

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

Gary S. Qualls  
430 Davis Drive  
Suite 400  
Morrisville, NC 27560

**No Review**

**Record #:** ~~2255~~ 2298 (AW)  
**Facility Name:** Union West Surgery Center  
**FID #:** 050752  
**Business Name:** Union Health Services, LLC  
**Business #:** 1913  
**Project Description:** Add Procedure Room  
**County:** Union

Dear Mr. Qualls:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of February 22, 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.

However, you need to contact the Agency's Construction and Acute and Home Care Licensure and Certification Care 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 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

**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

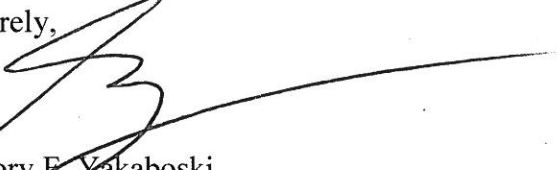
AN EQUAL OPPORTUNITY/ AFFIRMATIVE ACTION EMPLOYER



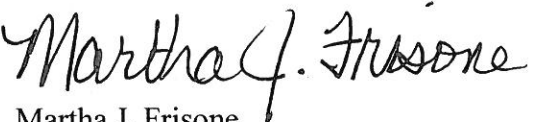
original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

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,



Gregory F. Yakaboski  
Project Analyst



Martha J. Frisone  
Assistant Chief, Certificate of Need

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



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Gregory F. Yakaboski  
Project Analyst



Martha J. Frisone  
Assistant Chief, Certificate of Need

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

Gary S. Qualls  
D 919.466.1182  
F 919.516.2072  
gary.qualls@klgates.com

February 22, 2017

**VIA HAND DELIVERY**

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



RE: Union West Surgery Center  
No Review Request To Verify Non-Reviewability of Procedure Room  
Addition

Dear Ms. Frisone:

We are writing on behalf of our client Union Health Services, LLC (“UHS”). UHS owns and operates Union West Surgery Center (the “Center”), a licensed ambulatory surgical facility in Indian Trail, Union County. The Charlotte-Mecklenburg Hospital Authority (“CMHA”) is the sole member of UHS.

UHS plans to add one procedure room to the Center for a capital cost of under \$2 Million. Through this letter, UHS requests confirmation from the Department of Health and Human Services, Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section (the “Agency”) that the Procedure Room Project described herein is not subject to certificate of need review.

Because the addition of a procedure room does not trigger any of the Certificate of Need (“CON”) Law’s new institutional health service definitions in N.C. Gen. Stat. § 131E-176(16), UHS asks to do this without undergoing CON review.

Martha Frisone,  
Assistant Chief, Certificate of Need  
February 22, 2017  
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This event triggers none of the new institutional health service definitions in N.C. Gen. Stat. § 131E-176(16). For example:

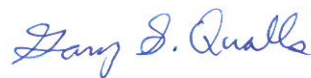
- The construction costs associated with developing UHS's Procedure Room Project will not exceed \$2 Million, and thus will not trigger the capital cost threshold in N.C. Gen. Stat. § 131E-176(16)(b). See Exhibit 1 (certified cost estimate) and Exhibit 2 (line drawing showing location of proposed procedure room and related renovations).
- UHS's proposed procedure room will not be billed or otherwise held out to the public as an operating room. See N.C. Gen. Stat. §§ 131E-176(16)(u) and -176(18c).
- No other new institutional health service definition is remotely implicated.

UHS plans to file for the 2017 State Medical Facilities Plan ("SMFP") Union County operating room need to add one additional operating room to Union West Surgery Center (the "Potential Operating Room Project"). However, the Procedure Room Project described in this letter will be a separate project from the Potential Operating Room Project. The Procedure Room Project will be developed regardless of the Potential Operating Room Project. In fact, the Procedure Room Project will likely be completed before any Agency decision is made on the Potential Operating Room Project. From a timing perspective, one year will expire between completion of the Procedure Room Project and the start of construction on any Potential Operating Room Project.

Based on the foregoing information, UHS hereby requests that the Agency provide a written response confirming that UHS may develop the Procedure Room Project without undergoing CON review. If the Agency needs additional information to assist in its consideration of this request, please apprise us as soon as possible.

Please do not hesitate to contact us if you have any questions.

Sincerely,



Gary S. Qualls

Martha Frisone,  
Assistant Chief, Certificate of Need  
February 22, 2017  
Page 3

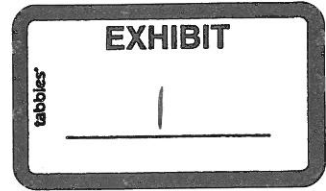
**Exhibits**

1. Certified Cost Estimate
2. Floor Plan

**PROPOSED TOTAL CAPITAL COST OF PROJECT**

**Project Name: Renovation to Add a Procedure Room**

**Provider/Company: CHS - Union West**



**A. Site Costs**

(1) Full purchase price of land		\$ _____	
Acres _____ Price per Acre \$ _____			
(2) Closing costs		\$ _____	
(3) Site Inspection and Survey		\$ _____	
(4) Legal fees and subsoil investigation		\$ _____	
(5) Site Preparation Costs			
Soil Borings.....	\$ _____		
Clearing-Earthwork...	\$ _____		
Fine Grade For Slab...	\$ _____		
Roads-Paving.....	\$ _____		
Concrete Sidewalks...	\$ _____		
Water and Sewer.....	\$ _____		
Footing Excavation....	\$ _____		
Footing Backfill.....	\$ _____		
Termite Treatment....	\$ _____		
Other (Specify).....	\$ _____		
Sub-Total Site Preparation Costs		\$ _____	
(6) Other (Specify)		\$ _____	
(7) Sub-Total Site Costs			\$ <u>0.00</u>

**B. Construction Contract**

(8) Cost of Materials			
General Requirements	\$ _____		
Concrete/Masonry	\$ _____		
Woods/Doors & Windows/Finishes	\$ _____		
Thermal & Moisture Protection	\$ _____		
Equipment/Specialty Items	\$ _____		
Mechanical/Electrical	\$ _____		
Other (Specify)	\$ _____		
Sub-Total Cost of Materials.....		\$ _____	
(9) Cost of Labor.....		\$ _____	
(10) Other (Specify).....		\$ _____	
(11) Sub-Total Construction Contract			\$ <u>865,000.00</u>

**C. Miscellaneous Project Costs**

(12) Building Purchase.....		\$ _____	
(13) Fixed Equipment Purchase/Lease		\$ <u>265,000.00</u>	
(14) Movable Equipment Purchase/Lease		\$ <u>200,000.00</u>	
(15) Furniture		\$ _____	
(16) Landscaping		\$ _____	
(17) Consultant Fees			
Architect and Engineering Fees	\$ <u>170,000.00</u>		
Legal Fees.....	\$ _____		
Market Analysis.....	\$ _____		
Other (Specify).....	\$ _____		
Other (Specify).....	\$ _____		
Sub-Total Consultant Fees.....		\$ _____	
(18) Financing Costs (e.g. Bond, Loan, etc.).		\$ _____	
(19) Interest During Construction.		\$ _____	
(20) Other (Specify)		\$ _____	
(21) Sub-Total Miscellaneous			\$ <u>635,000.00</u>
(22) Total Capital Cost of Project (Sum A-C above)			\$ <u>1,500,000.00</u>

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

*[Signature]* PA. H.C. 3168 Date Certified: 2/10/2017  
 (Signature of Licensed Architect or Engineer)

I assure that, to the best of my knowledge, the above costs for the proposed project are complete and correct and that it is my intent to carry out the proposed project as described.

\_\_\_\_\_  
 (Signature and Title of Officer Authorized to Represent Provider/Company) Date Signed: \_\_\_\_\_



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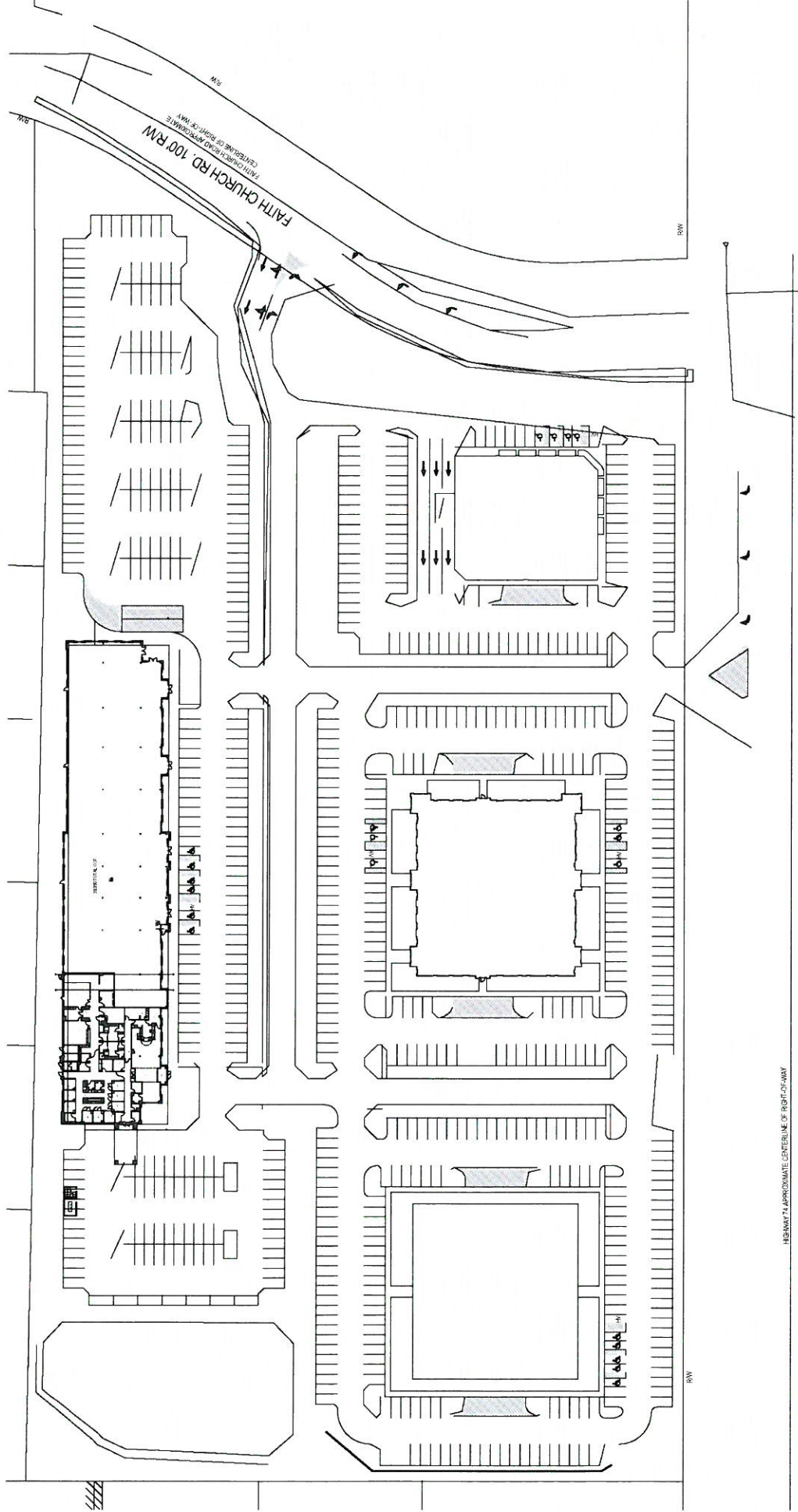
- RENOVATION
- EXISTING BUILDING

**EXHIBIT**

2

tabbles

**PROJECT AREA OF WORK**



HEAVY 14 APPROXIMATE CENTERLINE OF RIGHT-OF-WAY

**UNION HEALTH SERVICES, LLC SITE PLAN**

**RENOVATION**

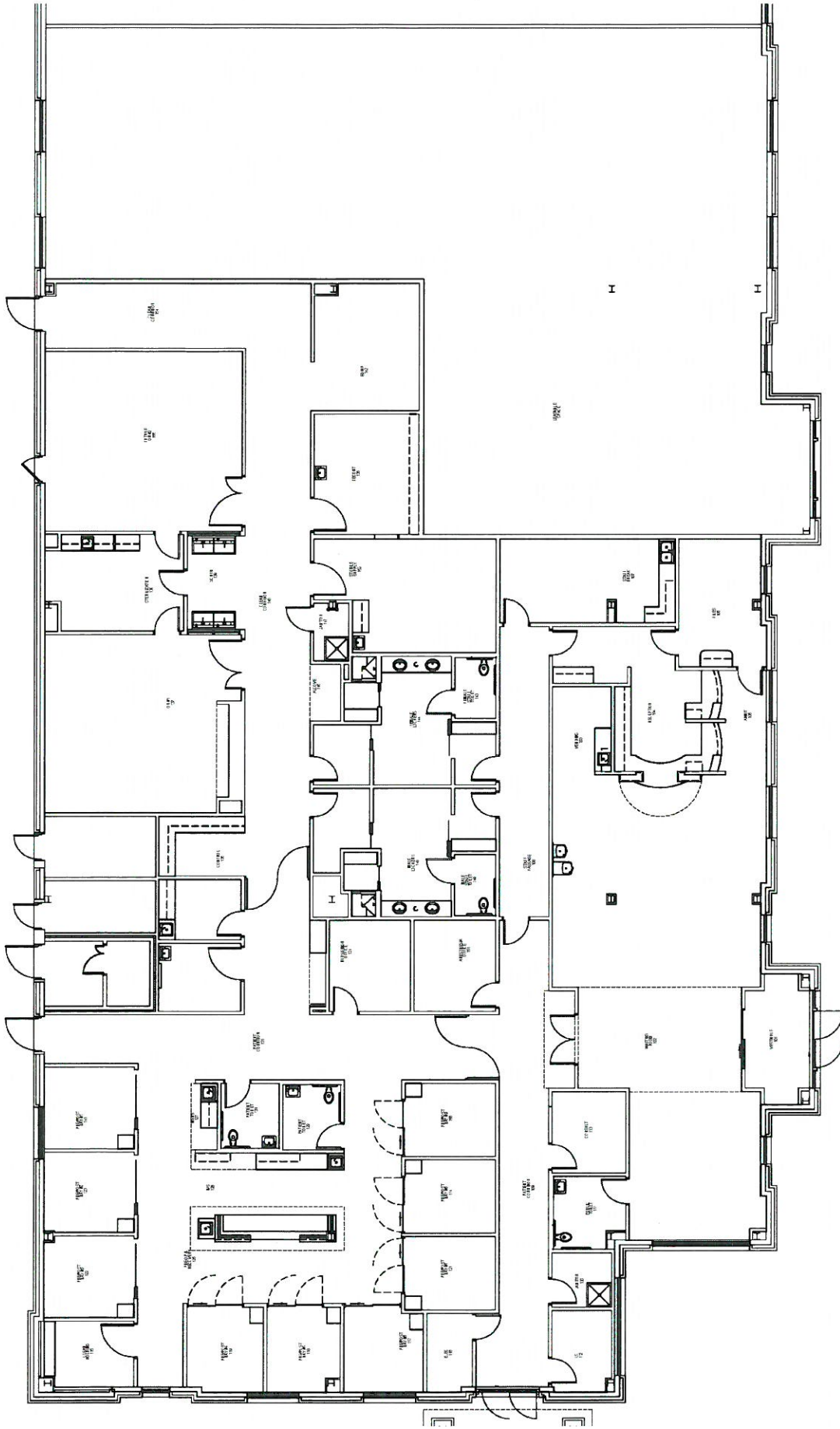


08 February, 2017

**COLOR KEY**

RENOVATION

EXISTING BUILDING



**UNION HEALTH SERVICES, LLC EXISTING FLOOR PLAN      RENOVATION**

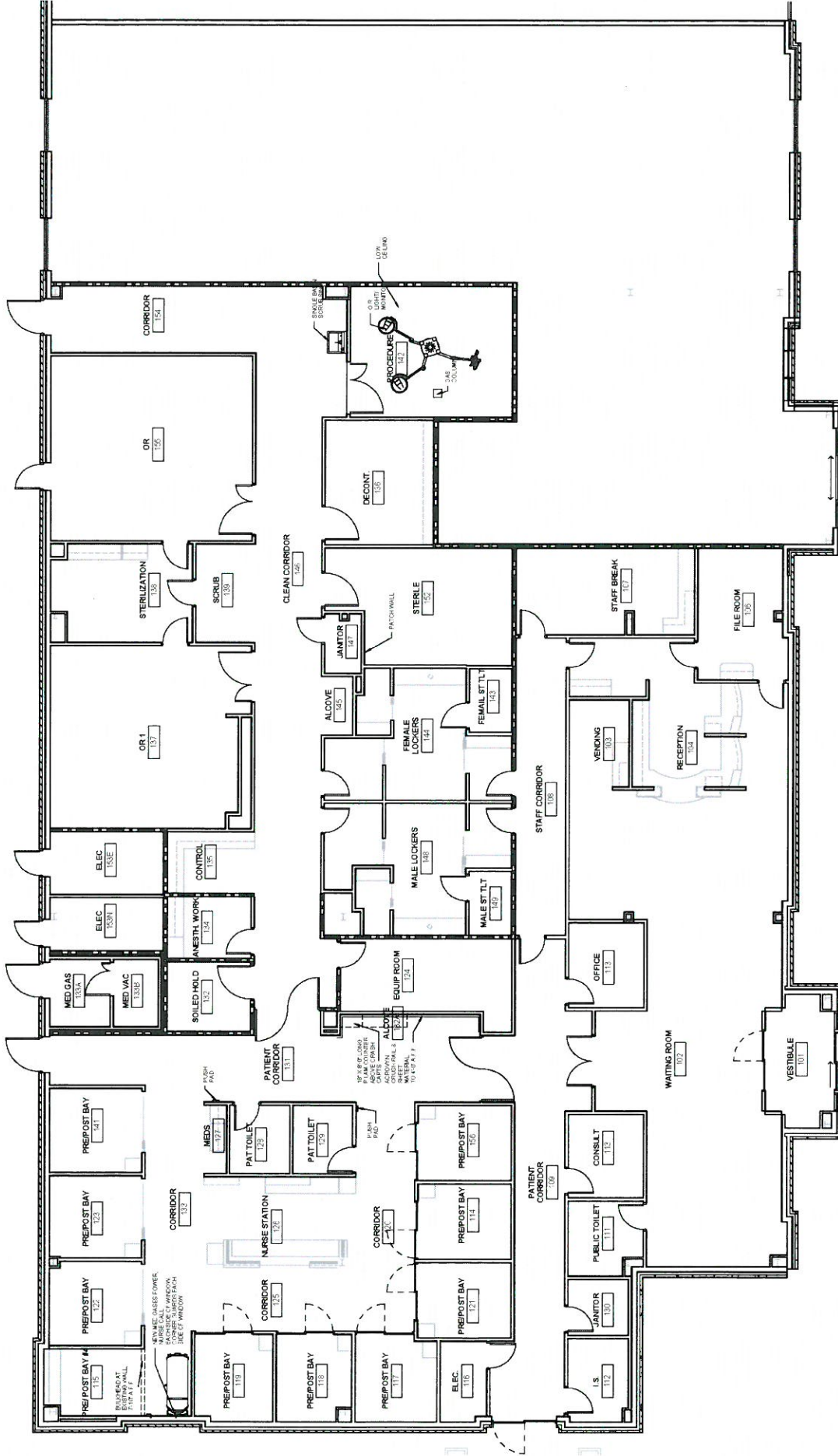
08 February, 2017

**COLOR KEY**

RENOVATION

EXISTING BUILDING

**PROJECT AREA OF WORK**



**UNION HEALTH SERVICES, LLC FLOOR PLAN**

**RENOVATION**



08 February, 2017