DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

May 11, 2017

Elizabeth Kirkman
2709 Water Ridge Parkway
Suite 200
Charlotte, NC 28217

Exempt from Review

Record #:	**2256**
Facility Name:	Carolinas HealthCare System Union
FID #:	923515
Business Name:	The Charlotte-Mecklenburg Hospital Authority
Business #:	1770
Project Description:	Renovate the Emergency Department
County:	Union

Dear Ms. Kirkman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of February 27, 2017, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §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.

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

Sincerely,

Gregory F. Yakaboski
Project Analyst
Need

Martha J. Frisone
Assistant Chief Certificate of

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

Carolinas HealthCare System

February 27, 2017

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 the Emergency Department at The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas HealthCare System Union (CHS Union)

Dear Ms. Frisone:

I am writing to inform you of Carolinas HealthCare System Union's plan to renovate space adjacent to its existing Emergency Department in order to create a Behavioral Health holding area within the Emergency Department (ED).

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."

The CHS Union ED renovation project meets each of the applicable conditions set forth above. The estimated total capital cost of the project exceeds $2,000,000 (see Attachment A 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 600 Hospital Drive, Monroe, NC 28112, which is the site from which CHS Union provides clinical patient services and exercises financial and administrative control over the entire facility (see Attachment B). CHS Union's President's office is located on the second floor of the main hospital building. Please see a copy of CHS Union's hospital license in Attachment C.

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 total square footage of the proposed project is 4,880 square feet of renovation to the existing level 01 and some very minor renovation to level 00 (removing a staircase and making it an alcove). The majority of this space is currently unoccupied and will be reconstructed as a part of this project (see Attachment B for floor plans).

As a part of the project, an existing rad/fluro room (Rad/Fluro Room 1) will be relocated to a newly constructed Rad/Fluro Room 1 which is currently a storage area. However, the existing equipment in Rad/Fluro Room 1 will be de-installed and disposed. CHS Union will install a used piece of Rad/Fluro equipment into the newly constructed Rad/Fluro Room 1. The fair market value of this used equipment is $319,329. The cost to de-install, transport and store the equipment until new space is completed, and then to re-install the equipment is included in the proposed capital cost of this project, $30,000 (see Attachments A and D).

The existing Rad/General Room 2 equipment will be relocated to Carolinas-Anson Healthcare, Inc d/b/a Carolinas HealthCare System Anson. The fair market value of this equipment is $17,010 (See Attachment E). The cost to de-install, transport and re-install that equipment is $15,000 (See Attachment E). These costs (FMV, de-install, transport, re-install) are not included in the capital cost of this project because they are a separate project for CHS Anson and the total capital cost ($32,010) is less than $750,000 and does not require any Certificate of Need approval. CHS Union will no longer have a Rad/General Room 2.

The remainder of the project is renovation related to creating a new Behavioral Health holding unit within the Emergency Department.

Summary

Based on the above facts, the project is exempt from certificate of need review. We are requesting that you confirm in writing that Carolinas HealthCare System Union's ED renovation is exempt from certificate of need review and that we may proceed as planned with this project.

Sincerely,

Elizabeth Kirkman

Elizabeth Kirkman
Assistant Vice President
CHS Management Company

Attachments

cc: Michael Lutes/President, CHS Union

Attachment A

PROPOSED TOTAL CAPITAL COST OF PROJECT

Project name: CHSUN ED BEHAVIORAL HEALTH EXPANSION

Provider/Company: CAROLINAS HEALTHCARE SYSTEM - UNION

(1)	Purchase price of land	$0
(2)	Closing costs	$0
(3)	Site Preparation	$0
(4)	Construction/Renovation Contract	$1,970,300
(5)	Landscaping	$0
(6)	Architect/Engineering Fees	$204,250
(7)	Medical Equipment	$504,500
(8)	Non Medical Equipment	$0
(9)	Furniture	$63,950
(10)	Consultant Fees (specify)	$0
(11)	Financing Costs	$0
(12)	Interest During Construction	$0
(13)	Other (Security & Information Systems)	$244,000
(14)	**Total Capital Cost**	$2,987,000

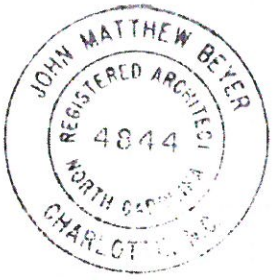
PROPOSED TOTAL CAPITAL COST OF PROJECT

Project Name: **CHSUN ED BEHAVIORAL HEALTH EXPANSION**
Provider/Company: CAROLINAS HEALTHCARE SYSTEM - UNION

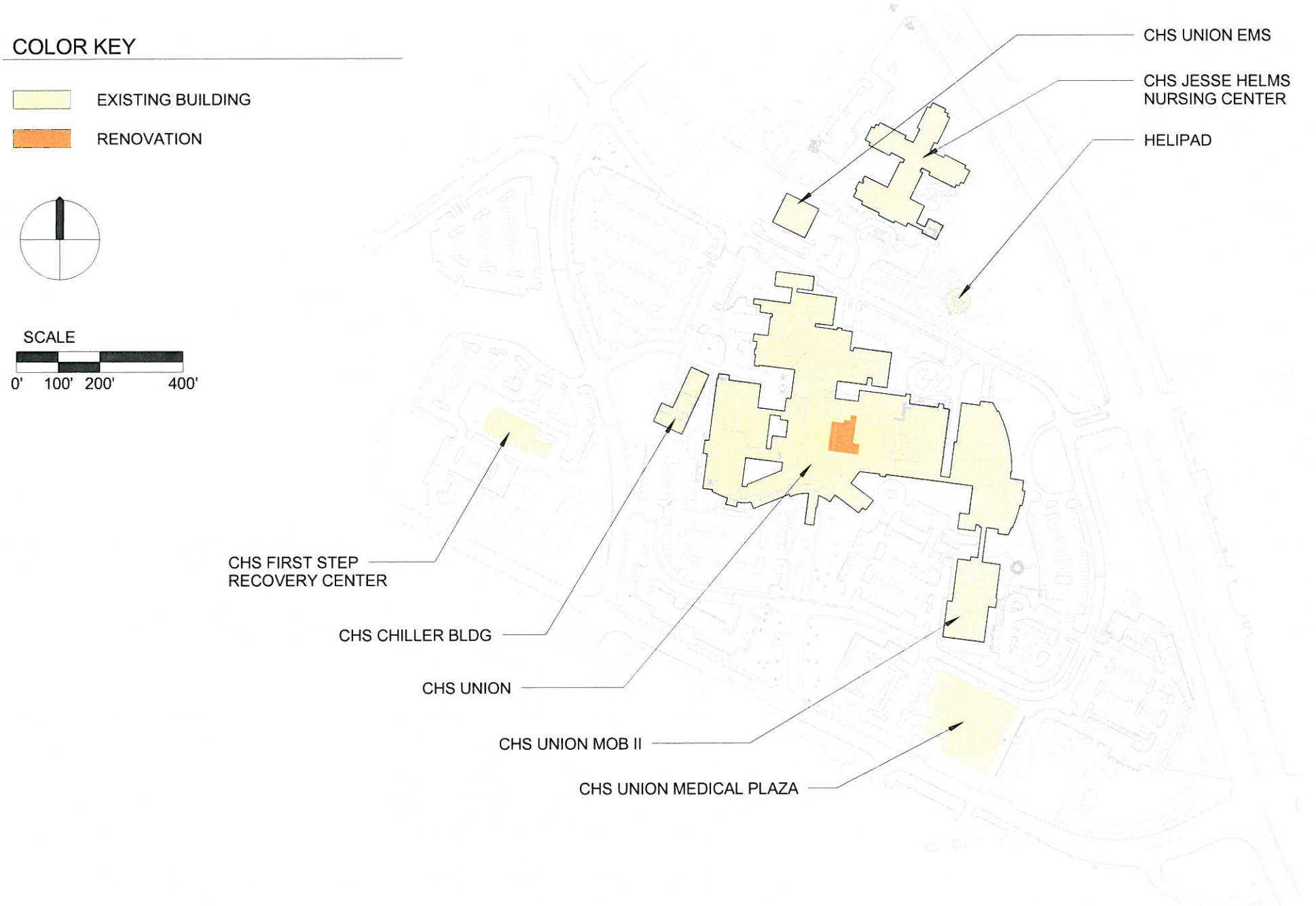
I certify that, to the best of my knowledge, the above construction related costs of the proposed project named above are complete and correct.

2/22/17

(Signature of Licensed Architect or Engineer)



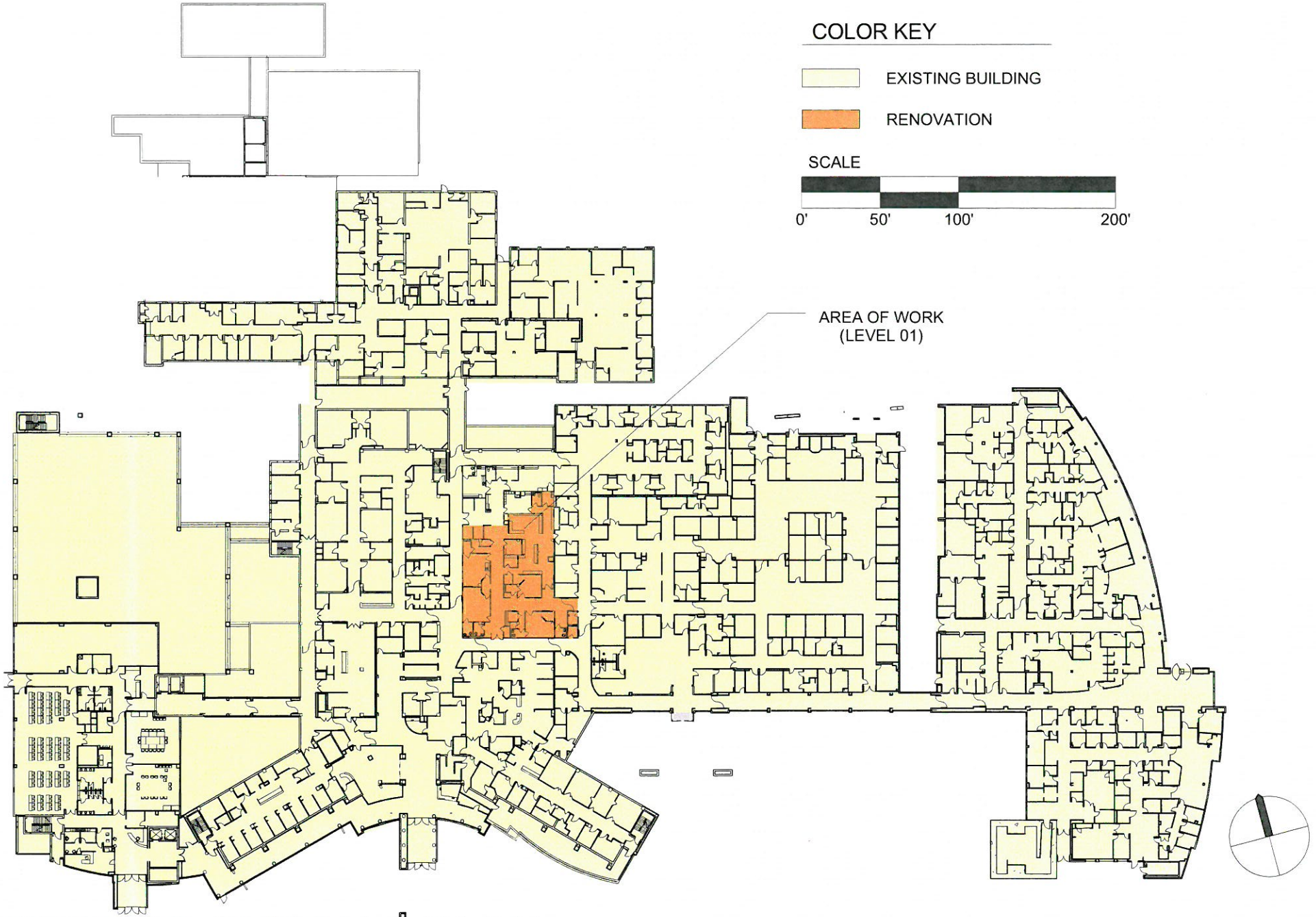
Attachment B



CHS UNION SITE PLAN

CHS Union ED Renovation

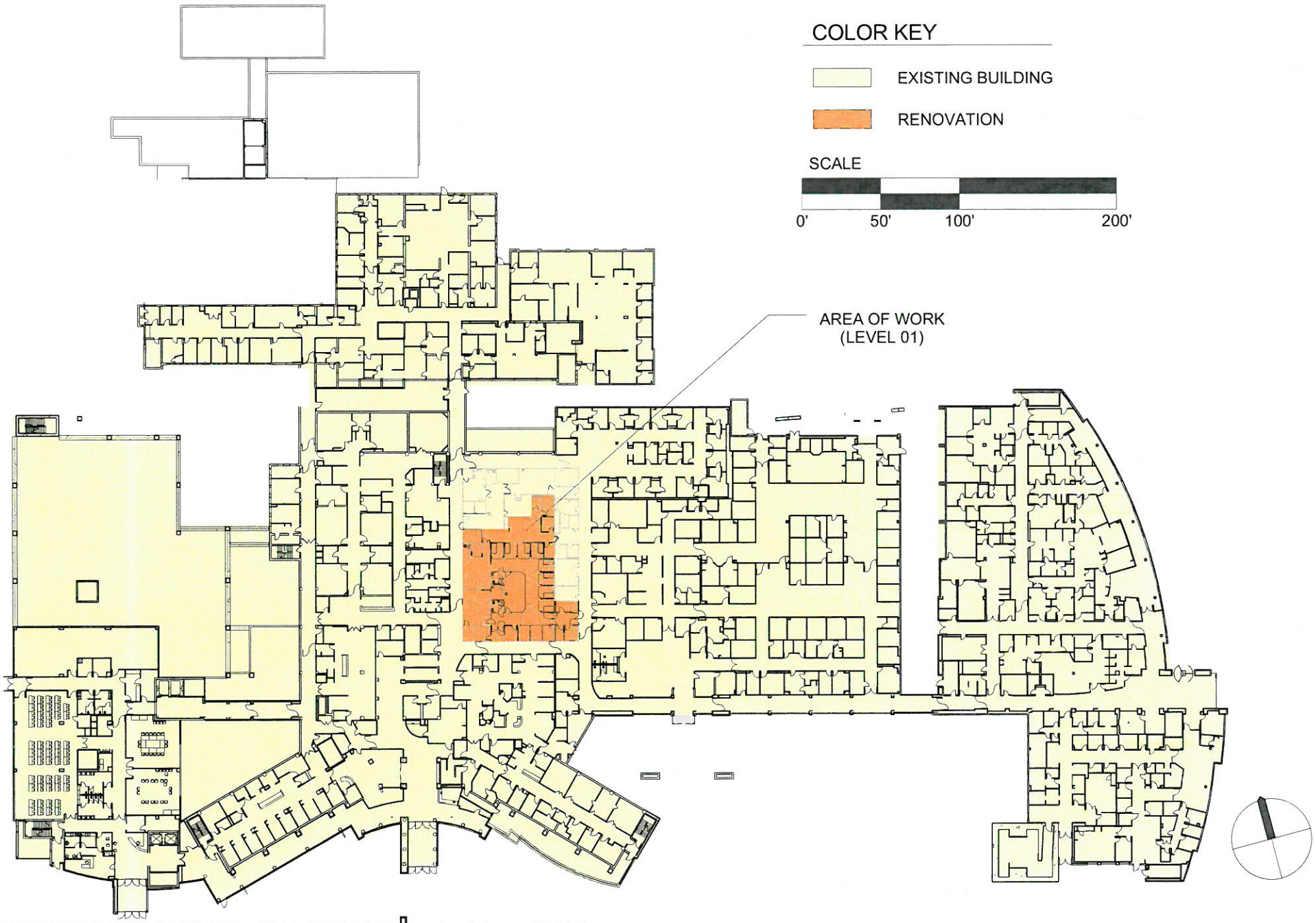
Carolinas HealthCare System *02/10/2017*



EXISTING OVERALL PLAN

CHS Union ED Renovation

Carolinas HealthCare System *2/10/2017*



PROPOSED OVERALL PLAN

CHS Union ED Renovation

Carolinas HealthCare System *2/10/2017*

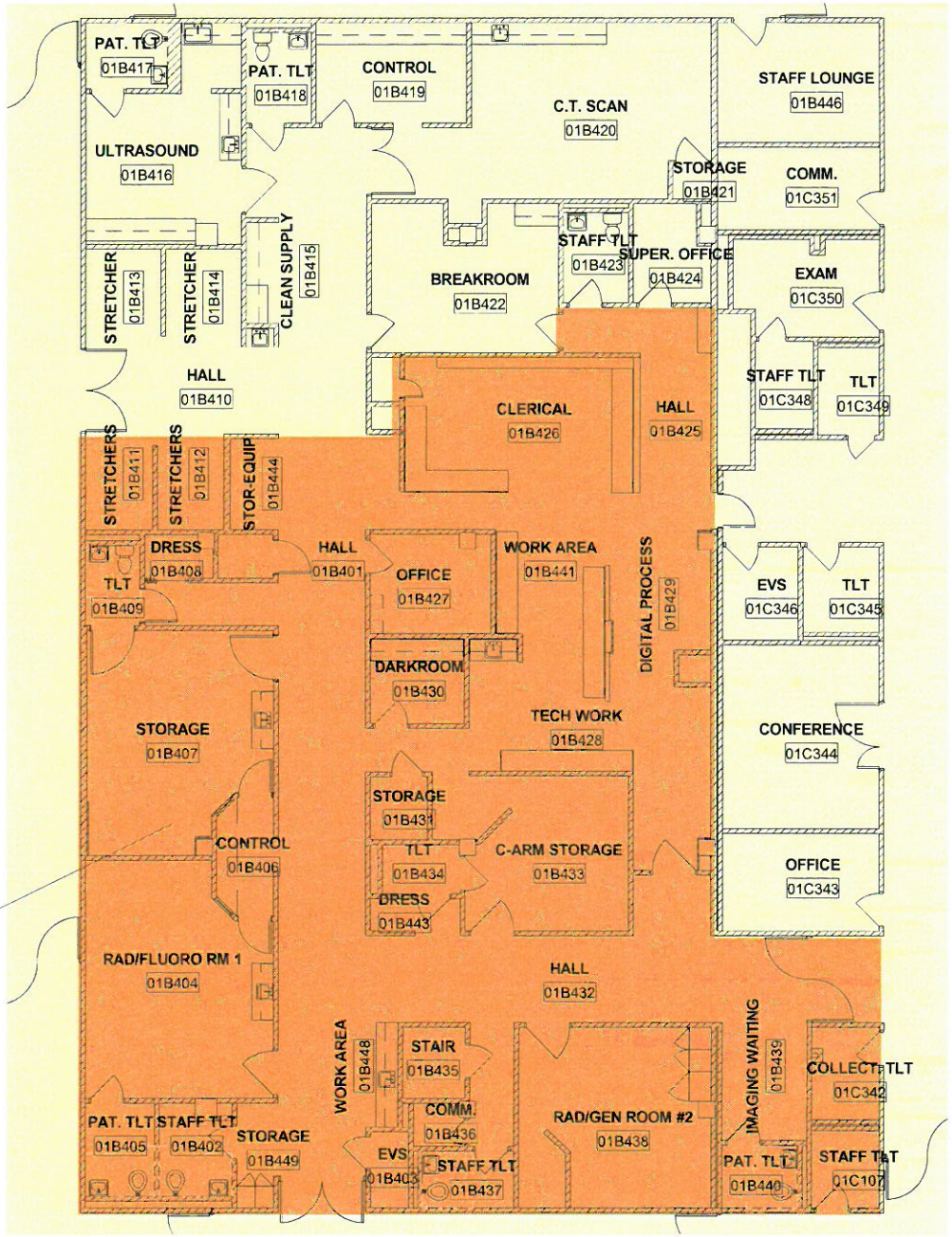
COLOR KEY

EXISTING BUILDING

RENOVATION

SCALE

0' 10' 20' 40'



AREA OF WORK
(LEVEL 01)

EXISTING ENLARGED PLAN LEVEL 01

CHS Union ED Renovation

Carolinas HealthCare System *2/10/2017*

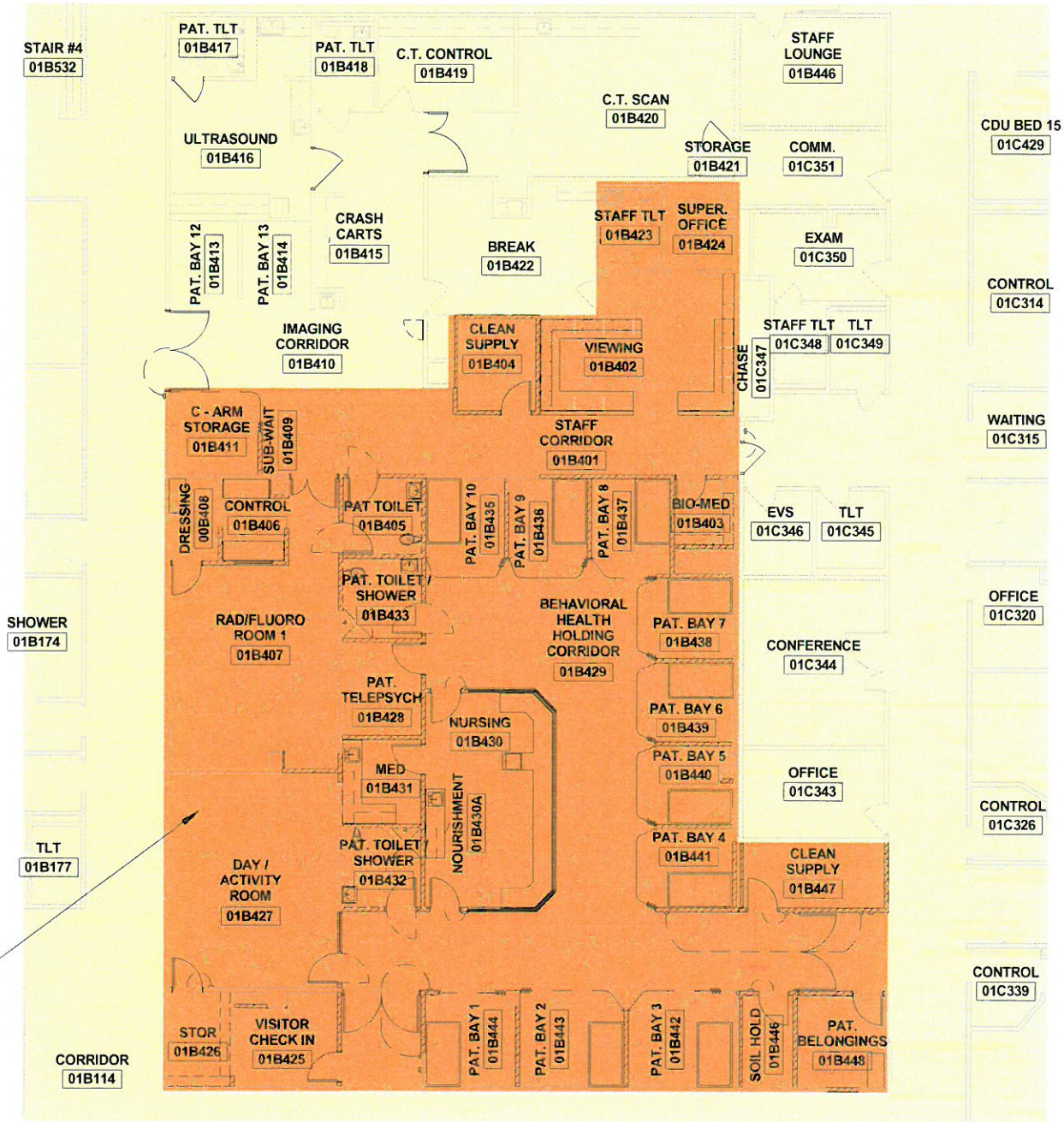
COLOR KEY

EXISTING BUILDING

RENOVATION

SCALE

0' 10' 20' 40'



AREA OF WORK (LEVEL 01)

PROPOSED ENLARGED PLAN LEVEL 01

CHS Union ED Renovation

Carolinas HealthCare System *2/10/2017*

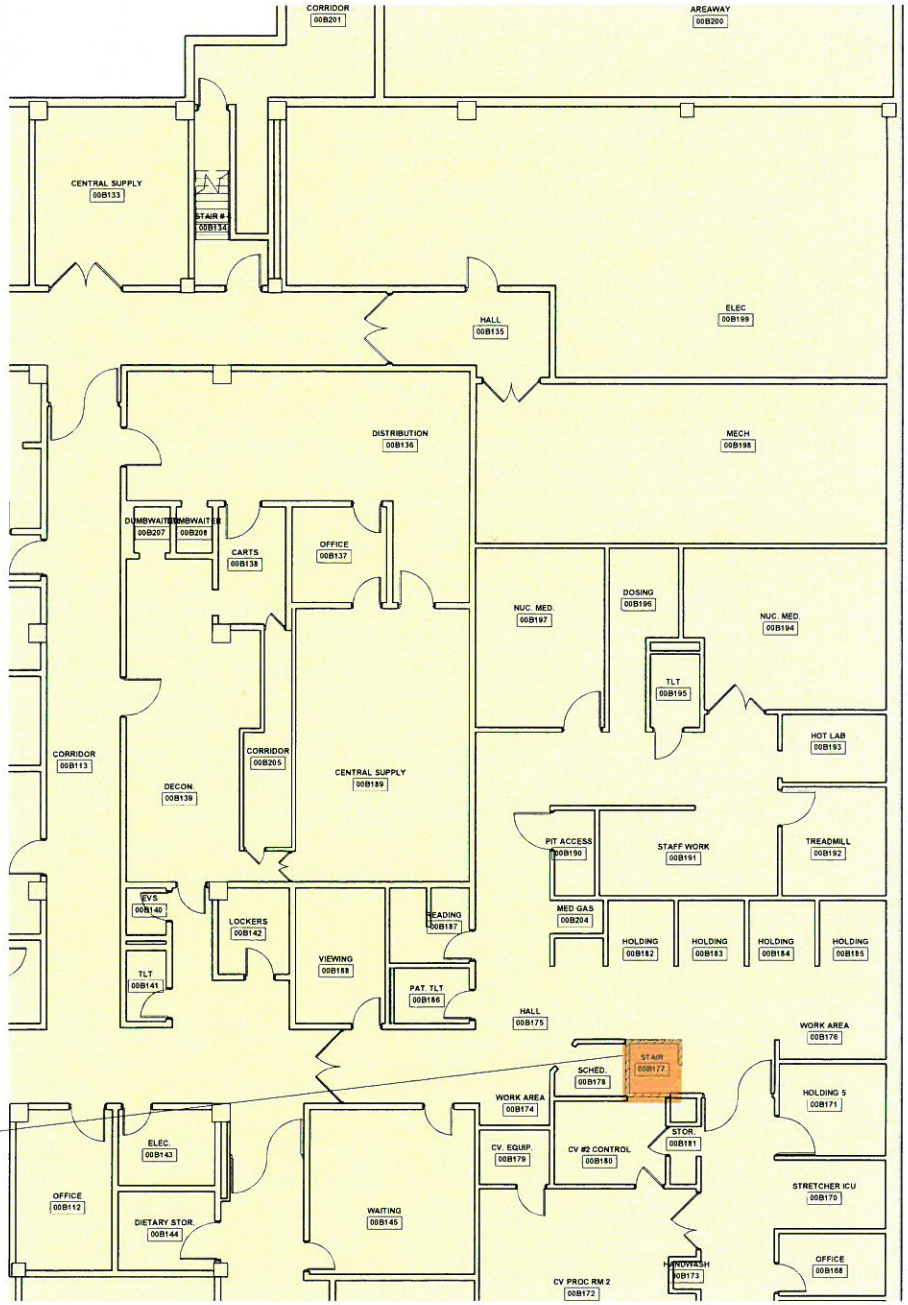
COLOR KEY

EXISTING BUILDING

RENOVATION

SCALE

0' 10' 20' 40'



AREA OF WORK
(LEVEL 00)

EXISTING ENLARGED PLAN LEVEL 00

CHS Union ED Renovation

Carolinas HealthCare System *2/10/2017*

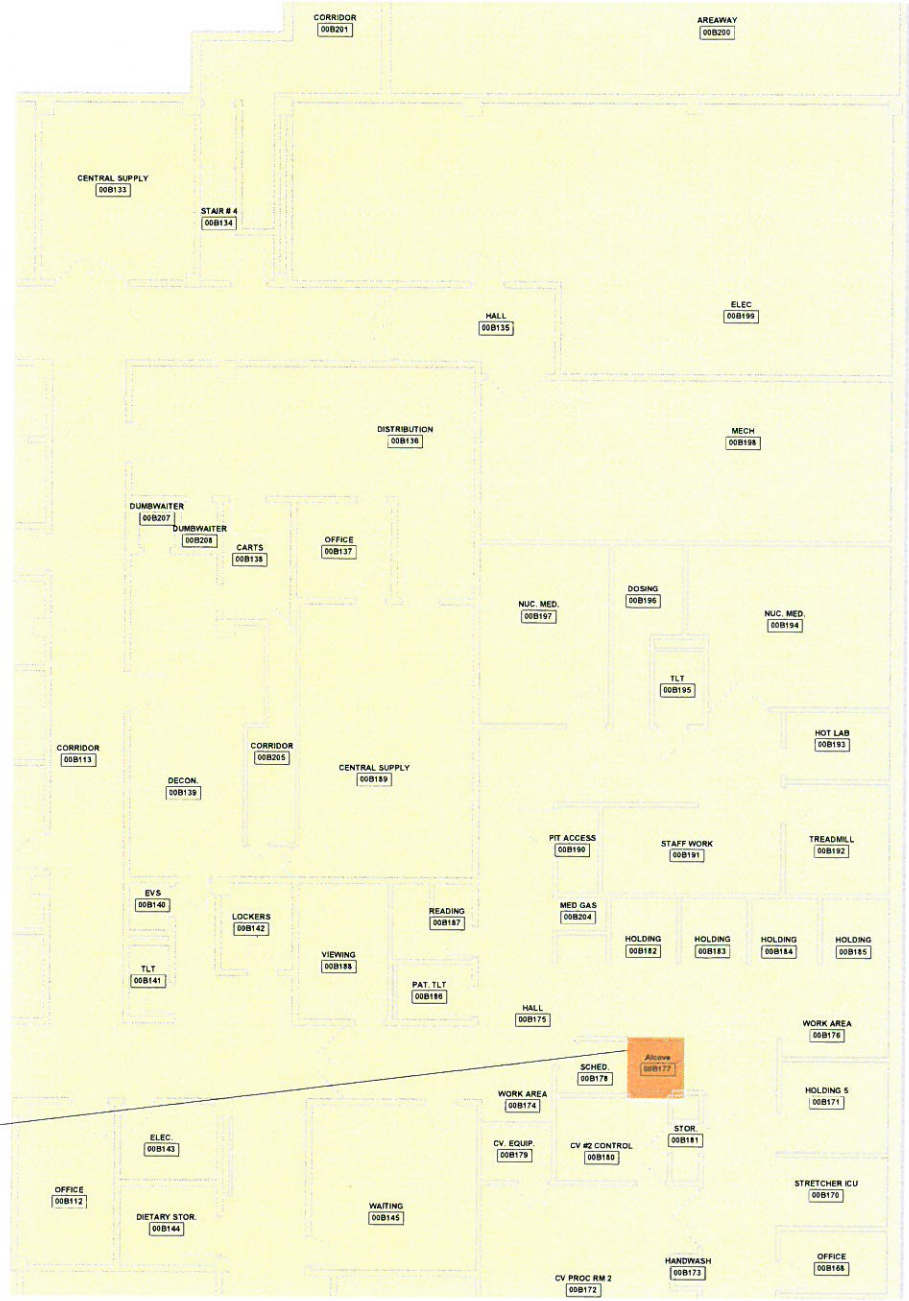
COLOR KEY

EXISTING BUILDING

RENOVATION

SCALE

0' 10' 20' 40'



AREA OF WORK
(LEVEL 00)

PROPOSED ENLARGED PLAN LEVEL 00

CHS Union ED Renovation

Carolinas HealthCare System *2/10/2017*

Attachment C

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

Effective January 01, 2017, this license is issued to

The Charlotte-Mecklenburg Hospital Authority

to operate a hospital known as

Carolinas HealthCare System Union

located in Monroe, North Carolina, Union 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: 923515

License Number: H0050

Bed Capacity: *245*
General Acute 175,
Nursing: 70

Dedicated Inpatient Surgical Operating Rooms: 2
Dedicated Ambulatory Surgical Operating Rooms: 0
Shared Surgical Operating Rooms: 6
Dedicated Endoscopy Rooms: 2

Authorized by:

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

Director, Division of Health Service Regulation

Attachment D

SELECTPLUS™ Fair Market Value Analysis

WO: 725344

For: Chris Hollar
Facility: Carolinas Healthcare System
Date: Tuesday, February 7, 2017

Total ECRI FMV Estimate = $303,957 to $336,339

Vendor: Philips Healthcare
Device: Radiographic/Fluoroscopic Systems, General Purpose; Radiographic System
Model: EasyDiagnost Eleva

Contents

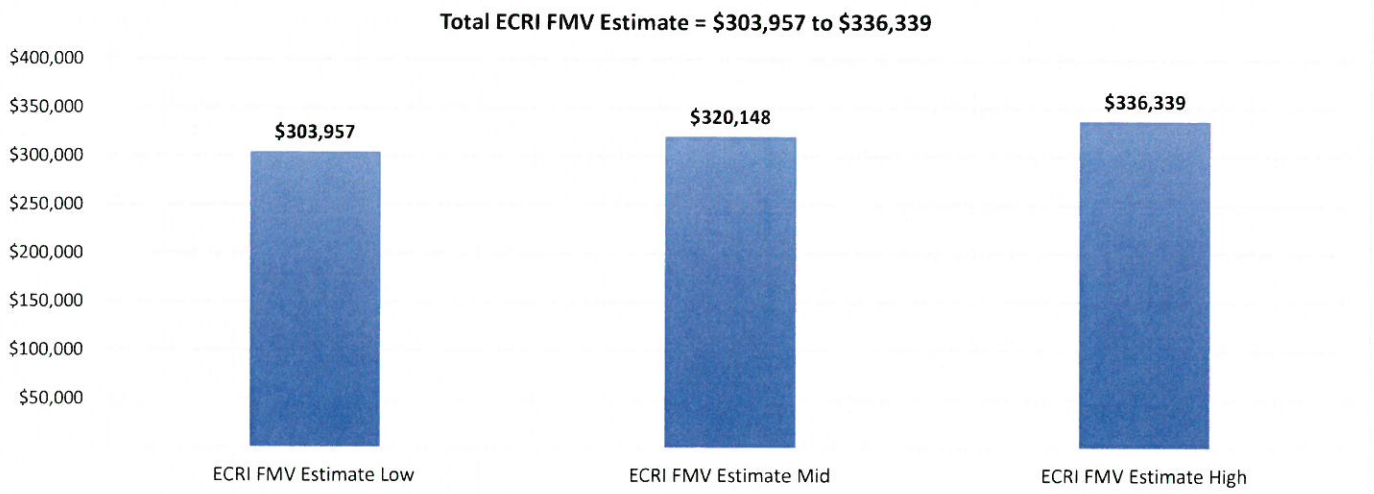
Thank you for your request for a fair market value (FMV) analysis of your Philips EasyDiagnost and Optimus. If you have any questions or require additional information, please do not hesitate to contact me.

Prepared By

Mark Valerio
Technology Analyst - Imaging
Email: mvalerio@ecri.org

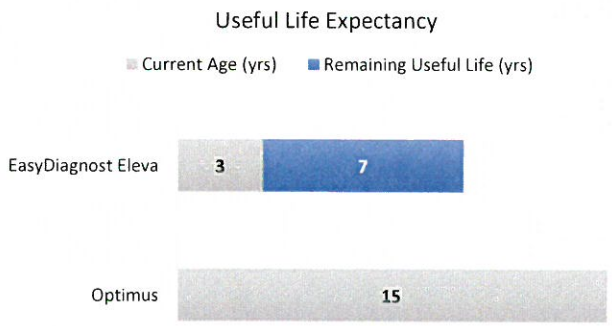
ECRI Institute
The Discipline of Science. The Integrity of Independence.

FMV Analysis Details



Manufacturer	Model	Current Age (yrs)	ECRI Useful Life (yrs)	Purchase Price	Price Source	Qty	ECRI FMV Estimate Low	ECRI FMV Estimate Mid	ECRI FMV Estimate High
Philips Healthcare	EasyDiagnost Eleva	3	10	$443,512	ECRI	1	$297,153	$308,241	$319,329
Philips Healthcare	Optimus	15	10	$340,196	ECRI	1	$6,804	$11,907	$17,010
			TOTALS	**$783,708**		**2**	**$303,957**	**$320,148**	**$336,339**

Total ECRI FMV Estimate = $303,957 to $336,339



The ECRI useful life is the number of years we believe the product can typically be used and serviced. These expected useful lives are derived from a consensus of ECRI Institute experts that have examined the real-world replacement intervals for capital equipment and information technology.

We utilize a useful life expectancy of ten (10) years for both General Purpose R/F and X-Ray systems. By way of comparison, the American Hospital Association (AHA) life span for these technologies is also ten (10) years.

Discussion

ECRI Institute's FMV estimates are calculated using straight line depreciation. The estimated FMV of the equipment at three (3) years reflects between 67% and 72% of the original purchase price. Your facility did not provide the original cost of the EasyDiagnost. We utilized our PricePaid database to estimate a purchase price of $443,512 in 2014. Therefore, our FMV estimate for your Phlips EasyDiagnost Eleva is between **$297,153 to $319,329**.

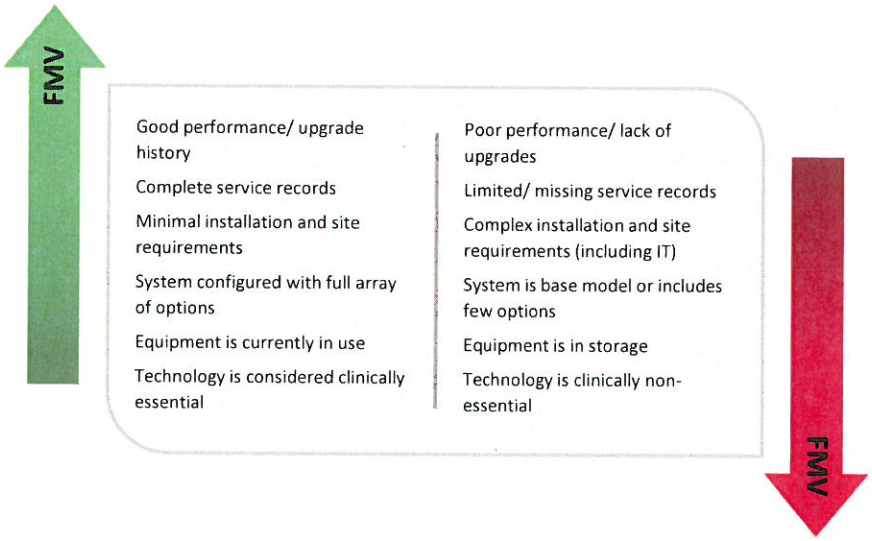
The age of your Optimus exceeds the expected useful life. Therefore, we believe the residual value of the equipment would be limited to 2% - 5% of the original purchase price. Your facility did not provide the original cost of the Optimus. We utilized our PricePaid database to estimate a purchase price of $340,196 in 2002. Therefore, our FMV estimate for your Phlips Optmus is between $6,804 to $17,010.

Instead of selling a severely depreciated item you may wish to consider several alternatives: keeping it for spare parts, donating it and taking a tax write off, or attempting to trade-in the unit for an additional discount off a new model.

Please note that our FMV estimates do not take into account usage or condition of the equipment. Our analysis also does not account for any clinical value that the equipment may hold, but rather estimates what value the equipment may have in the used medical device marketplace. In order to most accurately determine the FMV of your equipment, we suggest that you:

1. Consider the availability of new technology.
2. Determine if the equipment no longer meets government or safety standards.
3. Decide if it is more economical to repair or replace the equipment.
4. Ensure the availability of repair parts from original equipment manufacturer (OEM).
5. Ascertain if obsolescence impacts clinical/operational effectiveness.
6. Define the reliability/dependability of the equipment.

Many factors can enhance or detract from the FMV. Changes in demand due to reported problems and device recalls, as well as technological innovations can also have a significant impact.



Straight Line Depreciation Table(s)

10 Year Useful Life

FMV	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Max	90%	81%	72%	63%	54%	45%	36%	27%	18%	10%
Min	85%	76%	67%	58%	49%	40%	31%	22%	13%	5%

The member agrees to hold in strict confidence SELECTplus Custom Analyses, as well as the content of the other Products and Services offered under the SELECTplus Agreement, using them only for their intended purpose and within its own institution, and shall not transmit them to or share them with third parties without the prior written permission of ECRI Institute in each instance. The provisions of this clause shall survive expiration or termination of this Agreement. In the event that member uses or attempts to use the Custom Analysis, or other SELECTplus Products and Services, in a manner that is contrary to the terms of the SELECTplus Agreement, it may result in an automatic termination of the usage rights granted herein and will give ECRI Institute the right (in addition to any such remedies available to it) to injunctive relief enjoining those acts, it being acknowledged that legal remedies are inadequate.

RADON
MEDICAL IMAGING

February 2, 2017

Carolinas HealthCare System
Attn: Vivian Roque
Charlotte, NC
Email: vivian.roque@carolinashealthcare.org
Phone: (704) 512-7254

SUBJECT: Quote No. 17-3244

Dear Vivian,

Radon Medical Imaging is pleased to submit this quote for your consideration.

De-install 2014 Philips R/F system consisting of Generator, R/F table, Overhead Tube Crane, Left Hand Wall Stand, Monitor Cart, and Electronics Cabinetry from Radiology Department at CMC Anson, load on truck and take to Radon Warehouse in Gaffney for storage for maximum of three (3) months if room renovations at CMC Union are not complete at the time of transport. Radon will then reload equipment on truck and transport equipment to CMC Union for re-installation upon completion of room renovations. Radon Medical will provide an equipment layout drawing **along with electrical and structural drawings provided that CHS Union provides Radon Medical with a scaled drawing of the room (pdf. and CAD).**

Price	**$30,000.00**
Plus applicable taxes	

Terms: Net 30 days upon completion.

Scheduling of this job requires a minimum of six (6) weeks' notice.

PO BOX 68 (29342)• 384 PEACHOID ROAD • GAFFNEY, SOUTH CAROLINA 29341
PH: (864) 487-0450 • FAX (864) 487-9955 • EMAIL: radon@radonmed.com

Special Notes:

This re-installation pricing includes installing the equipment in the same condition as it was upon de-installation and does not include any parts replacement (unless noted) or upgrades. . Radon Medical will not be responsible for any bucky, grid, cassette tray movement required for the selected image receptor (CR or DR).

For re-installation of equipment, the Installation Site is responsible for all, but not limited to, the following:

1. Submitting a Shielding Design to the State and getting approval for re-installation of equipment from the State. Approval letter from the State and Shielding Design must be copied to Radon Medical Imaging prior to re-installation.
2. Provide appropriate access to the building to move equipment.
3. Provide appropriate power and electrical runs for equipment re-installation per Radon's specifications.
4. Provide appropriate steel in the ceiling for mounting of the overhead tube crane.
5. Customer is responsible for ensuring that all equipment is UL approved and meets all local and state electrical codes.
6. Should the existing cable lengths be too short for re-installation at the new site, CHS will be responsible for the cost of longer cables.
7. Ensure that all State requirements are met prior to and post installation, including but not limited to, shielding design, equipment registration, and post installation radiation survey.
8. CHS will be required to have a physicist complete a calibration on the Philips R/F system upon complete re-installation per STATE requirements.

Should you have any questions or concerns regarding this quotation, please do not hesitate to call me.

RADON MEDICAL, LLC

Donna Cloninger

Donna Cloninger

THIS QUOTE IS ACCEPTED BY:

_____
Name

_____
Title/Date

_____
PO Number

PO BOX 68 (29342)• 384 PEACHOID ROAD • GAFFNEY, SOUTH CAROLINA 29341
PH: (864) 487-0450 • FAX (864) 487-9955 • EMAIL: radon@radonmed.com

Attachment E

SELECTPLUS™
Fair Market Value Analysis

WO: 725344

For: Chris Hollar
Facility: Carolinas Healthcare System
Date: Tuesday, February 7, 2017

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Device: Radiographic/Fluoroscopic Systems, General Purpose; Radiographic System
Model: EasyDiagnost Eleva

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Mark Valerio
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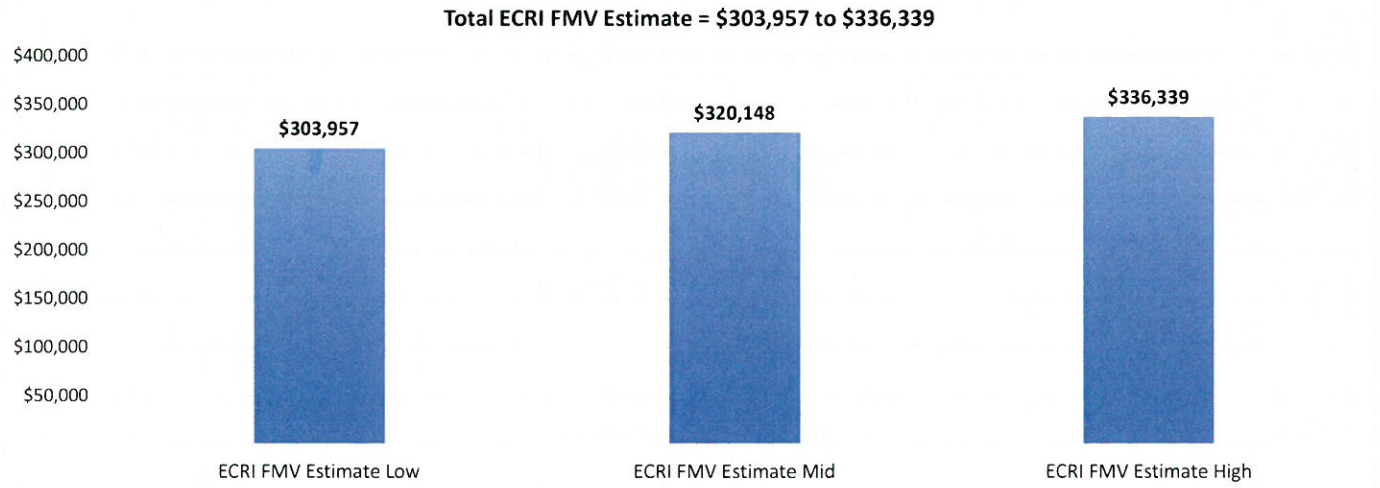
Email: mvalerio@ecri.org

ECRI Institute
The Discipline of Science. The Integrity of Independence.

FMV Analysis Details



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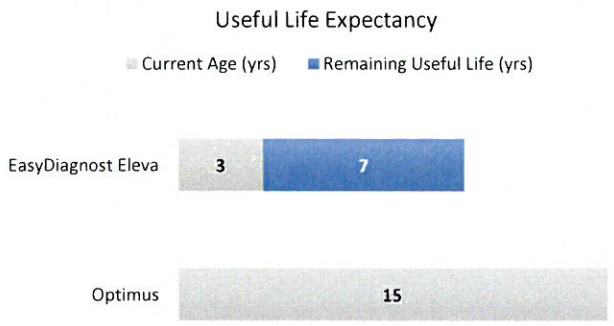

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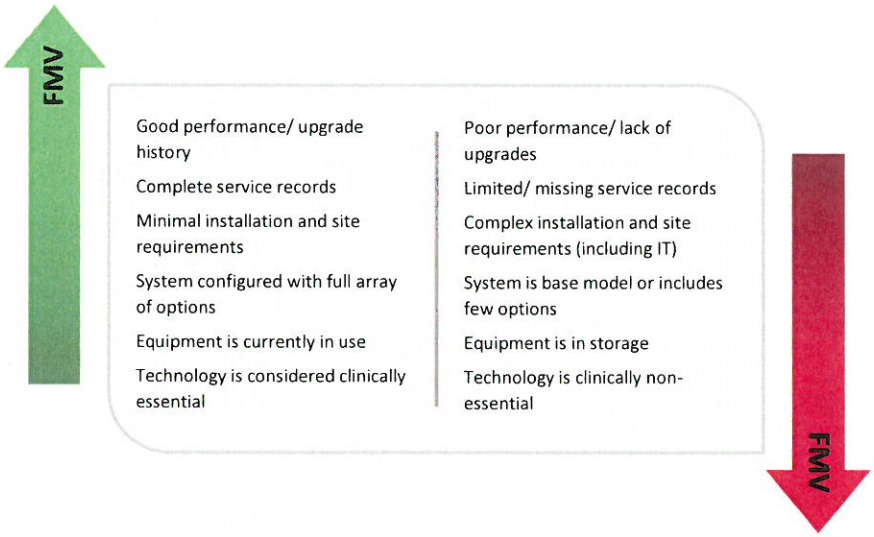

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RADON
MEDICAL IMAGING

February 2, 2017

Carolinas HealthCare System
Attn: Vivian Roque
Charlotte, NC
Email: vivian.roque@carolinashealthcare.org
Phone: (704) 512-7254

SUBJECT: Quote No. 17-3243

Dear Vivian,,

Radon Medical Imaging is pleased to submit this quote for your consideration.

De-install Philips Rad System consisting of Generator, Control Console, Overhead Tube Crane, Elevator Table, Left Hand Load Wall Stand , and Electronics cabinet from Room 3 At CMC Union, load on truck, transport to CMC Anson, and re-install equipment at CMC Anson. This equipment will need to be stored on site (CMC Anson) prior to removal of Philips R/F unit at Anson so that re-installation can begin the next day after removal of the R/F unit.
Radon Medical was unable to identify any electrical and/or structural work that would need to be completed at CMC Anson prior to re-installation, however it was noted that existing floor trough may not extend into the room far enough to get all the wiring to the elevator table and may require that some surface mount wire mold be used to get all wiring to the table base. Radon Medical will provide an equipment placement drawing along with electrical and structural drawings provided that CHS Anson provides Radon Medical with a scaled drawing of the room (pdf and CAD).

Price	**$15,000.00**
Plus applicable taxes	

Terms: Net 30 days upon completion.

Scheduling of this job requires a minimum of four (4) weeks' notice.

PO BOX 68 (29342)• 384 PEACHOID ROAD • GAFFNEY, SOUTH CAROLINA 29341
PH: (864) 487-0450 • FAX (864) 487-9955 • EMAIL: radon@radonmed.com

Special Notes:

This re-installation pricing includes installing the equipment in the same condition that it was in upon de-installation and does not include any parts replacement (unless noted) or upgrades. Radon Medical will not be responsible for any bucky, grid, cassette tray movement required for the selected image receptor (CR or DR). It is assumed that equipment will be moved directly from the X-Ray Suite at CMC Union directly to CMC Anson and does not include any off-site storage of equipment.

For re-installation of equipment, the Installation Site is responsible for all, but not limited to, the following:

1. Submitting a Shielding Design to the State and getting approval for re-installation of equipment from the State. Approval letter from the State and Shielding Design must be copied to Radon Medical Imaging prior to re-installation.
2. Provide appropriate access to buildings to move equipment.
3. Provide appropriate power and electrical runs for equipment re-installation..
4. Provide appropriate steel in the ceiling for mounting of the overhead tube crane.
5. Customer is responsible for ensuring that all equipment is UL approved and meets all local and state electrical codes.
6. Should the existing cable lengths be too short for re-installation at the new site, CHS will be responsible for the cost of longer cables.
7. Ensure that all State requirements are met prior to and post installation, including but not limited to, shielding design, equipment registration, and post installation radiation survey.

Should you have any questions or concerns regarding this quotation, please do not hesitate to call me.

RADON MEDICAL LLC

Donna Cloninger

Donna Cloninger

THIS QUOTE IS ACCEPTED BY:

_____
Name

_____
Title/Date

_____
PO Number

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