



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

February 28, 2018

Jeffrey N. Woodard
975 East Third Street
Chattanooga, TN 37403

Exempt from Review – Acquisition of Facility

Record #: 2530
Facility Name: Murphy Medical Center
Type of Facility: Hospital
FID #: 943366
Acquisition by: Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Health System
Business #: 2804
County: Cherokee

Dear Mr. Woodard:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of February 15, 2018, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(a)(8). Therefore, Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Health System may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Agency's Acute and Home Care Licensure and Certification Section to obtain instructions for changing ownership of the existing facility. 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.

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



Jeffrey N. Woodard
February 28, 2018
Page 2

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

Sincerely,



Julie M. Faenza
Project Analyst



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

cc: Acute and Home Care Licensure and Certification Section, DHR
Sharetta Blackwell, Program Assistant Healthcare Planning, DHR



February 15, 2018

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



Re: Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Health System, to Become Sole Member of Murphy Medical Center, Inc.

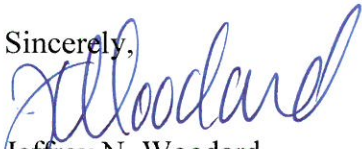
Dear Ms. Frisone:

I am writing on behalf of my client, Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Health System, a Tennessee governmental hospital authority (“Erlanger”), to provide notice to the Healthcare Planning and Certificate of Need Section that, effective on April 1, 2018, it is anticipated that Erlanger will become the sole member of Murphy Medical Center, Inc., a North Carolina nonprofit corporation (“Murphy”) that operates Murphy Medical Center in Murphy, North Carolina. This corporate change of control will allow Murphy to become an integrated part of the Erlanger Health System, which will be of substantial public benefit by improving the availability of high quality health care services in Murphy, North Carolina and surrounding areas.

We believe that this corporate change does not constitute one of the enumerated “new institutional health services” defined in N.C. Gen. Stat. § 131E-176(16) that requires certificate of need review and approval. To the extent that the Healthcare Planning and Certificate of Need Section may have any concerns that this corporate change may constitute an otherwise reviewable acquisition of an existing health service facility, then this letter constitutes a notice of exemption pursuant to N.C. Gen. Stat. § 131E-184(a)(8). N.C. Gen. Stat. § 131E-184(a)(8) provides that if the Department receives prior written notice from an entity that it will “acquire an existing health service facility, including equipment owned by the health service facility at the time of the acquisition,” the Department “shall exempt” such project from certificate of need review.

Please let me know if we need to provide any further information in order for you to confirm our understanding that the aforementioned change of control transaction does not implicate certificate of need review. I can be reached at (423) 778-6695 or Jeffrey.Woodard@erlanger.org. On behalf of Erlanger, I respectfully request a written response from the Healthcare Planning and Certificate of Need Section at your earliest convenience, and thank you in advance for your assistance with this important matter.

Sincerely,



Jeffrey N. Woodard

Chief Legal Officer

Chattanooga-Hamilton County Hospital Authority d/b/a

Erlanger Health System