project will not increase the number of operating rooms or gastrointestinal rooms. The project will not result in the acquisition of major medical equipment or the offering of health services not currently provided.

The project involves the renovation of space on the 2nd floor of CR. All of the space is associated with CR.

2nd Floor Renovations

Rehabilitation services are located on the 1st and 2nd floor of CR. CR is one of the largest rehabilitation providers in the nation. CR offers a variety of condition-specific programs designed to speed recovery and regain the highest level of functioning; including: brain injury, concussion, spinal cord injury and stroke. CR also offers a variety of services focused on treating virtually any type of condition requiring rehabilitation; including physical therapy, occupational therapy, speech therapy, wheelchair seating clinic, pediatric rehabilitation and audiologic rehabilitation, among others. The 2nd floor renovations will enhance the physical space and services of the unit.

CR C-unit currently includes 14 licensed rehabilitation beds as highlighted in blue on the Level 02-Existing Plan drawings in Exhibit 4. Once the proposed project is complete, C-unit will house 16 licensed beds. One licensed bed will be relocated from A-unit, room 2113 and a second licensed bed will be relocated from B-unit, room 2301. The total number of licensed beds at Carolinas Rehabilitation (70) will not change as a result of this project.

Summary

Based on the above facts, the project is exempt from certificate of need review. We are requesting that you confirm in writing that CR's C-unit renovation is exempt from certificate of need review and that we may proceed as planned with this project.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Kirkman".

Elizabeth Kirkman
Assistant Vice President
CHS Management Company

Attachments

cc: Robert Larrison, President/Carolinas Rehabilitation

Exhibit 1

PROPOSED TOTAL CAPITAL COST OF PROJECT

Project name: CR FL1 C-NURSING UNIT RENO
Provider/Company: Carolinas HealthCare System

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) Sub-Total Site Costs			

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			
(9) Cost of Labor			
(10) Other (Specify)			
(11) Sub-Total Construction Contract			\$2,300,000

C. Miscellaneous Project Costs

(12) Building Purchase			
(13) Fixed Equipment Purchase/Lease			\$341,000
(14) Movable Equipment Purchase/Lease			\$82,000
(15) Furniture			\$180,000
(16) Landscaping			
(17) Consultant Fees			
Architect and Engineering Fees		\$247,000	
Legal Fees			
Market Analysis			
Other (Specify)			
Other (Abatement)			
Sub-Total Consultant Fees			\$247,000
(18) Financing Costs (e.g., Bond, Loan, etc.)			
(19) Interest During Construction			
(20) Other (Contingency)			\$300,000
(21) Sub-Total Miscellaneous			\$1,150,000
(22) Total Capital Cost of Project (Sum A-C above)			\$3,450,000

PROPOSED TOTAL CAPITAL COST OF PROJECT

Project Name:

Provider/Company:

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




A handwritten signature in black ink, appearing to read 'RD Mack', with a long horizontal flourish extending to the right.

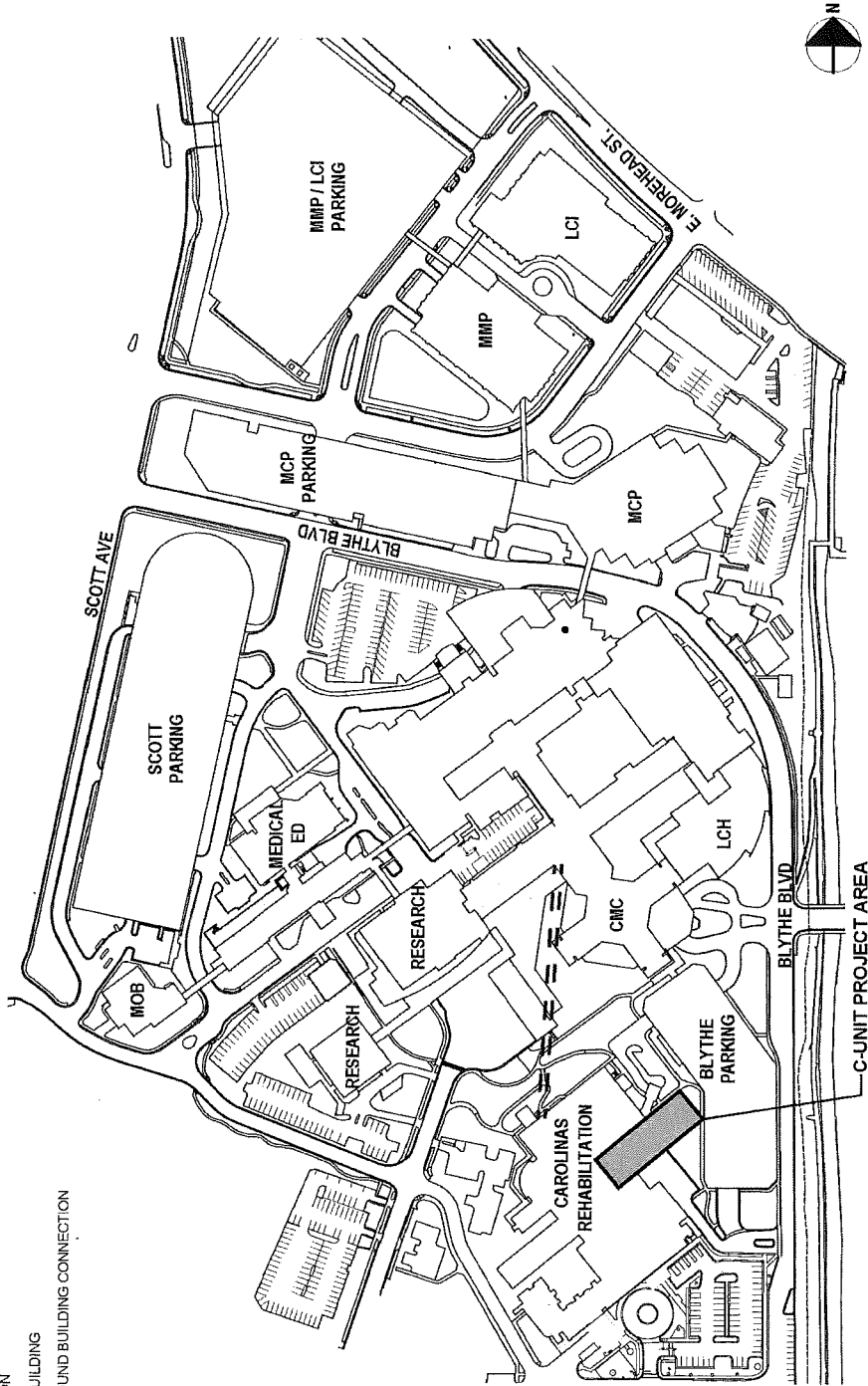
Richard D. Mack AIA NCARB NC License No. 5628

(Signature of Licensed Architect or Engineer)

Exhibit 2

COLOR KEY

-  RENOVATION
-  EXISTING BUILDING
-  UNDERGROUND BUILDING CONNECTION



CMC SITE PLAN

CR C-UNIT RENOVATION



Carolinas HealthCare System

12 AUGUST 2016



C-UNIT PROJECT AREA

Exhibit 3

State of North Carolina

Department of Health and Human Services Division of Health Service Regulation

*Effective January 01, 2016, this license is issued to
The Charlotte-Mecklenburg Hospital Authority*

*to operate a hospital known as
Carolinas Rehabilitation*

located in Charlotte, North Carolina, Mecklenburg 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: 943092

License Number: H0071-C

Bed Capacity: 70

Rehabilitation 70,

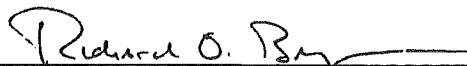
Dedicated Inpatient Surgical Operating Rooms: 0

Dedicated Ambulatory Surgical Operating Rooms: 0

Shared Surgical Operating Rooms: 0

Dedicated Endoscopy Rooms: 0

Authorized by:



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



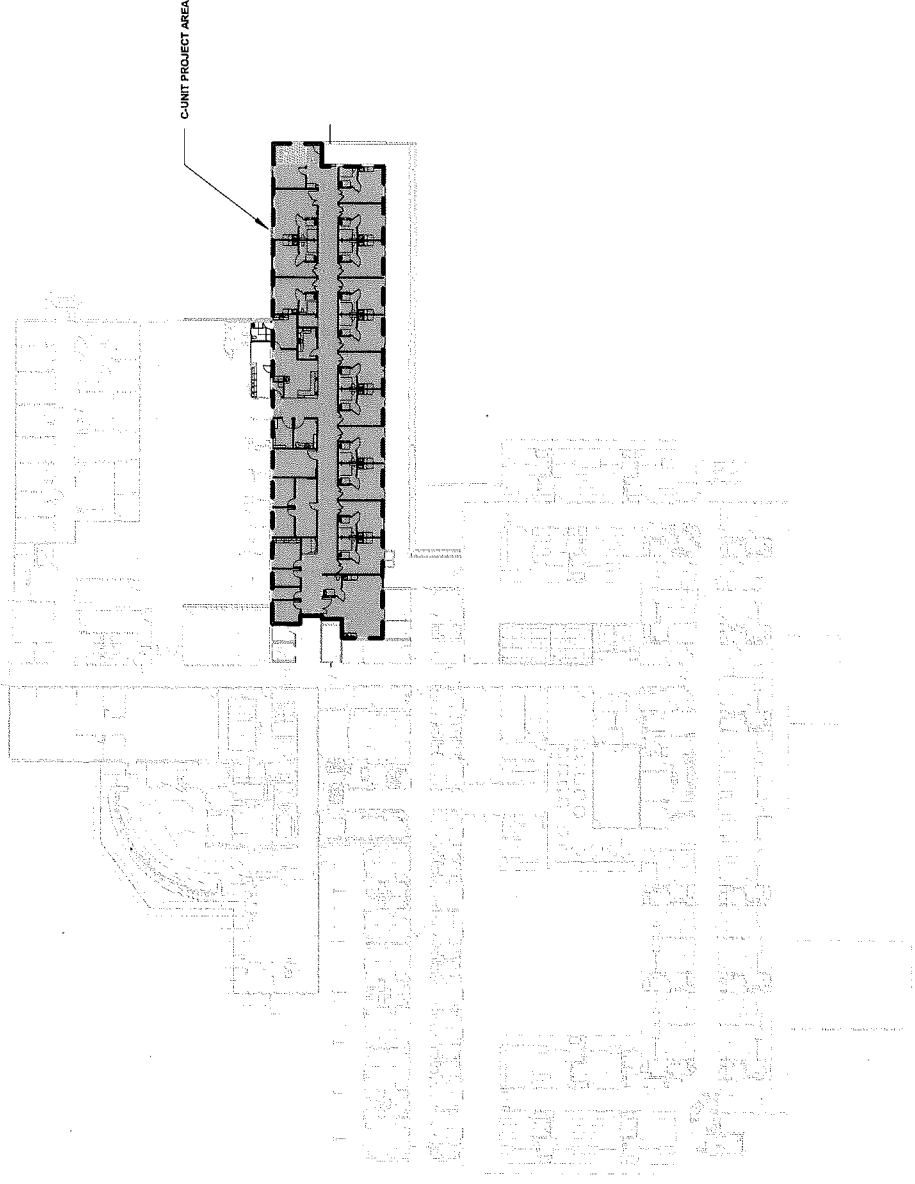


Director, Division of Health Service Regulation

Exhibit 4

COLOR KEY

- EXISTING BUILDING
- PROPOSED WORK



LEVEL 02 OVERALL PLAN CR C-UNIT RENOVATION

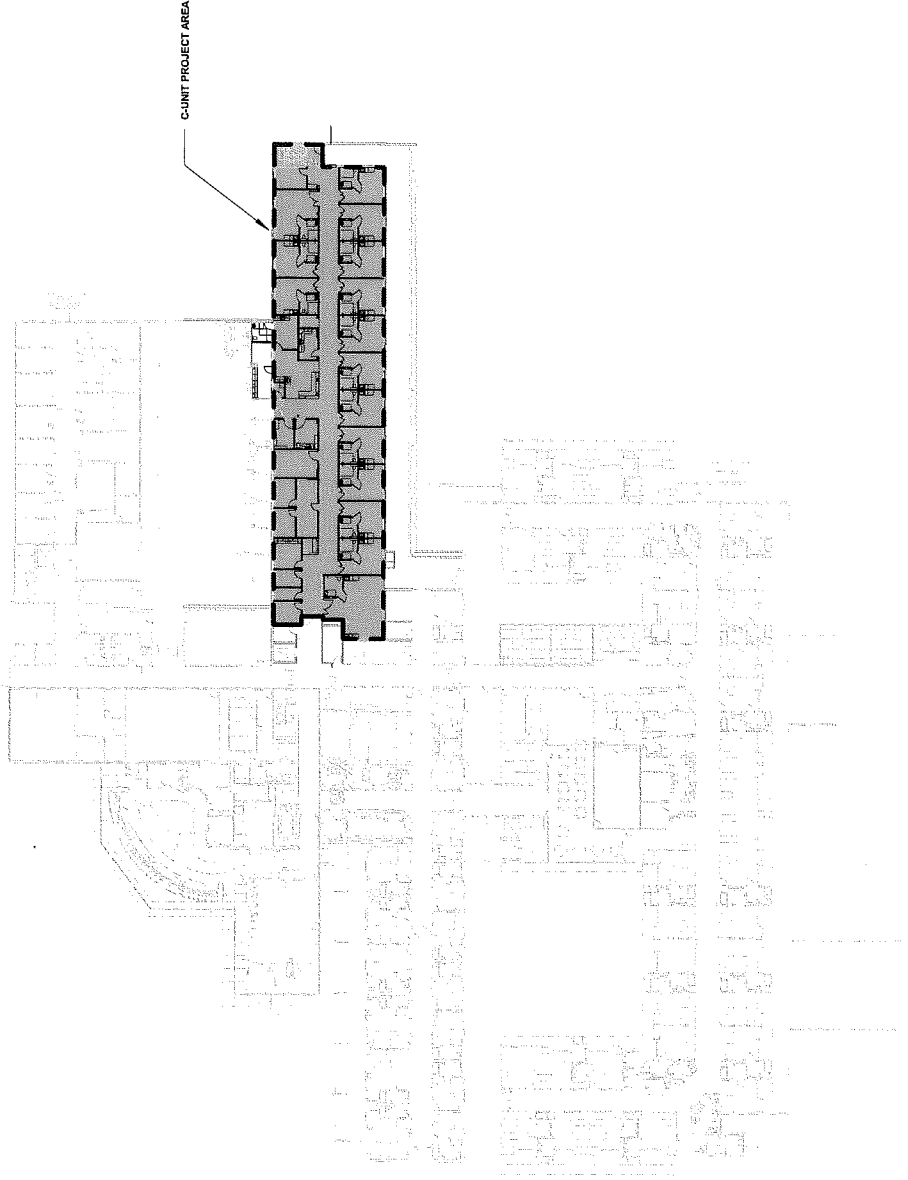
Carolinas HealthCare System

04 AUGUST 2016



COLOR KEY

- EXISTING BUILDING
- PROPOSED WORK



LEVEL 02 OVERALL PLAN CR C-UNIT RENOVATION

Carolinas HealthCare System

12 AUGUST 2016

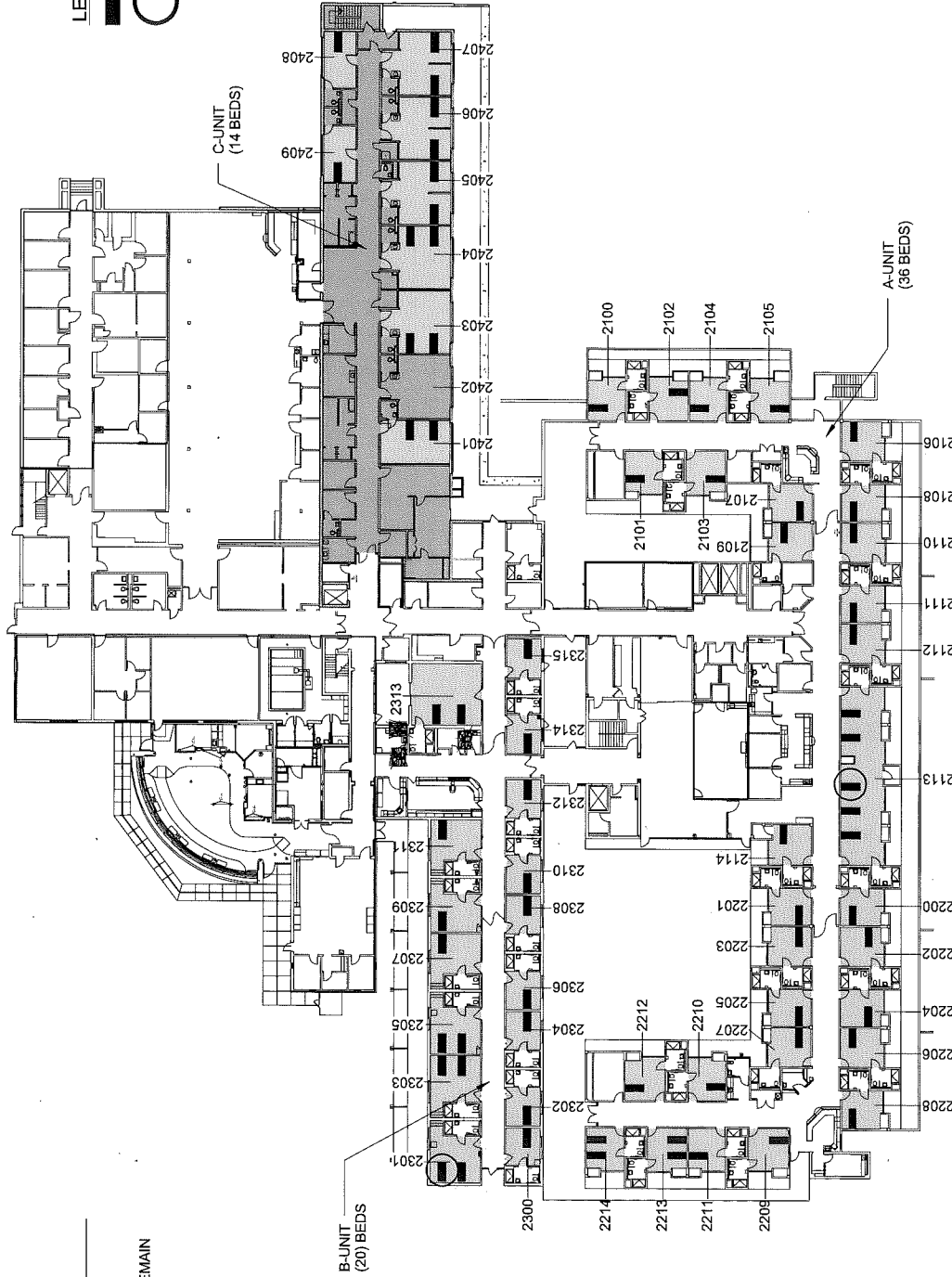


COLOR KEY

-  LICENSED BED
-  EXISTING AREA TO REMAIN
-  RENOVATED AREA

LEGEND

-  LICENSED PATIENT BED
-  BED TO TRANSFER TO C-UNIT UNDER PROJECT



① LEVEL 02 - EXISTING BED PLAN
1" = 40'-0"


LEVEL 02 - EXISTING PLAN CR C-UNIT RENOVATION




12 AUGUST 2016

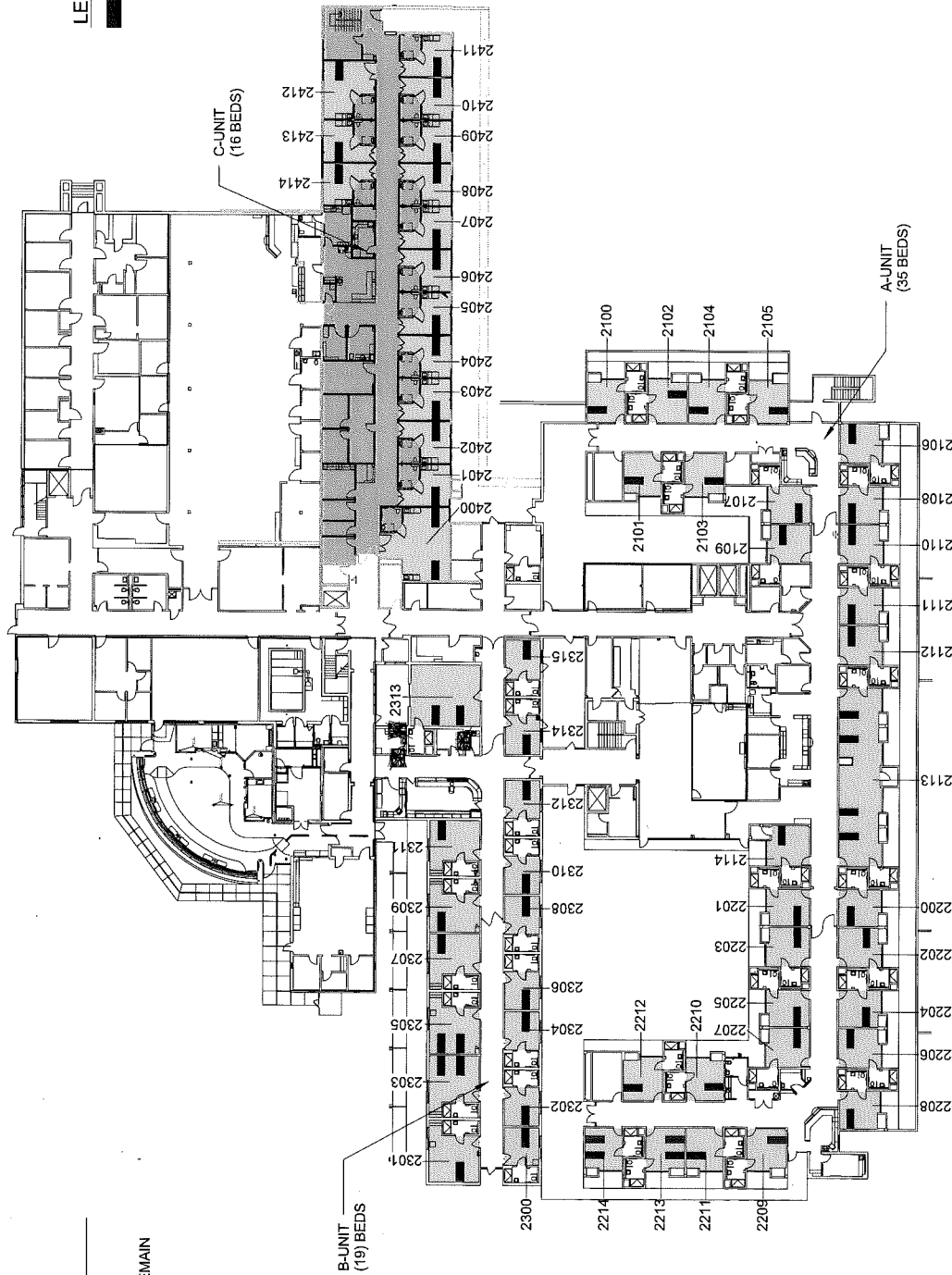
Carolinas HealthCare System

COLOR KEY

-  LICENSED BED
-  EXISTING AREA TO REMAIN
-  RENOVATED AREA

LEGEND

-  LICENSED PATIENT BED



① LEVEL 02 - PROPOSED BED PLAN
1" = 40'-0"

LEVEL 02-PROPOSED BED PLAN CR C-UNIT RENOVATION






12 AUGUST 2016

Carolina's HealthCare System

NEW FLOOR PLAN LEGEND

COLOR KEY

-  LICENSED BED
-  EXISTING BUILDING
-  PROPOSED WORK

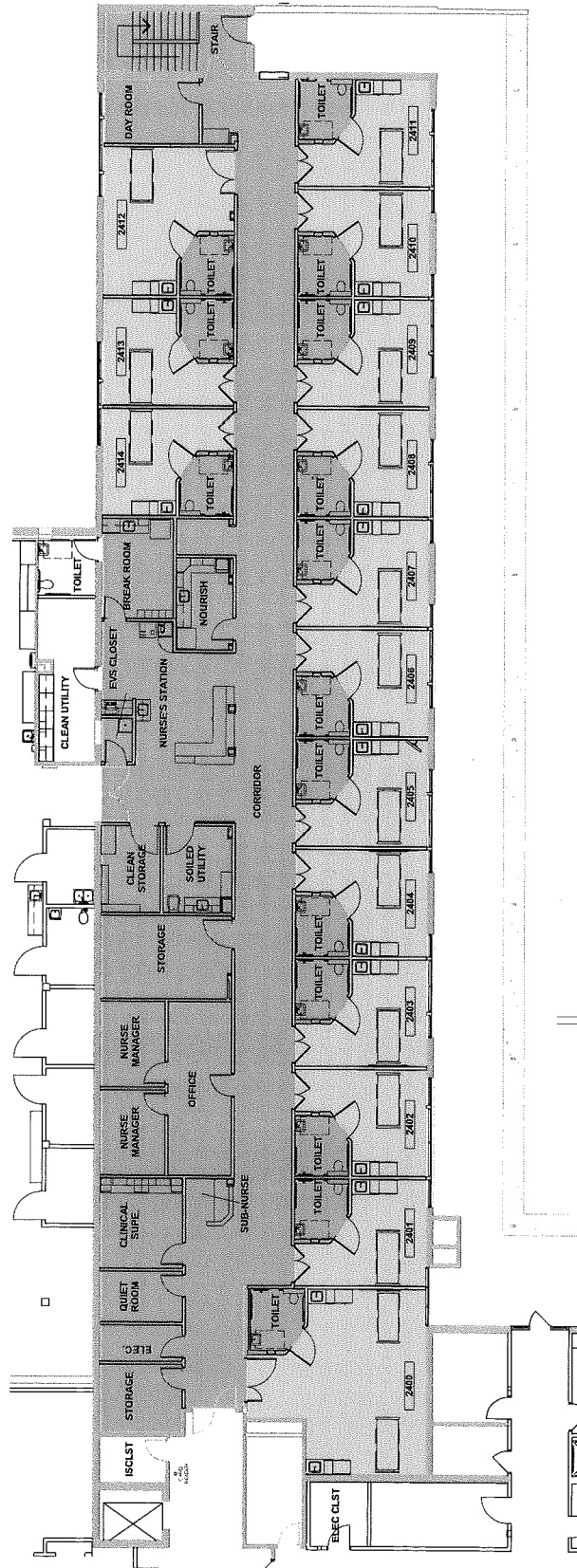
EXISTING TO REMAIN

NEW CONSTRUCTION

Room Name
 ROOM NAME AND NUMBER DESIGNATION

 NEW DOOR

EXISTING DOOR



LEVEL 02 PROPOSED PLAN CR C-UNIT RENOVATION

Carolinas HealthCare System

12 AUGUST 2016

