



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

March 3, 2017

Frank Kirschbaum
Wyrick, Robbins, Yates & Ponton, LLP
P.O. Drawer 17803
Raleigh NC 27619

Exempt from Review – Acquisition of Facility

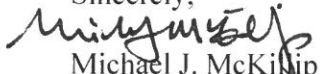
Record #: See Attachment A
Facility Name: See Attachment A
Type of Facility: Diagnostic Centers
FID #: See Attachment A
Acquisition by: Browning Equipment SPE, LLC
Business #: 2550
County: Wake and Orange

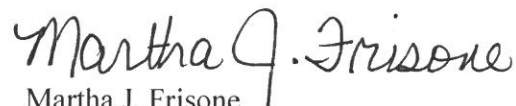
Dear Mr. Kirschbaum:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of January 19, 2017, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(a)(8). Therefore, Browning Equipment SPE, LLC may proceed to acquire the above referenced health service facilities without first obtaining a certificate of need. Note that pursuant to N.C. Gen. Stat. §131E-181(b): *“A recipient of a certificate of need, or any person who may subsequently acquire, in any manner whatsoever permitted by law, the service for which that certificate of need was issued, is required to materially comply with the representations made in its application for that certificate of need.”*

It should be noted that this 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 Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,


Michael J. McKilip
Project Analyst


Martha J. Frisone
Assistant Chief, Certificate of Need

cc: Paige Bennett, Assistant Chief, Healthcare Planning, DHSR

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



Attachment A

Browning Equipment SPE, LLC is to be designated owner of the following facilities:

Name of Facility	Record #	FID#	County	Address
Wake Radiology – North Hills	2163	NA*	Wake	3821 Merton Dr, Raleigh NC 27609
Raleigh MRI Center	2165	NA*	Wake	3821 Merton Dr, Raleigh NC 27609
Wake Radiology – Cary	2166	001330	Wake	300 Ashville Ave, Cary NC 27518
Wake Radiology – Chapel Hill	2167	NA*	Orange	110 South Estes Dr, Chapel Hill NC 27514
Wake Radiology – West Raleigh	2168	NA*	Wake	4301 Lake Boone Trail, Raleigh NC 27607
Wake Radiology – Garner	2169	011023	Wake	300 Health Park Dr, Garner NC 27529
Wake Radiology – Fuquay-Varina	2170	160158	Wake	7636 Purfoy Rd, Fuquay-Varina NC 27526
Wake Radiology – Mobile MRI	2171	040269	NA	Multiple host sites

*NA – Indicates the facility is a “grandfathered” diagnostic center under the CON law.



Wyrick Robbins Yates & Ponton LLP
ATTORNEYS AT LAW

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PO Drawer 17803, Raleigh, NC 27619
P: 919.781.4000 F: 919.781.4865 www.wyrick.com

FRANK KIRSCHBAUM
fkirschbaum@wyrick.com

January 19, 2017

VIA HAND DELIVERY

Martha Frisone
Assistant Chief, Certificate of Need
Department of Health and Human Services
Division of Health Service Regulation
Healthcare Planning and Certificate of Need Section
809 Ruggles Drive
Raleigh, NC 27603



**Re: No Review Letter / Alternative Exemption Notice
Wake Radiology Services, LLC and Browning Equipment SPE, LLC –
Redesignation of Multiple Diagnostic Centers**

Dear Ms. Frisone:

We are writing on behalf of our clients Wake Radiology Services, LLC (“WRS”) and Browning Equipment SPE, LLC (“Browning”) (collectively “the parties”). Browning is presently a wholly-owned subsidiary of Wake Radiology Services and will be a joint venture with Rex Hospital, Inc. (“Rex”) at a future date following certain regulatory approvals. The purpose of this letter is to inform the North Carolina Department of Health and Human Services, Division of Health Service Regulation (“DHSR”), Healthcare Planning and Certificate of Need Section (“CON Section”) that WRS is planning to redesignate multiple diagnostic centers, including all equipment used to operate the diagnostic centers, to Browning’s ownership. This redesignation is anticipated to occur within a short time frame and prior to the planned joint venture of Browning with Rex.

WRS currently owns and operates multiple diagnostic centers within the meaning of N.C. Gen. Stat. § 131E-176(7a), in accordance with the Certificate of Need (“CON”) law. These diagnostic centers are listed in the attached Exhibit A. Pursuant to this reorganization, full ownership of the diagnostic centers identified in Exhibit A, including all equipment used to operate the diagnostic centers, as well as other non-CON regulated assets will be redesignated from WRS to its wholly-owned subsidiary, Browning.¹ As detailed below, the parties believe that this redesignation is not reviewable because it is not a new institutional health service under the CON law, or otherwise subject to CON review. As a subordinate alternative, the parties believe that the

¹ The part of this corporate reorganization that involves the other assets also is not subject to CON review because those other assets are not new institutional health services under the CON law.

redesignation involving the diagnostic centers is exempt from review under N.C. Gen. Stat. § 131E-184(a)(8).

I. No Review Request

This redesignation to a wholly-owned subsidiary of an existing provider is permitted without the requirement of a CON. The subsidiary, Browning, has no control over the assets or services independent of its parent company. The ultimate ownership and control of the service does not change. The current owner, WRS, will continue to participate in the ownership first as the sole owner of Browning then, in the future, as the majority owner of the joint ventured entity. All of the assets being redesignated from WRS to Browning already exist and are currently being operated by WRS at the same location of which they will remain after the redesignation. No new imaging equipment or service lines will be added to these locations as part of this reorganization. Following the reorganization, patients treated or diagnosed at these locations or through these services will not experience any change in the services provided. Moreover, Browning will materially comply with all conditions placed on WRS' CONs.

The CON Section and DHSR have addressed this issue in similar contexts and found the proposals would not require a CON. All of the factors considered in those other contexts are true here, as well. Moreover, in numerous rulings and determinations, the CON Section and DHSR have determined that certain transactions involving existing CON-regulated equipment, beds, and other services need not undergo repetitive CON reviews where the Agency has already found a need. The reasoning articulated by the CON Section and DHSR in the past is that the CON law is not intended to result in unnecessarily duplicative CON reviews when the same patient base is being served in the same location.

II. Exemption Notice

For the reasons described above, we do not think that notice under N.C. Gen. Stat. § 131E-184(a)(8) is technically required. However, to the extent that you disagree, please accept this letter as the required notice under N.C. Gen. Stat. § 131E-184(a)(8) for an exemption.

The General Assembly has chosen to exempt certain otherwise reviewable events from CON review, including the acquisition of an existing health service facility and the equipment owned by the health service facility at the time of the acquisition. See N.C. Gen. Stat. § 131E-184(a)(8). Under N.C. Gen. Stat. § 131E-176(9b), a diagnostic center is a "health service facility." A diagnostic center defined under N.C. Gen. Stat. § 131E-176(7a).

Under the reorganization, Browning will acquire each existing "health service facility" listed in the attached Exhibit A, including all equipment owned by WRS in the diagnostic centers at the time of the acquisition. After the acquisition, Browning will keep the diagnostic centers in their current location and operate them in a manner substantially similar to their current operation by WRS.

Martha Frisone
January 18, 2017
Page 3 of 2

Furthermore, the transaction does not entail the acquisition of any major medical equipment or any *per se* reviewable equipment as defined in N.C. Gen. Stat. §§ 131E-176(14)(o) and (16)(f1), except in conjunction with the acquisition of each entire existing health service facility. Likewise, the transaction does not include the offering of any *per se* reviewable services except those already offered by the existing diagnostic centers. See N.C. Gen. Stat. § 131E-176(16)(f).

Accordingly, in the subordinate alternative, we request that you determine that the redesignation is exempt from CON review under N.C. Gen. Stat. § 131E-184(a)(8) because it is the acquisition of existing health service facilities.

III. Conclusion

Based on the foregoing, the parties request confirmation that no CON is required for the redesignation of existing diagnostic centers, including all related equipment, to Browning's ownership.

Thank you for your attention to this matter, and please do not hesitate to contact me with any questions.

Sincerely,

WYRICK ROBBINS YATES & PONTON LLP



Frank Kirschbaum

Enclosures

EXHIBIT A

Diagnostic Centers and Medical Diagnostic Equipment

1. **Wake Radiology-North Hills Office**, 3821 Merton Drive, Raleigh, NC 27609
 - a. This diagnostic center opened in 1971 and is grandfathered under the CON law.
 - b. Equipment located at this location consist of a Siemens Acuson Computed Tomography scanner and ancillary equipment and a freestanding, fixed MRI scanner. This equipment was purchased in 1990, is grandfathered under the law, and does not require a CON.
2. **Raleigh MRI Center**, 3821 Merton Drive, Raleigh, NC 27609
 - a. This diagnostic center opened in 1988 and is grandfathered under the CON law.
 - b. Raleigh MRI Limited Partnership is a subsidiary of WRS.
 - c. There are two fixed MRI scanners located within and operated at this diagnostic center. The first fixed MRI scanner was purchased in 1988, and is grandfathered under the CON law. The second fixed MRI scanner was acquired via a CON issued for Project I.D. No. J-5783-97 (CON to acquire one MRI scanner at an existing MRI center for a total of two MRI scanners upon completion of the project). A copy of the CON for this second MRI scanner is attached as Exhibit A-1. This CON became effective on October 9, 1998.
3. **Wake Radiology-Cary Offices**, 300 Ashville Ave., Cary, NC 27518.
 - a. This diagnostic center was established by a CON issued in 2001. A copy of CON for Project I.D. No. J-6288-00 (CON for Wake Radiology Services to acquire one replacement Computed Tomography (CT) scanner and to establish a diagnostic center) is attached as Exhibit A-2. This CON became effective on March 23, 2001.
4. **Wake Radiology-Chapel Hill**, 110 South Estes Drive, Chapel Hill, NC 27514
 - a. This diagnostic center was purchased by Wake Radiology on October 1, 1994. This center was established in 1976 and is grandfathered under the CON law.
 - b. Wake Radiology Chapel Hill also houses a fixed MRI scanner that is grandfathered under the CON law.
5. **Wake Radiology-West Raleigh Offices**, 4301 Lake Boone Trail, Suites 103 and 104, Raleigh, NC 27607
 - a. This diagnostic center opened in 1990 and is grandfathered under the CON law.
 - b. Equipment located at this location consist of a Siemens Somatom HI Q2 CT scanner and ancillary equipment, purchased in 1990. This equipment is grandfathered under the CON law.

6. **Wake Radiology Garner**, 300 Health Park Drive, Suite 100, Garner, NC 27529
 - a. This diagnostic center was established by a CON issued in 2002. A copy of the CON for Project I.D. No. J-6526-01 (Establish a diagnostic imaging center by relocating a computed tomography (“CT”) scanner from 3821 Merton Drive in Raleigh and acquiring new fluoroscopy equipment) is attached as Exhibit A-3. This CON became effective on December 19, 2002.
 - b. Wake Radiology Garner also houses a fixed MRI scanner that is grandfathered under the CON law.
7. **Wake Radiology Fuquay-Varina**, 7636 Purfoy Road, Suite 200, Fuquay Varina, NC 27526
 - a. This diagnostic center was established by a CON issued in 2016. A copy of the CON for Project I.D. No. J-11173-16 (Develop a diagnostic center by acquiring a 3D mammography unit to replace existing mammography equipment/Wake County) is attached as Exhibit A-4. This CON became effective on August 2, 2016. This project was fully developed and operational as of October 20, 2016.
8. **Wake Radiology-Mobile MRI**, Wake County
 - a. This diagnostic center was established by a CON issued in 2004. A copy of the CON for Project I.D. No. J-7012-04 (Acquire one mobile magnetic resonance imaging (MRI) scanner. Initially, the host sites shall be at a minimum – Granville Medical Center, Good Hope Hospital; Wake Radiology – Garner Office; and Raleigh MRI Center) is attached as Exhibit A-5. This CON became effective on September 1, 2004.

State of North Carolina

Department Of Health and Human Services Division Of Facility Services Certificate Of Need

Project Identification Number J-5783-97 Effective Date October 9, 1998

Issued to: Raleigh MRI Limited Partnership
3811 Merton Drive
Raleigh NC 27609

The North Carolina Department of Health and Human Services, pursuant to the North Carolina Health Planning and Resource Development Act of 1978, G.S. § 131-175, et seq., as amended and recodified, G.S. § 131E-175, et seq., hereby finds and certifies that the new institutional health service proposed by the person listed above is consistent with, or as conditioned is consistent with the plans, standards, and criteria prescribed by the Act and the rules and regulations promulgated thereunder. The findings of the Department are attached hereto and incorporated by reference.

This Certificate affords the person listed above the opportunity to proceed with development of the proposed new institutional health service in a manner consistent with the plans, standards, and criteria prescribed by the Act and the rules and regulations promulgated thereunder. This Certificate includes and is limited to:

SCOPE: Acquire one magnetic resonance imaging scanner at an existing MRI Center for a total of two MRI Scanners upon completion of the project/Wake County

CONDITIONS: See Reverse Side

PHYSICAL LOCATION: Raleigh MRI Center
3811 Merton Drive
Raleigh, NC 27609

MAXIMUM CAPITAL EXPENDITURE \$2,548,000

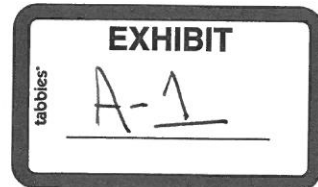
TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: December 1, 1998

This Certificate is limited to the person listed above and is not transferable or assignable. This Certificate may be withdrawn as provided in G.S. § 131E-189, and the rules and regulations promulgated thereunder.

Issuance of this Certificate does not supplant provisions or requirements embodied in codes, ordinances, statutes other than G.S. § 131E-175, et seq., rules regulations or guidelines administered or enforced by municipal, state or federal agencies or the agent thereof.

The seal of the State of North Carolina is a large circular emblem in the background. It features a central figure of a woman holding a staff with a snake, surrounded by a wreath. The text around the seal includes 'THE GREAT SEAL OF THE STATE OF NORTH CAROLINA' and 'MAY 20 1775' at the top, and 'APRIL 12, 1776' and 'ESSE QUAM VIDERI' at the bottom.
Lee B. Hoffmann
Chief, Certificate of Need Section
Division of Facility Services



STATE OF NORTH CAROLINA

Department of Health and Human Services
Division of Facility Services

CERTIFICATE OF NEED

for

Project Identification Number J-6288-00
FID #001330

ISSUED TO: Wake Radiology Services, LLC
3614 Haworth Drive
Raleigh, NC 27609

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: Wake Radiology Services shall acquire one replacement Computed Tomography (CT) scanner and establish a diagnostic center/Wake County

CONDITIONS: See Reverse Side

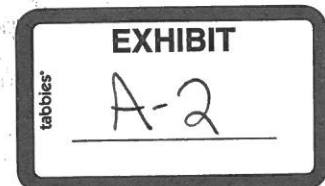
PHYSICAL LOCATION: Wake Radiology
300 Asheville Avenue, Cary, NC 27511

MAXIMUM CAPITAL EXPENDITURE: \$1,445,216.00

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: May 1, 2001

This certificate is effective as of the 23rd day of March, 2001.



Lee B. Hoffman

Chief, Certificate of Need Section
Division of Facility Services

CONDITIONS:

1. Wake Radiology Services, LLC shall materially comply with all representations made in its certificate of need application.
2. Wake Radiology Services, LLC shall not acquire, as part of this project, equipment for which costs are not included in the capital expenditure in Section VIII.1 of the application.
3. Wake Radiology Services, LLC shall provide to the Certificate of Need Section, documentation of the removal and disposal of the CT scanner being replaced upon the completion of the installation of the new CT scanner.
4. Prior to the issuance of a certificate of need, Wake Radiology Services, LLC shall provide to the Certificate of Need Section, documentation of the projected number of procedures to be performed by ICD-9-CM code for the first twelve calendar quarters following completion of the project.
5. Prior to the issuance of the certificate of need, Wake Radiology Services, LLC shall provide to the Certificate of Need Section a copy of the proposed lease agreement with the equipment vendor indicating the amount of the lease payments.
6. Prior to the issuance of a certificate of need, Wake Radiology Services, LLC shall provide to the Certificate of Need Section, documentation of an agreement with Western Wake Medical Center indicating that ancillary and support services that cannot be provided by Wake Radiology may be referred to Western Wake Medical Center.
7. Prior to the issuance of the certificate of need, Wake Radiology Services, LLC shall acknowledge in writing to the CON Section acceptance and compliance with all conditions stated herein.

A letter acknowledging acceptance and compliance with all conditions stated in the conditional approval letter was received by the CON Section on March 22, 2001.

TIMETABLE:

Ordering equipment _____	March 19, 2001
Operation of equipment _____	April 1, 2001

STATE OF NORTH CAROLINA

Department of Health and Human Services
Division of Facility Services

CERTIFICATE OF NEED

for

Project Identification Number J-6526-01
FID# 011023

ISSUED TO: Wake Radiology Services, LLC
3614 Haworth Drive
Raleigh, NC 27609

EXHIBIT

A-3

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: Establish a diagnostic imaging center by relocating a computed tomography ("CT") scanner from 3821 Merton Drive in Raleigh and acquiring new fluroscopy equipment/Wake County

CONDITIONS: See Reverse Side

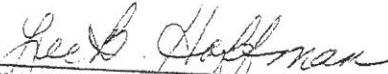
PHYSICAL LOCATION: Wake Radiology Services, LLC, Garner Office
800 Benson Road, Suite 40, Garner, NC 27529

MAXIMUM CAPITAL EXPENDITURE: \$1,681,733

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: April 15, 2003

This certificate is effective as of the 19th day of December, 2002.


Chief, Certificate of Need Section
Division of Facility Services

STATE OF NORTH CAROLINA

Department of Health and Human Services
Division of Health Service Regulation

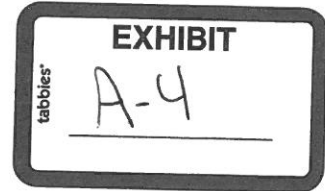
CERTIFICATE OF NEED

for

Project ID #: J-11173-16

FID #: 160158

ISSUED TO: Wake Radiology Services, LLC
Wake Radiology Diagnostic Imaging, Inc.
3949 Browning Place
Raleigh, NC 27609



Pursuant to G.S. 131E-175, 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, as documented by the periodic progress reports required by 10A NCAC 14C .0209. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by G.S. 131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in G.S. 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 G.S. 131E-189 for any of the reasons provided in that law.

SCOPE: Develop a diagnostic center by acquiring a 3D mammography unit to replace existing mammography equipment/ Wake County

CONDITIONS: See Reverse Side

PHYSICAL LOCATION: Wake Radiology Fuquay-Varina
7636 Purfoy Road, Suite 200
Fuquay-Varina, NC 27526

MAXIMUM CAPITAL EXPENDITURE: \$353,750

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: December 1, 2016

This certificate is effective as of the 2nd day of August, 2016

A handwritten signature in blue ink that reads "Martha Frisone".
Martha Frisone, Assistant Chief

CONDITIONS:

1. Wake Radiology Services, LLC, and Wake Radiology Diagnostic Imaging, Inc. shall materially comply with all representations made in the certificate of need application and in supplemental information received June 24, 2016. In those instances where representations conflict, Wake Radiology Services, LLC, and Wake Radiology Diagnostic Imaging, Inc. shall materially comply with the last made representation.
2. Wake Radiology Services, LLC, and Wake Radiology Diagnostic Imaging, Inc. shall acquire no more than one 3D mammography system.
3. Wake Radiology Services, LLC, and Wake Radiology Diagnostic Imaging, Inc. 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.
4. Wake Radiology Services, LLC, and Wake Radiology Diagnostic Imaging, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Healthcare Planning and Certificate of Need Section in writing prior to issuance of the certificate of need.

A letter acknowledging acceptance of and agreeing to comply with all conditions stated in the conditional approval letter was received by the Agency on July 20, 2016.

TIMETABLE:

Obtain Funds Necessary to Undertake Project _____	November 15, 2016
Ordering of Medical Equipment _____	November 30, 2016
Completion of Construction _____	February 15, 2017
Arrival of Medical Equipment _____	March 15, 2017
Occupancy/Offering of Service _____	March 31, 2017

STATE OF NORTH CAROLINA

Department of Health and Human Services

Division of Facility Services

CERTIFICATE OF NEED

for

Project Identification Number J-7012-04

FID#040269

EXHIBIT

tabbies

A-5

ISSUED TO: Wake Radiology Services, LLC
3700 Barrett Drive, Suite 200
Raleigh, NC 27609

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 one mobile magnetic resonance imaging (MRI) scanner. Initially, the host sites shall be at a minimum - Granville Medical Center; Good Hope Hospital; Wake Radiology - Garner Office; and Raleigh MR Imaging Center.

CONDITIONS: See Reverse Side

PHYSICAL LOCATION:

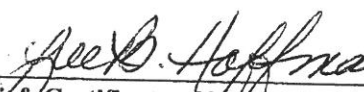
Granville Medical Center 1010 College Street Oxford, NC 27699	Good Hope Hospital 410 Denim Drive Erwin, NC 28339
Garner Office Building 1 Health Park at Timber Lake Garner, NC 27529	Raleigh MR Imaging Center 3821 Merton Drive Raleigh, NC 27609

MAXIMUM CAPITAL EXPENDITURE: \$1,997,153

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: February 2, 2005

This certificate is effective as of the 1st day of September, 2004.


Chief, Certificate of Need Section
Division of Facility Services

CONDITIONS

1. Wake Radiology Services, LLC shall materially comply with all representations made in its certificate of need application.
2. Wake Radiology Services, LLC shall acquire one mobile MRI scanner with transporting equipment that will result in establishment of a mobile diagnostic program. The mobile MRI scanner shall be moved each week to provide MRI services to at least two host sites.
3. The mobile MRI shall not, at any time, be converted to a fixed MRI scanner and such equipment shall not, at any time, serve less than two host sites each week. The acquisition of the mobile MRI scanner shall not result in the creation of a diagnostic center located at any of the host sites or any other facility owned, operated or otherwise affiliated with Wake Radiology Services, LLC.
4. Wake Radiology Services, LLC shall not change or add host sites unless it first obtains a declaratory ruling authorizing the change in location of the equipment pursuant to North Carolina Statute 150B-4 and the rules of the Department of Health and Human Services, Division of Facility Services.
5. Wake Radiology Services, 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. Wake Radiology Services, LLC shall acknowledge acceptance and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.

A letter acknowledging acceptance and compliance with all conditions stated in the conditional approval letter was received by the Certificate of Need Section on September 1, 2004.

TIMETABLE

Approval of final drawings and specifications by the Construction Section, DFS	November 17, 2004
Contract Award	November 24, 2004
50% completion of construction	January 7, 2005
Occupancy/offering of service(s)	January 27, 2005