



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

June 13, 2017

James Roskelly
1200 North Elm Street
Greensboro, NC 27401-1020

Exempt from Review – Replacement Equipment

Record #: 2293
Facility Name: Annie Penn Hospital
FID #: 932940
Business Name: The Moses H. Cone Memorial Hospital
Business #: 1811
Project Description: Replace existing computerized tomography and fluoroscopic x-ray equipment
County: Rockingham

Dear Mr. Roskelly:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of June 12, 2017, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(a)(7). Therefore, you may proceed to acquire without a certificate of need the Siemens Definition 64 computerized tomography (CT) scanner and the Siemens Luminos Agile Max R/F fluoroscopic x-ray to replace the Siemens Sensation 40, Serial #5236, CT scanner and the Phillips Digital R/F, Serial #023044, respectively, both of which are currently located at Annie Penn Hospital. This determination is based on your representations that the existing unit will be sold or otherwise disposed of and will not be used again in the State without first obtaining a certificate of need if one is required.

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,

Celia C. Inman
Project Analyst

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

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

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





June 5, 2017

Ms. Martha J. Frisone, Assistant Chief, Certificate of Need
Ms. Celia C. Inman, Project Analyst
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation, NC DHHS
2704 Mail Service Center
Raleigh, NC 27699-2704



Re: Imaging Equipment Replacement at Annie Penn Hospital (Lic# H0023/FID# 932940)

Dear Ms. Frisone and Ms. Inman:

I am writing to you pursuant to NCGS § 131E-184(a)(7) to inform you of Cone Health's plans to replace computerized tomography (CT) and fluoroscopic x-ray (fluoro) equipment at Annie Penn Hospital. *Attachment 1* contains a comparison of the relevant information and specifications of the existing equipment and the planned replacement equipment for both the CT scanner and the fluoro unit. Of note, the replacement CT scanner will cost \$718,446 for the Definition AS 64 CT scanner and the fluoro unit will cost \$505,085 for the Luminos Agile Max RF system. The new equipment will be functionally comparable to the existing equipment being taken out of service. Minor renovations to the imaging suite at Annie Penn Hospital to accommodate the replacement equipment will cost approximately \$450,000. These costs were estimated by Cone Health Construction Management based on their knowledge and expertise with similar projects. To ensure continuous access to CT services, Cone Health will contract with Alliance HealthCare Services for the use of a mobile CT scanner for the duration of the CT replacement. At no time will the mobile scanner and the fixed scanner operate simultaneously and Cone Health will cease to contract with Alliance HealthCare Services for mobile CT services when the new CT scanner is installed and ready for patient use. The costs for the mobile CT contract are included in the project cost. The total proposed capital cost for these equipment replacements is \$1,798,531. A detailed capital budget is included in *Attachment 2*.

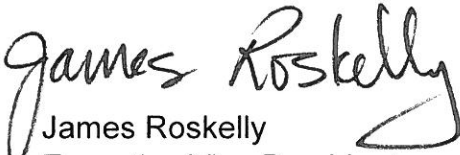
The new equipment, which will be owned and operated by Cone Health, is planned to be placed into service in August 2017. The existing equipment will be removed from

Ms. Martha J. Frisone
Ms. Celia C. Inman
June 5, 2017
Page 2

Annie Penn Hospital and taken out of service by Siemens Healthcare, the vendor of the new equipment. Cone Health is simply updating important pieces of imaging equipment with newer technology that offers improved patient throughput, increased patient safety due to decreased radiation doses, and improved imaging quality by upgrading the CT unit from a 40 slice unit to a 64 slice unit. Indeed, Cone Health purchased these pieces of equipment over 10 years ago and they have exhausted their useful lives.

Please let me know if I can answer any questions you have around these planned replacements.

Sincerely,


James Roskelly
Executive Vice President
Strategic Development

JR\jc

Attachment

cc: David Bundy, Director, Imaging, Oncology, and Security, Annie Penn Hospital
Ron Galloway, Director, Cone Health Construction Management

Attachment 1
Equipment Comparison Forms

EQUIPMENT COMPARISON

	EXISTING EQUIPMENT	REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	Fluoroscopic X-ray	Fluoroscopic X-ray
Manufacturer of Equipment	Phillips	Siemens
Tesla Rating for MRIs	N/A	N/A
Model Number	Digital R/F	Luminos Agile Max R/F
Serial Number	023044	TBD
Provider's Method of Identifying Equipment	Serial Number	Serial Number
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	5/17/2002	8/25/2017
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>	N/A	See attached
Total Cost of Equipment	N/A	\$505,085
Fair Market Value of Equipment	N/A	\$505,085
Net Purchase Price of Equipment	N/A	\$505,085
Locations Where Operated	Annie Penn Hospital	Annie Penn Hospital
Number Days In Use/To be Used in N.C. Per Year	365	365
Percent of Change in Patient Charges (by Procedure)	0	0
Percent of Change in Per Procedure Operating Expenses (by Procedure)	0	0
Type of Procedures Currently Performed on Existing Equipment	General Purpose R/F	N/A
Type of Procedures New Equipment is Capable of Performing	N/A	General Purpose R/F

EQUIPMENT COMPARISON

	EXISTING EQUIPMENT	REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	CT Scanner	CT Scanner
Manufacturer of Equipment	Siemens	Siemens
Tesla Rating for MRIs	N/A	N/A
Model Number	Sensation 40	Definition 64
Serial Number	5236	TBD
Provider's Method of Identifying Equipment	Serial Number	Serial Number
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	11/30/2007	8/25/2017
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>	N/A	See attached
Total Cost of Equipment	N/A	\$718,446
Fair Market Value of Equipment	N/A	\$718,446
Net Purchase Price of Equipment	N/A	\$718,446
Locations Where Operated	Annie Penn Hospital	Annie Penn Hospital
Number Days In Use/To be Used in N.C. Per Year	365	365
Percent of Change in Patient Charges (by Procedure)	0	0
Percent of Change in Per Procedure Operating Expenses (by Procedure)	0	0
Type of Procedures Currently Performed on Existing Equipment	Whole Body CT	N/A
Type of Procedures New Equipment is Capable of Performing	N/A	Whole Body CT

Attachment 2
Capital Cost Worksheet

PROJECT CAPITAL COST

A. Site Costs

(1)	Full Purchase Price of Land	\$	-	
	# of Acres _____ Price per Acre	\$	-	
(2)	Closing Costs	\$	-	
(3)	Site Inspection and Survey	\$	-	
(4)	Legal fees and subsoil investigation	\$	-	
(5)	Site Preparation Costs [Include]	\$	-	
	Soil Borings			
	Clearing and Grading			
	Road and Parking			
	Sidewalks			
	Water and Sewer			
	Excavation and Backfill			
	Termite Treatment			
	Sub-Total Site Preparation Costs	\$	-	
(6)	Other (specify)	\$	-	
(7)	Sub-Total Site Costs			\$ -

B. Construction Contract

(8)	Cost of Materials [Include]			
	General Requirements			
	Concrete/Masonry			
	Woods/Doors & Windows/Finishes			
	Thermal and Moisture Protection			
	Equipment/Specialty Items			
	Mechanical/Electrical			
	Sub-Total Cost of Materials	\$	-	
(9)	Cost of Labor	\$	-	
(10)	Other (specify)	\$	450,000	
(11)	Sub-Total Construction Contract			\$ 450,000

C. Miscellaneous Project Costs

(12)	Building Purchase	\$	-	
(13)	Fixed Equipment Purchase/Lease	\$	1,223,531	
(14)	Moveable Equipment Purchase/Lease	\$	-	
(15)	Furniture	\$	-	
(16)	Landscaping	\$	-	
(17)	Consultant Fees			
	A&E Fees and Reimbursables	\$	-	
	Legal Fees	\$	-	
	Market Analysis	\$	-	
	Other (specify)	\$	-	
	Total Consultant Fees	\$	-	
(18)	Financing Costs (e.g. Bond, Loan, etc.)	\$	-	
(19)	Interest During Construction	\$	-	
(20)	Other (Mobile CT rental)	\$	125,000	
(21)	Sub-Total Miscellaneous			\$ 1,348,531

D. Total Capital Cost of Project (Sum A-C above)

\$1,798,531