



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

December 21, 2017

S. Todd Hemphill
Poyner Spruill, LLP
P.O. Box 1801
Raleigh NC 27602

No Review

Record #: 2456
Facility Name: The Bone and Joint Surgery Clinic
FID #: 060621
Business Name: The Bone and Joint Surgery Clinic, LLP
Business #: 1762
Project Description: Relocate the diagnostic center to 3801 Wake Forest Road in Raleigh and replace existing x-ray equipment
County: Wake

Dear Mr. Hemphill:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of December 5, 2017 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.

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

LOCATION: EDGERTON BUILDING • 809 RUGGLES DRIVE • RALEIGH, NC 27603

MAILING ADDRESS: 2704 MAIL SERVICE CENTER • RALEIGH, NC 27699-2704

AN EQUAL OPPORTUNITY/ AFFIRMATIVE ACTION EMPLOYER



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,



Michael J. McKillip
Project Analyst



Martha J. Frisone, Chief
Healthcare Planning and Certificate of Need Section

cc: Sharetta Blackwell, Program Assistant, Healthcare Planning, DHSR



December 5, 2017

S. Todd Hemphill
Partner
D: 919.783.2758
F: 919.783.1075
themphill@poynerspruill.com

VIA E-MAIL AND U.S. MAIL

Martha Frisone, Chief
Michael J. McKillip, Project Analyst
Healthcare Planning and Certificate of Need Section
N.C. Department of Health and Human Services
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704

RE: *The Bone and Joint Surgery Clinic, LLP • No Review Request for Relocation of Diagnostic Center and Replacement of X-Ray Equipment • FID: 060621*

Dear Martha and Mike:

Our client, Bone and Joint Surgery Clinic, LLP ("BJSC"), located in Raleigh, North Carolina, owns and operates a diagnostic center with a fixed extremity MRI which was approved for development pursuant to a CON issued in 2007 (Project ID No: J-7605-06). See [Exhibit 1](#) hereto. The MRI was replaced pursuant to an exemption determination issued by the Agency in 2016. See [Exhibit 2](#) hereto. The initial and replacement MRIs have been in use since 2007 at BSJC's Raleigh office located at 3410 Executive Drive, Suite 103, Raleigh, N.C. 27609. In addition BSJC has x-ray and ultrasound equipment at this address. Both items are medical diagnostic equipment, as their original cost exceeded \$10,000. See N.C. Gen. Stat. § 131E-176(7a).¹

BSJC now intends to relocate its entire office, including the diagnostic center, to a new location at 3801 Wake Forest Road, Raleigh, N.C. 27609, approximately ½ mile from the current site.

In addition, BSJC has recently contracted to replace its x-ray equipment. As set forth in [Exhibit 3](#) hereto, the total cost of that replacement equipment is \$77,995. Part of that equipment² has not been installed at the Executive Drive site, but instead will be installed initially at the Wake Forest Road site as part of the move.

The purpose of this correspondence is to request that you confirm that neither (1) the replacement of the X-ray equipment, nor (2) the relocation of the existing diagnostic center and the associated medical diagnostic equipment is a new institutional health service, within the meaning of the CON law.

¹ The x-ray equipment being replaced was purchased and installed in 2005 for a total cost of \$120,000. The ultrasound was purchased in 2012 at a cost of \$52,000. Therefore, neither the x-ray nor the ultrasound is major medical equipment under N.C. Gen. Stat. § 131E-176(14o), nor was BSJC a diagnostic center within the meaning of N.C. Gen. Stat. § 131E-176(7a), prior to issuance of the CON for the MRI in 2006.

² Specifically, the previously owned/refurbished floor mounted tubestand and wallstand with previously owned CPI 50kW generator, described in [Exhibit 3](#) and priced at \$22,000, will be installed at the new location.

Replacement X-Ray Equipment

The replacement of existing approved medical equipment is exempt from certificate review even if it is a new institutional health service, so long as the costs associated with acquiring and installing that equipment does not exceed \$2,000,000. See N.C. Gen. Stat. § 131E-184(a)(7). However, in this case, the replacement equipment is not a new institutional health service. The only possible new institutional health service at issue would be if the equipment qualified as major medical equipment, which is defined as follows:

"Major medical equipment" means a single unit or single system of components with related functions which is used to provide medical and other health services and which costs more than seven hundred fifty thousand dollars (\$750,000). In determining whether the major medical equipment costs more than seven hundred fifty thousand dollars (\$750,000), the costs of the equipment, studies, surveys, designs, plans, working drawings, specifications, construction, installation, and other activities essential to acquiring and making operational the major medical equipment shall be included. The capital expenditure for the equipment shall be deemed to be the fair market value of the equipment or the cost of the equipment, whichever is greater. Major medical equipment does not include replacement equipment as defined in this section.

See N.C. Gen. Stat. § 131E-176(14o), (16)p. Because the cost to acquire the replacement x-ray equipment is only \$77,995.00, it is not a new institutional health service and is not subject to CON review.

Relocation of Diagnostic Center

The only issue related to the relocation of the diagnostic center is whether the capital costs associated with the relocation will cost in excess of \$2,000,000. According to N.C. Gen. Stat. §131E-176(16)b., included among new institutional health services is

The obligation by any person of a capital expenditure exceeding two million dollars (\$2,000,000) to develop or expand a health service or a health service facility, or which relates to the provision of a health service. The cost of any studies, surveys, designs, plans, working drawings, specifications, and other activities, including staff effort and consulting and other services, essential to the acquisition, improvement, expansion, or replacement of any plant or equipment with respect to which an expenditure is made shall be included in determining if the expenditure exceeds two million dollars (\$2,000,000).

Below is a chart showing all of the capital costs associated with relocating the MRI scanner, ultrasound and x-ray, as well as upfitting space and installing that equipment.

Item	Cost	Supporting Documentation
Relocation and installation of MRI scanner	\$57,915.00	Esaote North America Quote (Exhibit 4)
Upfit cost of MRI room	\$25,550.00	Letter from Edmund J. Gontram, III, AIA (Exhibit 5)
Cost to acquire and install x-ray equipment not previously installed at current site ³	\$22,000.00	Radon Medical Imaging Quote (Exhibit 3)
Upfit cost of x-ray room	\$18,550.00	Letter from Edmund J. Gontram, III, AIA (Exhibit 6)
Moving costs	\$7,285.00	All American Corporation_moving cost quote (Exhibit 7)
TOTAL COST	\$131,300.00	

Please note that the moving cost estimate in [Exhibit 7](#) is the cost for relocating the *entire* BJSC office. The cost of relocating the ultrasound and x-ray equipment is not broken out in that estimate. The ultrasound is mobile equipment and the x-ray equipment to be moved is primarily computer equipment. Based on this quote, it would be difficult to estimate the cost to move just this equipment. Given the relatively low moving cost of the entire medical office, we elected to just report that total cost.

Under any circumstance, based on the information in the chart above and the attached exhibits, the estimated total capital costs related to the relocation of the diagnostic center will be well below the \$2,000,000 threshold. Therefore, the relocation of the diagnostic center is not a new institutional health service within the meaning of the CON law.

Based upon the above, we respectfully request that you review the attached documentation and advise us at your earliest convenience that neither the replacement of BJSC's existing x-ray equipment nor the relocation of its existing diagnostic center is a new institutional health service, and that neither is subject to certificate of need review.

³ Assigning this cost here is duplicative of its cost associated with replacing the existing equipment, as discussed on pages 1-2. However, because it will be installed initially at the new site, it has been included here in an abundance of caution.

Ms. Frisone and Mr. McKillip
December 5, 2017
Page 4

Please let me know if you need further information or if there are questions I can answer. I look forward to hearing from you.

Very truly yours,

A handwritten signature in black ink, appearing to read "S. Todd Hemphill". The signature is written in a cursive, flowing style.

S. Todd Hemphill
Partner

cc: Paul Burroughs, M.D.

Attachments

STATE OF NORTH CAROLINA

Department of Health and Human Services

Division of Facility Services

CERTIFICATE OF NEED

for

Project Identification Number J-7605-06

FID#060621

ISSUED TO: The Bone and Joint Surgery Clinic, LLP
3410 Executive Drive, Suite 103
Raleigh, NC 28609

Pursuant to N.C. Gen. Stat. § 131E-175, et. seq., the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the "certificate holder") to develop the certificate of need project identified above. The certificate holder shall develop the project in a manner consistent with the representations in the project application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by N.C. Gen. Stat. § 131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in N.C. Gen. Stat. § 131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to N.C. Gen. Stat. § 131E-189 for any of the reasons provided in that law.

SCOPE: Acquire a fixed extremity MRI scanner resulting in the establishment of a diagnostic center/Wake County

CONDITIONS: See Reverse Side

PHYSICAL LOCATION: The Bone and Joint Surgery Clinic, LLP
3410 Executive Drive, Suite 103

MAXIMUM CAPITAL EXPENDITURE: \$654,895

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: January 30, 2008

This certificate is effective as of the 28th day of March, 2007.

Lee B. Hoffner
Chief, Certificate of Need Section
Division of Facility Services



CONDITIONS

1. Bone and Joint Surgery Clinic, LLC shall materially comply with all representations made in its certificate of need application.
2. Bone and Joint Surgery Clinic, LLC shall not perform whole body scans on the extremity MRI scanner.
3. Bone and Joint Surgery Clinic, LLC shall provide annual reports to the Certificate of Need Section and the State Health Coordinating Council demonstrating cost savings to the patient or third party payor based on use of an extremity MRI scanner for a 3-year reporting period from the date of installation.
4. Bone and Joint Surgery Clinic, LLC shall conduct an organized research study to determine the convenience, cost effectiveness and improved access provided by a fixed extremity MRI scanner.
5. Bone and Joint Surgery Clinic, LLC shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application or that would otherwise require a certificate of need.
6. Bone and Joint Surgery Clinic, LLC shall acknowledge acceptance and agree to comply with all conditions states herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.

TIMETABLE

Obtaining funds Necessary to Undertake Project _____	10/30/2007
Order Equipment _____	11/15/2007
Operation of Equipment _____	12/15/2007



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

May 25, 2016

Kenneth Burgess and Matthew Fisher
Poyner Spruill
P.O. Box 1801
Raleigh NC 27602-1801

Exempt from Review – Replacement Equipment

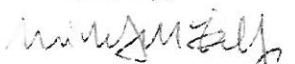
Record #: 1941
Facility Name: The Bone and Joint Surgery Clinic
FID #: 060621
Business Name: Raleigh Community Office Building, LLC
Business #: 1504
Project Description: Replace a fixed extremity MRI scanner with a fixed extremity MRI scanner
County: Wake

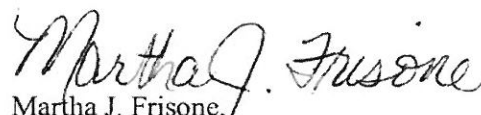
Dear Messrs. Burgess and Fisher:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of May 4, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(7). Therefore, you may proceed to acquire, without a certificate of need, the fixed extremity MRI scanner. This determination is based on your representations that the existing unit will be removed from North Carolina and will not be used again in the State without first obtaining a certificate of need.

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

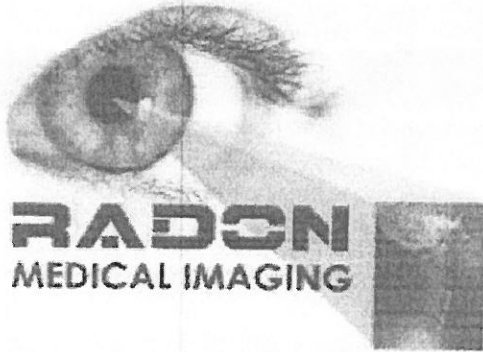
cc: Kelli Fisk, Program Assistant, Healthcare Planning, DHSR



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
An Equal Opportunity/ Affirmative Action Employer



RADON QUOTATION | 2017



Equipment Proposal

Date: 8/23/2017
 Quote # :17-3355
 Expiration Date: 11/17/2017

Radon Medical Imaging
 384 Peachoid Road
 Gaffney, SC 29341
 (864) 487-0450 O
 (864) 487-9955 F
kjohnson@radonmed.com

To
Bone & Joint Surgery Clinic
 Attention: Paul Burroughs,
 MD

Account Manager	Job	Delivery Date	Payment Terms
Kristen Johnson	Canon 701C with Previously Owned Floor Mounted System using Existing EV650 Table from BJSC	TBD	70/30 Net 30

Description	Qty	Unit Price	Line Total
Canon Wireless 701C DR (Not Integrated, Separate Consoles)			
<ul style="list-style-type: none"> • Single Canon 701C wireless solution with NE software • Low dose (equivalent film speed of 800 speed with low noise) • Includes Batteries, 2each • Stitching in NE Software Included at No additional cost • 14 x 17 Wireless Detector 	1	\$52,995	\$52,995
Applications Training	1	\$3,000	\$3,000
Previously Owned / Refurbished Floor mounted tubestand, wallstand with previously owned CPI 50kW generator	1	\$22,000	\$22,000
Removal, relocation and installation of existing Del Medical EV650 Table from Bone & Joint Surgery Clinic to new location.	1	\$2,500	Included
Removal and disposal of existing radiographic equipment.			
Trade in for existing Fuji CR Readers	1	(\$2,500)	(\$2,500)

RADON QUOTATION | 2017

DR System Coverage Note: Covers Canon NE Computer, Monitor, Access Point, Power Injector, Infrared Check In	1	\$6,000/year	Add to total if accepted	<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Decline
Protection Plus Covers panel for accidental damage. Covers panel only. Doesn't include tether to detector or interface box. \$5,000 fee to replace panel per incident. First Year is included in total.	1	\$5,000/year	Add to total if accepted	<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Decline

later we will add

NOTE: Price includes installation.

Warranty - 1 year parts and labor warranty, starting with first clinical use, during the hours of 8 AM to 5 PM Monday through Friday. Non-warranty hour calls will be billed at time and one-half.

For any questions or concerns please do not hesitate to contact us at any time at (864) 487-0450.

NOTE: Please provide Tax Exempt Certificate if applicable. Otherwise, applicable sales tax will be included on payment invoice. Signature on last page of this document verifies acceptance of service agreement with all applicable terms and conditions.

Contact: Kristen Johnson, Phone: (919) 353-8423, Fax: (864) 487-9955, kjohnson@radonmed.com

Subtotal	Canon 701C with room:
	\$75,495
Sales Tax/Shipping	Invoiced as applicable
Total	77,995

We will keep Fuji



GONTRAM
ARCHITECTURE, INC.

220 Horizon Drive, Suite 221
Raleigh, NC 27615
(919) 876-5331 phone
(919) 876-5978 fax
eddie@gontramarchitecture.com
www.gontramarchitecture.com

September 27, 2017

Dr. Paul Burroughs, MD
Bone & Joint Surgery Clinic
3410 Executive Dr
Raleigh, NC 27609

Re: New MRI Suite
3801 Wake Forest Rd.
Raleigh, NC

Dear Dr. Burroughs:

As requested, we have analyzed the area proposed for the new MRI suite. We estimate the cost of the construction of that area to be approximately \$50 per sq. ft., or \$25,550.00 (511 sq. ft.).

Please let us know if you require additional information. Thanks!

Sincerely,

Sep 27 2017 4:52 PM 
Edmund J. Gontram III, AIA
Architect

cc: file





GONTRAM
ARCHITECTURE, INC.

220 Horizon Drive, Suite 221
Raleigh, NC 27615
(919) 876-5331 phone
(919) 876-5978 fax
eddie@gontramarchitecture.com
www.gontramarchitecture.com

November 20, 2017

Dr. Paul Burroughs, MD
Bone & Joint Surgery Clinic
3410 Executive Dr
Raleigh, NC 27609

Re: New X-Ray Suite
3801 Wake Forest Rd.
Raleigh, NC

Dear Dr. Burroughs:

As requested, we have analyzed the area proposed for the x-ray equipment at the new Wake Forest Road site. We estimate the cost of the construction of that area to be approximately \$70 per sq. ft., or \$18,550.00 (265 sq. ft.).

Our estimate includes all upfit costs which will not be paid by Bone & Joint Surgery Clinic to Radon Medical Imaging as part of its installation of the x-ray equipment.

Please let us know if you require additional information. Thanks!

Sincerely,

Nov 20 2017 10:48 AM

CSign

Edmund J. Gontram III, AIA
Architect

cc: file





Plan + Move + Store + Install

The Bone & Joint Surgery Clinic

On behalf of All American Relocation I would like to thank you for the opportunity to provide you with a quote to relocate your office.

Scope of Work

All American will relocate all contents as noted during the walk through from the current address to the new address provided.

Included in the quote;

- Experienced, uniformed labor and working supervisor
- Building protection at origin and destination
- Certificates of Liability for respective Property Managers
- All necessary equipment to safely complete the scope of work
- Experienced Installation team
- Move meeting with employees to provide packing and labeling instructions and to assist with office set up.

Valuation Options

All American Relocation provides mover's standard liability of \$.60 per lb. at no additional cost. Full replacement coverage is available at a rate of \$.75 per \$100 of valuation. You will be required to select one of the options prior to the relocation.

Pricing

All American will provide all manpower and all necessary equipment to perform this move in a timely manner.

Move labels

252 plastic move bins and 63 plastic dollies

8 library carts

30 pc bags

Delivery and one time pick up

Total move materials with delivery and one time pick up \$1,160.00 dollars

Office Move

Items excluded

Aquarium

X-ray machine

MRI unit

Old PC equipment

Personal pictures, Plaques, personal items.

Workstations (see option add)

All American will provide 3 trucks, 3 drivers 2 supervisors, 2 installers, 8 movers to complete this move in one day.

Commercial Move Estimate is based on a 9 hour workday and will be invoiced hourly **Total \$5,685.00**

Option add

Estimate to Breakdown workstations and install with the existing product .

Total \$1600.00

Please feel free to contact me with questions regarding the quote.

All American Relocation takes great pride in our reputation and our ability to provide first class commercial relocation services.

Our attention to detail helps insure that you are provided with prompt, professional service.

Sincerely,

Frank Smith

Please Sign here as acceptance of this proposal





Poyner Spruill^{LLP}

December 5, 2017

S. Todd Hemphill
Partner
D: 919.783.2758
F: 919.783.1075
themphill@poynerspruill.com

VIA E-MAIL AND U.S. MAIL

Martha Frisone, Chief
Michael J. McKillip, Project Analyst
Healthcare Planning and Certificate of Need Section
N.C. Department of Health and Human Services
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704

RE: *The Bone and Joint Surgery Clinic, LLP • No Review Request for Relocation of Diagnostic Center and Replacement of X-Ray Equipment • FID: 060621*

Dear Martha and Mike:

Our client, Bone and Joint Surgery Clinic, LLP ("BJSC"), located in Raleigh, North Carolina, owns and operates a diagnostic center with a fixed extremity MRI which was approved for development pursuant to a CON issued in 2007 (Project ID No: J-7605-06). See Exhibit 1 hereto. The MRI was replaced pursuant to an exemption determination issued by the Agency in 2016. See Exhibit 2 hereto. The initial and replacement MRIs have been in use since 2007 at BSJC's Raleigh office located at 3410 Executive Drive, Suite 103, Raleigh, N.C. 27609. In addition BSJC has x-ray and ultrasound equipment at this address. Both items are medical diagnostic equipment, as their original cost exceeded \$10,000. See N.C. Gen. Stat. § 131E-176(7a).¹

BSJC now intends to relocate its entire office, including the diagnostic center, to a new location at 3801 Wake Forest Road, Raleigh, N.C. 27609, approximately ½ mile from the current site.

In addition, BSJC has recently contracted to replace its x-ray equipment. As set forth in Exhibit 3 hereto, the total cost of that replacement equipment is \$77,995. Part of that equipment² has not been installed at the Executive Drive site, but instead will be installed initially at the Wake Forest Road site as part of the move.

The purpose of this correspondence is to request that you confirm that neither (1) the replacement of the X-ray equipment, nor (2) the relocation of the existing diagnostic center and the associated medical diagnostic equipment is a new institutional health service, within the meaning of the CON law.

¹ The x-ray equipment being replaced was purchased and installed in 2005 for a total cost of \$120,000. The ultrasound was purchased in 2012 at a cost of \$52,000. Therefore, neither the x-ray nor the ultrasound is major medical equipment under N.C. Gen. Stat. § 131E-176(14o), nor was BSJC a diagnostic center within the meaning of N.C. Gen. Stat. § 131E-176(7a), prior to issuance of the CON for the MRI in 2006.

² Specifically, the previously owned/refurbished floor mounted tubestand and wallstand with previously owned CPI 50kW generator, described in Exhibit 3 and priced at \$22,000, will be installed at the new location.



Replacement X-Ray Equipment

The replacement of existing approved medical equipment is exempt from certificate review even if it is a new institutional health service, so long as the costs associated with acquiring and installing that equipment does not exceed \$2,000,000. See N.C. Gen. Stat. § 131E-184(a)(7). However, in this case, the replacement equipment is not a new institutional health service. The only possible new institutional health service at issue would be if the equipment qualified as major medical equipment, which is defined as follows:

"Major medical equipment" means a single unit or single system of components with related functions which is used to provide medical and other health services and which costs more than seven hundred fifty thousand dollars (\$750,000). In determining whether the major medical equipment costs more than seven hundred fifty thousand dollars (\$750,000), the costs of the equipment, studies, surveys, designs, plans, working drawings, specifications, construction, installation, and other activities essential to acquiring and making operational the major medical equipment shall be included. The capital expenditure for the equipment shall be deemed to be the fair market value of the equipment or the cost of the equipment, whichever is greater. Major medical equipment does not include replacement equipment as defined in this section.

See N.C. Gen. Stat. § 131E-176(14o), (16)p. Because the cost to acquire the replacement x-ray equipment is only \$77,995.00, it is not a new institutional health service and is not subject to CON review.

Relocation of Diagnostic Center

The only issue related to the relocation of the diagnostic center is whether the capital costs associated with the relocation will cost in excess of \$2,000,000. According to N.C. Gen. Stat. §131E-176(16)b., included among new institutional health services is

The obligation by any person of a capital expenditure exceeding two million dollars (\$2,000,000) to develop or expand a health service or a health service facility, or which relates to the provision of a health service. The cost of any studies, surveys, designs, plans, working drawings, specifications, and other activities, including staff effort and consulting and other services, essential to the acquisition, improvement, expansion, or replacement of any plant or equipment with respect to which an expenditure is made shall be included in determining if the expenditure exceeds two million dollars (\$2,000,000).

Below is a chart showing all of the capital costs associated with relocating the MRI scanner, ultrasound and x-ray, as well as upfitting space and installing that equipment.

Item	Cost	Supporting Documentation
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Upfit cost of MRI room	\$25,550.00	Letter from Edmund J. Gontram, III, AIA (<u>Exhibit 5</u>)
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Upfit cost of x-ray room	\$18,550.00	Letter from Edmund J. Gontram, III, AIA (<u>Exhibit 6</u>)
Moving costs	\$7,285.00	All American Corporation_moving cost quote (<u>Exhibit 7</u>)
TOTAL COST	\$131,300.00	

Please note that the moving cost estimate in Exhibit 7 is the cost for relocating the *entire* BJSC office. The cost of relocating the ultrasound and x-ray equipment is not broken out in that estimate. The ultrasound is mobile equipment and the x-ray equipment to be moved is primarily computer equipment. Based on this quote, it would be difficult to estimate the cost to move just this equipment. Given the relatively low moving cost of the entire medical office, we elected to just report that total cost.

Under any circumstance, based on the information in the chart above and the attached exhibits, the estimated total capital costs related to the relocation of the diagnostic center will be well below the \$2,000,000 threshold. Therefore, the relocation of the diagnostic center is not a new institutional health service within the meaning of the CON law.


Based upon the above, we respectfully request that you review the attached documentation and advise us at your earliest convenience that neither the replacement of BJSC's existing x-ray equipment nor the relocation of its existing diagnostic center is a new institutional health service, and that neither is subject to certificate of need review.

³ Assigning this cost here is duplicative of its cost associated with replacing the existing equipment, as discussed on pages 1-2. However, because it will be installed initially at the new site, it has been included here in an abundance of caution.

Ms. Frisone and Mr. McKillip
December 5, 2017
Page 4

Please let me know if you need further information or if there are questions I can answer. I look forward to hearing from you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Todd", written in a cursive style.

S. Todd Hemphill
Partner

cc: Paul Burroughs, M.D.

Attachments

STATE OF NORTH CAROLINA

Department of Health and Human Services

Division of Facility Services

CERTIFICATE OF NEED

for

Project Identification Number J-7605-06

FID#060621

ISSUED TO: The Bone and Joint Surgery Clinic, LLP
3410 Executive Drive, Suite 103
Raleigh, NC 28609

Pursuant to N.C. Gen. Stat. § 131E-175, et. seq., the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the "certificate holder") to develop the certificate of need project identified above. The certificate holder shall develop the project in a manner consistent with the representations in the project application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by N.C. Gen. Stat. § 131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in N.C. Gen. Stat. § 131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to N.C. Gen. Stat. § 131E-189 for any of the reasons provided in that law.

SCOPE: Acquire a fixed extremity MRI scanner resulting in the establishment of a diagnostic center/Wake County

CONDITIONS: See Reverse Side

PHYSICAL LOCATION: The Bone and Joint Surgery Clinic, LLP
3410 Executive Drive, Suite 103

MAXIMUM CAPITAL EXPENDITURE: \$654,895

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: January 30, 2008

This certificate is effective as of the 28th day of March, 2007.

Lee B. Hoffner
Chief, Certificate of Need Section
Division of Facility Services



CONDITIONS

1. Bone and Joint Surgery Clinic, LLC shall materially comply with all representations made in its certificate of need application.
2. Bone and Joint Surgery Clinic, LLC shall not perform whole body scans on the extremity MRI scanner.
3. Bone and Joint Surgery Clinic, LLC shall provide annual reports to the Certificate of Need Section and the State Health Coordinating Council demonstrating cost savings to the patient or third party payor based on use of an extremity MRI scanner for a 3-year reporting period from the date of installation.
4. Bone and Joint Surgery Clinic, LLC shall conduct an organized research study to determine the convenience, cost effectiveness and improved access provided by a fixed extremity MRI scanner.
5. Bone and Joint Surgery Clinic, LLC shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application or that would otherwise require a certificate of need.
6. Bone and Joint Surgery Clinic, LLC shall acknowledge acceptance and agree to comply with all conditions states herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.

TIMETABLE

Obtaining funds Necessary to Undertake Project _____	10/30/2007
Order Equipment _____	11/15/2007
Operation of Equipment _____	12/15/2007



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

May 25, 2016

Kenneth Burgess and Matthew Fisher
Poyner Spruill
P.O. Box 1801
Raleigh NC 27602-1801

Exempt from Review – Replacement Equipment

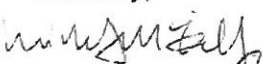
Record #: 1941
Facility Name: The Bone and Joint Surgery Clinic
FID #: 060621
Business Name: Raleigh Community Office Building, LLC
Business #: 1504
Project Description: Replace a fixed extremity MRI scanner with a fixed extremity MRI scanner
County: Wake

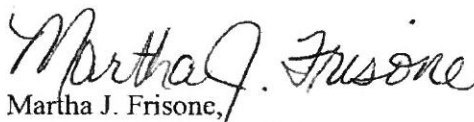
Dear Messrs. Burgess and Fisher:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of May 4, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(7). Therefore, you may proceed to acquire, without a certificate of need, the fixed extremity MRI scanner. This determination is based on your representations that the existing unit will be removed from North Carolina and will not be used again in the State without first obtaining a certificate of need.

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: Kelli Fisk, Program Assistant, Healthcare Planning, DHSR



Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

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

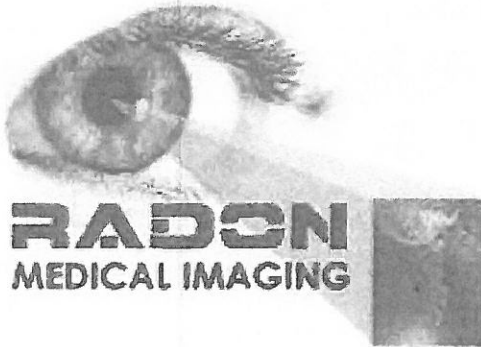
Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

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

An Equal Opportunity/ Affirmative Action Employer



RADON QUOTATION | 2017



Equipment Proposal

Date: 8/23/2017
 Quote #: 17-3355
 Expiration Date: 11/17/2017

Radon Medical Imaging
 384 Peachoid Road
 Gaffney, SC 29341
 (864) 487-0450 O
 (864) 487-9955 F
kjohnson@radonmed.com

To: Bone & Joint Surgery Clinic
 Attention: Paul Burroughs,
 MD

Account Manager	Job	Delivery Date	Payment Terms
Kristen Johnson	Canon 701C with Previously Owned Floor Mounted System using Existing EV650 Table from BJSC	TBD	70/30 Net 30

Description	Qty.	Unit Price	Line Total
Canon Wireless 701C DR (Not Integrated, Separate Consoles)			
<ul style="list-style-type: none"> Single Canon 701C wireless solution with NE software Low dose (equivalent film speed of 800 speed with low noise) Includes Batteries, Zeach Stitching in NE Software Included at No additional cost 14 x 17 Wireless Detector 	1	\$52,995	\$52,995
Applications Training	1	\$3,000	\$3,000
Previously Owned / Refurbished Floor mounted tubestand, wallstand with previously owned CPI 50kW generator	1	\$22,000	\$22,000
Removal, relocation and installation of existing Del Medical EV650 Table from Bone & Joint Surgery Clinic to new location.	1	\$2,500	Included
Removal and disposal of existing radiographic equipment.			
Trade in for existing Fuji CR Readers	1	(\$2,500)	(\$2,500)

RADON QUOTATION | 2017

DR System Coverage

Note: Covers Canon NE Computer, Monitor, Access Point, Power Injector, Infrared Check In

1

\$6,000/year

Add to total if accepted

Accept

Decline

Protection Plus

Covers panel for accidental damage. Covers panel only. Doesn't include tether to detector or interface box. \$5,000 fee to replace panel per incident. First Year is included in total.

1

\$5,000/year

Add to total if accepted

Accept

Decline

later we will add

NOTE: Price includes installation.

Warranty - 1 year parts and labor warranty, starting with first clinical use, during the hours of 8 AM to 5 PM Monday through Friday. Non-warranty hour calls will be billed at time and one-half.

For any questions or concerns please do not hesitate to contact us at any time at (864) 487-0450.

NOTE: Please provide Tax Exempt Certificate if applicable. Otherwise, applicable sales tax will be included on payment invoice. Signature on last page of this document verifies acceptance of service agreement with all applicable terms and conditions.

Contact: Kristen Johnson, Phone: (919) 353-8423, Fax: (864) 487-9955, kjohnson@radonmed.com

Subtotal	Canon 701C with room:
	\$75,495
Sales Tax/Shipping	Invoiced as applicable
Total	77,995

We will keep Fuji



GONTRAM
ARCHITECTURE, INC.

220 Horizon Drive, Suite 221
Raleigh, NC 27615
(919) 876-5331 phone
(919) 876-5978 fax
eddie@gontramarchitecture.com
www.gontramarchitecture.com

September 27, 2017

Dr. Paul Burroughs, MD
Bone & Joint Surgery Clinic
3410 Executive Dr
Raleigh, NC 27609

Re: New MRI Suite
3801 Wake Forest Rd.
Raleigh, NC

Dear Dr. Burroughs:

As requested, we have analyzed the area proposed for the new MRI suite. We estimate the cost of the construction of that area to be approximately \$50 per sq. ft., or \$25,550.00 (511 sq. ft.).

Please let us know if you require additional information. Thanks!

Sincerely,

Sep 27 2017 4:52 PM

CSign

Edmund J. Gontram III, AIA
Architect

cc: file





GONTRAM
ARCHITECTURE, INC.

220 Horizon Drive, Suite 221
Raleigh, NC 27615
(919) 876-5331 phone
(919) 876-5978 fax
eddie@gontramarchitecture.com
www.gontramarchitecture.com

November 20, 2017

Dr. Paul Burroughs, MD
Bone & Joint Surgery Clinic
3410 Executive Dr
Raleigh, NC 27609

Re: New X-Ray Suite
3801 Wake Forest Rd.
Raleigh, NC

Dear Dr. Burroughs:

As requested, we have analyzed the area proposed for the x-ray equipment at the new Wake Forest Road site. We estimate the cost of the construction of that area to be approximately \$70 per sq. ft., or \$18,550.00 (265 sq. ft.).

Our estimate includes all upfit costs which will not be paid by Bone & Joint Surgery Clinic to Radon Medical Imaging as part of its installation of the x-ray equipment.

Please let us know if you require additional information. Thanks!

Sincerely,

Nov 20 2017 10:48 AM

Edmund J. Gontram III, AIA
Architect

CSign

cc: file





Plan + Move + Store + Install

The Bone & Joint Surgery Clinic

On behalf of All American Relocation I would like to thank you for the opportunity to provide you with a quote to relocate your office.

Scope of Work

All American will relocate all contents as noted during the walk through from the current address to the new address provided.

Included in the quote;

- Experienced, uniformed labor and working supervisor
- Building protection at origin and destination
- Certificates of Liability for respective Property Managers
- All necessary equipment to safely complete the scope of work
- Experienced Installation team
- Move meeting with employees to provide packing and labeling instructions and to assist with office set up.

Valuation Options

All American Relocation provides mover's standard liability of \$.60 per lb. at no additional cost. Full replacement coverage is available at a rate of \$.75 per \$100 of valuation. You will be required to select one of the options prior to the relocation.

Pricing

All American will provide all manpower and all necessary equipment to perform this move in a timely manner.

Move labels

252 plastic move bins and 63 plastic dollies

8 library carts

30 pc bags

Delivery and one time pick up

Total move materials with delivery and one time pick up \$1,160.00 dollars

Office Move

Items excluded

Aquarium

X-ray machine

MRI unit

Old PC equipment

Personal pictures, Plaques, personal items.

Workstations (see option add)

All American will provide 3 trucks, 3 drivers 2 supervisors, 2 installers, 8 movers to complete this move in one day.

Commercial Move Estimate is based on a 9 hour workday and will be invoiced hourly **Total \$5,685.00**

Option add

Estimate to Breakdown workstations and install with the existing product .

Total \$1600.00

Please feel free to contact me with questions regarding the quote.

All American Relocation takes great pride in our reputation and our ability to provide first class commercial relocation services.

Our attention to detail helps insure that you are provided with prompt, professional service.

Sincerely,

Frank Smith

Please Sign here as acceptance of this proposal

