



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**
Division of Health Service Regulation

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
MARK PAYNE • Director

July 10, 2018

S. Todd Hemphill, Partner
PoynerSpruill, LLP
P.O. Box 1801
Raleigh NC 27602-1801

No Review

Record #: See Attachment A
Facility Name: See Attachment A
FID #: See Attachment A
Project Description: Change in ownership interest of the parent company
County: See Attachment A

Dear Mr. Hemphill:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of June 20, 2018 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 Acute and Home Care Licensure and Certification Section to determine if they have any requirements for development of the proposed project.

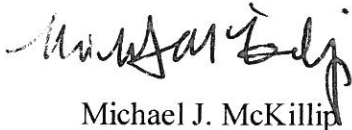
It should be noted that this determination is binding only for the facts represented in your correspondence. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need 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 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.

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION
HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

LOCATION: 809 Ruggles Drive, Edgerton Building, Raleigh, NC 27603
MAILING ADDRESS: 2704 Mail Service Center, Raleigh, NC 27699-2704
www.ncdhhs.gov/dhsr/ • TEL: 919-855-3873

Sincerely,



Michael J. McKillip
Project Analyst



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

cc: Acute and Home Care Licensure and Certification Section, DHSR
Amy Craddock, Assistant Chief, Healthcare Planning, DHSR

Attachment A

Name of Facility	FID	County	Record #
Raleigh Endoscopy Center	923422	Wake	2630
Raleigh Endoscopy Center-North	061469	Wake	2631
Raleigh Endoscopy Center-Cary	070496	Wake	2632
Guilford Endoscopy Center	060856	Guilford	2633
The Surgical Center of Morehead City	954590	Carteret	2634
Triangle Endoscopy Center	061486	Durham	2635



Poyner Spruill^{LLP}

June 20, 2018

S. Todd Hemphill
Partner
D: 919.783.2958
F: 919.783.1075
themphill@poynerspruill.com

VIA E-MAIL AND U.S. MAIL

Martha J. Frisone, Chief
Healthcare Planning and Certificate of Need Section
N.C. Department of Health and Human Services
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704

*RE: Request for No Review Determination / Transfer of Ownership Interest of Parent Company of
NC Endoscopy Centers*

- 1. Raleigh Endoscopy Center, FID No. 923422, License No. ASC0056*
- 2. Raleigh Endoscopy Center-North, FID No. 061469, License No. AS0082*
- 3. Raleigh Endoscopy Center-Cary, FID No. 070496, License No. AS0102*
- 4. Guilford Endoscopy Center, FID No. 060856, License No. AS0113*
- 5. The Surgical Center of Morehead City, FID No. 954590, License No. AS0061*
- 6. Triangle Endoscopy Center, FID No. 061486, License No. AS0085*

Dear Martha:

This firm represents Envision Healthcare Corporation ("Envision"), a publicly traded corporation, which indirectly owns through wholly owned subsidiaries the majority membership interest in three limited liability companies and a minority¹ membership interest in a fourth limited liability company (collectively, the "LLCs"). The LLCs in turn own the above six licensed ambulatory surgical facilities, all of which have endoscopy rooms providing GI endoscopy procedures (the "Facilities"). Copies of the current licenses for each of the facilities are attached as Exhibit 1, and an Organizational Chart showing the current ownership structure of the Facilities is attached as Exhibit 2.

As noted in Exhibit 2, Envision is currently a publicly traded corporation. However, Envision has entered into an agreement whereby Envision and Enterprise Merger Sub Inc. will merge, with Envision being the surviving entity. Pursuant to an Agreement and Plan of Merger dated June 10, 2018 (the "Transaction"), Envision will become a wholly owned subsidiary of Enterprise Intermediate Holdings Inc., which is a wholly owned subsidiary of the buyer, Enterprise Parent Holdings Inc. Envision will retain its existing ownership interest in the Facilities through the subsidiary LLCs, none of which will change as a result of the Transaction. An Organizational Chart showing the future ownership structure of the Facilities is attached

¹ Duke University Health System owns the majority interest in Duke Triangle Endoscopy Center, LLC.

Ms. Frisone
June 20, 2018
Page 2

as Exhibit 3. The Facilities and their direct owners, and Envision will all retain their current federal tax identification numbers. The Facilities will continue to conduct business at the same locations under the same legal entity names, licenses and FID numbers. There will be no change to any Facility's direct ownership, equipment, assets, personnel, policies and procedures, operations, or services provided.

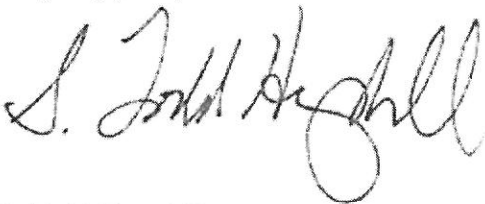
We believe that the above Transaction is not a "new institutional health service" within the meaning of N.C. Gen. Stat. § 131E-176(16) which would require certificate of need ("CON") review and approval, because the direct owner of each Facility will not change. Based on that statutory definition and multiple previous CON Section determinations, a change in ownership or control of an indirect owner of a health service facility is a not new institutional health service, requiring a CON.

However, even if the Healthcare Planning and Certification of Need Section (the "CON Section") were to conclude that the Transaction is a reviewable acquisition of an existing health service facility, then please accept this letter as a notice of exemption pursuant to N.C. Gen. Stat. § 131E-184(a)(8). As you are aware, N.C. Gen. Stat. § 131E-184(a)(8) provides that upon receiving 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 CON Section "shall" exempt such project from CON review. Each of the Facilities above is an existing health service facility within the meaning of the CON law. See N.C. Gen. Stat. § 131E-176(9b).²

We request that you provide a letter confirming that our interpretation of the CON law and applicable rules is correct and that this proposal is not a new institutional health service, or in the alternative, that the proposed transaction is exempt from CON review pursuant to N.C. Gen. Stat. § 131E-184(a)(8).

Thank you for your prompt response to our request. Please let us know if you need further information or if there are questions we can answer.

Very truly yours,



S. Todd Hemphill
Partner

² None of the Facilities has a pending CON project under development, so there is no need to request a "good cause" transfer of any CONs under N.C. Gen. Stat. § 131E-189 and 10A N.C.A.C. 14C.0502.

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

*Effective January 01, 2018, license is issued to
The Raleigh NC Endoscopy ASC, LLC*

*to operate an ambulatory surgical clinic known as
Raleigh Endoscopy Center*

*located at 2417 Atrium Drive, Suite 101
Raleigh, Wake County, North Carolina.*

*This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall expire
midnight December 31, 2018.*

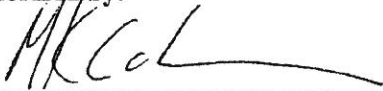
Facility ID: 923422

License Number: AS0056

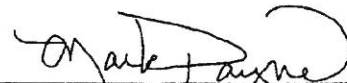
Surgical Operating Rooms: 0

Endoscopy Rooms: 4

Authorized by:



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



Director, Division of Health Service Regulation

EXHIBIT
1

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

Effective January 01, 2018, license is issued to

The Raleigh NC Endoscopy ASC, LLC

to operate an ambulatory surgical clinic known as

Raleigh Endoscopy Center - North

located at 8300 Health Park, Suite 210

Raleigh, Wake County, North Carolina.

*This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall expire
midnight December 31, 2018.*

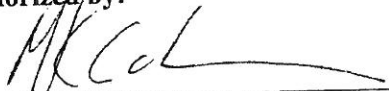
Facility ID: 061469

License Number: AS0082

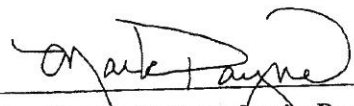
Surgical Operating Rooms: 0

Endoscopy Rooms: 3

Authorized by:



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



Director, Division of Health Service Regulation

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

Effective January 01, 2018, license is issued to

The Raleigh NC Endoscopy ASC, LLC

to operate an ambulatory surgical clinic known as

Raleigh Endoscopy Center - Cary

located at 1505 SW Cary Parkway; Suite 202

Cary, Wake County, North Carolina.

*This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall expire
midnight December 31, 2018.*

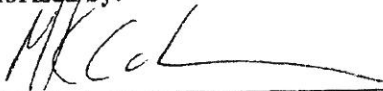
Facility ID: 070496

License Number: AS0102

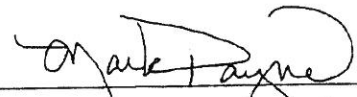
Surgical Operating Rooms: 0

Endoscopy Rooms: 4

Authorized by:



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



Director, Division of Health Service Regulation

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

*Effective January 01, 2018, license is issued to
Greensboro NC Endoscopy ASC, LLC*

*to operate an ambulatory surgical clinic known as
Guilford Endoscopy Center*

*located at 1593 Yanceyville Street
Greensboro, Guilford County, North Carolina.*

*This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall expire
midnight December 31, 2018.*

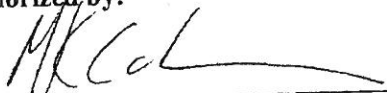
Facility ID: 060856

License Number: AS0113

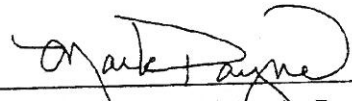
Surgical Operating Rooms: 0

Endoscopy Rooms: 2

Authorized by:



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



Director, Division of Health Service Regulation

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

Effective January 01, 2018, license is issued to

Center of Morehead City, LLC

to operate an ambulatory surgical clinic known as

The Surgical Center of Morehead City

*located at 3714 Guardian Avenue, Suite W
Morehead City, Carteret County, North Carolina.*

*This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall expire
midnight December 31, 2018.*

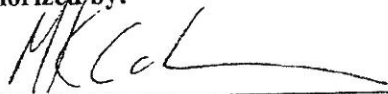
Facility ID: 954590

License Number: AS0061

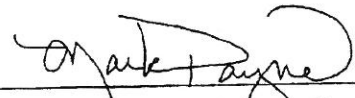
Surgical Operating Rooms: 2

Endoscopy Rooms: 1

Authorized by:



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



Director, Division of Health Service Regulation

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

*Effective January 01, 2018, license is issued to
Duke Triangle Endoscopy Center, LLC*

*to operate an ambulatory surgical clinic known as
Triangle Endoscopy Center*

*located at 249 East NC Hwy 54, Suite 210
Durham, Durham County, North Carolina.*

*This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall expire
midnight December 31, 2018.*

Facility ID: 061486

License Number: AS0085

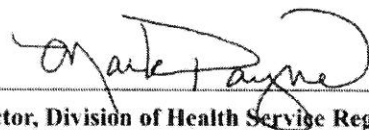
Surgical Operating Rooms: 0

Endoscopy Rooms: 4

Authorized by:



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



Director, Division of Health Service Regulation

Enterprise Org Chart Pre-Closing

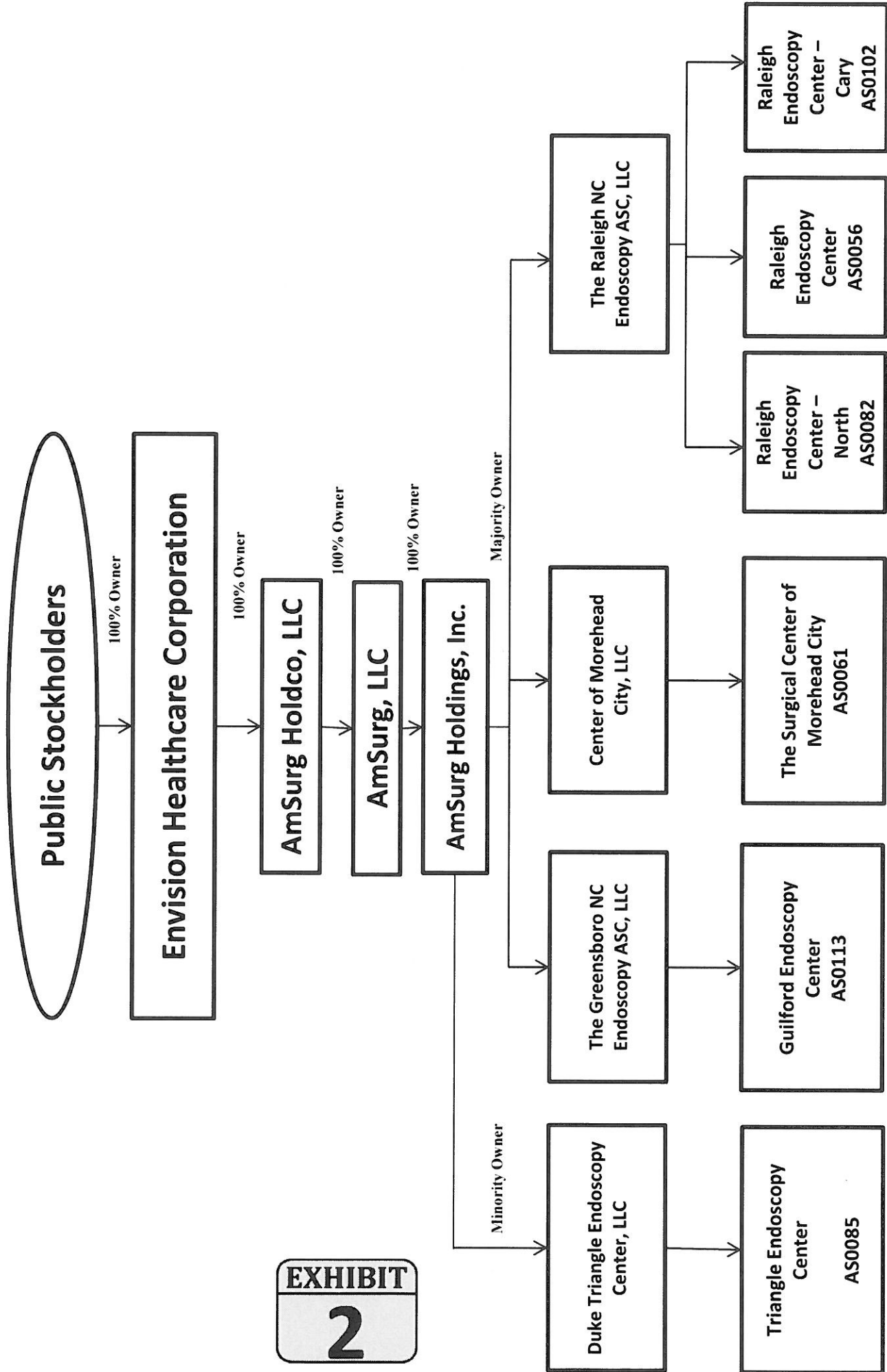


EXHIBIT
2

Enterprise Org Chart Post-Closing

