

DEPARTMENT OF HEALTH AND HUMAN SERVICES DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER GOVERNOR MANDY COHEN, MD, MPH

SECRETARY

MARK PAYNE DIRECTOR

March 14, 2018

Barbara Freedy 2085 Frontis Plaza Boulevard Winston-Salem, NC 27103

Exempt from Review

Record #:

2543

Facility Name:

Novant Health Charlotte Orthopedic Hospital

FID #:

953416

Business Name:

Novant Health, Inc.

Business #:

1341

Project Description:

Renovate shared surgical space to create a hospital outpatient surgery

center with five operating rooms, two procedure rooms, and associated

support space

County:

Mecklenburg

Dear Ms. Freedy:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of January 31, 2018 and additional correspondence received through March 9, 2018, 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, DHSR 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.

HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

WWW.NCDHHS.GOV TELEPHONE 919-855-3873 Ms. Barbara Freedy March 14, 2018 Page 2

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

Sincerely,

Gloria C. Hale Team Leader

Gloria C. Hale

Martha J. Frisone

Chief, Healthcare Planning and Certificate of Need Section

cc:

Construction Section, DHSR

Acute and Home Care Licensure and Certification Section, DHSR Sharetta Blackwell, Program Assistant, Healthcare Planning, DHSR

March 5, 2018

Gloria C. Hale Team Leader Healthcare Planning and Certificate of Need Section 2704 Mail Service Center Raleigh, NC 27699-2704



2085 Frontis Plaza Boulevard Winston Salem, NC 27103

novanthealth.org

Re: Exemption request for Hospital-Based Multi-Specialty Surgery Center Using Existing Novant Health Presbyterian Medical Center (NHPMC) Operating Rooms and NHPMC Main Campus Space for Center City Outpatient Surgery

Dear Ms. Hale:

Thank you for your time in discussing your request with me and for meeting with me and Nancy Bres-Martin regarding your request. We greatly appreciate the time that you, Ms. Frisone, and Ms. Pittman took to help us understand your request.

I am providing the following information in response to your two questions regarding our requested exemption.

 Provide the Agency with documentation from the Acute and Home Care Licensure and Certification Section which states that the proposal does not require first obtaining a license for an ambulatory surgical facility.

Response: In our meeting with you, Ms. Frisone, and Ms. Pittman, you explained that this request was related to a question Ms. Azzie Conley, DHSR Licensure Section, had raised with the CON Section about Novant Health developing a freestanding ambulatory surgery center named Center City Ambulatory Surgery Center. Per your suggestion, Ms. Bres-Martin and I met with Ms. Conley directly after meeting with you.

Ms. Conley explained that she had spoken with a representative from the DHSR Construction Section regarding a request from Novant Health about "leasing existing hospital based operating rooms to physicians to develop Center City Ambulatory Surgery Center." She had then reached out to CON to determine if this would require a CON.

Ms. Bres-Martin and I assured Ms. Conley that this exemption request had nothing to do with leasing any of the Novant Health operating rooms and assured her that if Novant Health did pursue anything similar to this scenario in the future, we would contact both her and the CON Section to determine if a CON were needed. It is my understanding that Ms. Conley spoke with Ms. Frisone immediately after our visit and provided an overview of our discussion and said that she was satisfied with the explanation. Attached is a copy of email documentation that they spoke (Attachment 1).

Subsequent to the visits with you and your colleagues, and Ms. Conley, I reached out to follow up with leaders in the Greater Charlotte Market and learned that at one point leasing space to

physicians to become a freestanding ambulatory surgery center had been considered. However, leadership in the Greater Charlotte Market subsequently determined that this was not a preferred option. The facts for the exemption request submitted for your review are accurate. The project will be hospital based operating rooms and will not result in the development of any net new ORs in Mecklenburg County as other operating rooms within the licensed capacity at NHPMC will be closed once the five developed in this exemption request are operational.

2. Provide the Agency with documentation regarding the site from which financial and administrative control is exercised over the entire facility, including the buildings and grounds adjacent to that main building.

Response: Attached is a letter (Attachment 2) from Ms. Paula Vincent, President, Novant Health Presbyterian Medical Center, which provides documentation that the site from which financial and administrative control is exercised over the entire facility, including the buildings and grounds adjacent to that main building, is on the same campus, as defined in the CON statute, of the proposed exemption project.

I hope this information sufficiently answers your above questions. Please do not hesitate to contact me if you need additional clarification.

Sincerely,

Barbara L. Freedy

Director, Certificate of Need

Novant Health, Inc.

Cc: Ms. Martha Frisone Ms. Azzie Conley

File Name: Response to CON Request for Additional Info Center Ctv.docx

Nancy Bres Martin

From:

Sent:

Friday, March 2, 2018 11:48 AM

To:

Barbara L Freedy (blfreedy@novanthealth.org)

Subject:

FW: [External] Novant Health Presbyterian Medical Center OR Renovation and

Relocation Exemption Request

From: Conley, Azzie [mailto:azzie.conley@dhhs.nc.gov]

Sent: Thursday, March 1, 2018 5:24 PM

Cc: Barbara L Freedy <blfreedy@novanthealth.org>

Subject: RE: [External] Novant Health Presbyterian Medical Center OR Renovation and Relocation Exemption Request

I am catching up on emails. Thank you!

From: Frisone, Martha

Sent: Thursday, March 01, 2018 5:20 PM To: 'Nancy Bres Martin'; Conley, Azzie

Cc: Barbara L Freedy

Subject: RE: [External] Novant Health Presbyterian Medical Center OR Renovation and Relocation Exemption Request

Azzie called me after your meeting with her.

Martha J. Frisone

Chief, Healthcare Planning and Certificate of Need Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section North Carolina Department of Health and Human Services

919-855-3873 office Martha.Frisone@dhhs.nc.gov

809 Ruggles Drive 2704 Mail Service Center Raleigh, NC 27699-2704



Nothing Compares ~

Email correspondence to and from this address is subject to the North Carolina Public Records Law and may be disclosed to third parties.

From: Nancy Bres Martin [mailto:bresmartin@nc.rr.com]

Sent: Thursday, March 01, 2018 5:06 PM **To:** Frisone, Martha; Conley, Azzie

Cc: Barbara L Freedy

Subject: [External] Novant Health Presbyterian Medical Center OR Renovation and Relocation Exemption Request

CAUTION: External email. Do not click links or open attachments unless verified. Send all suspicious email as an arrachment to

Hi Ladies!

Thank you both so much for working Barb and I into your busy schedules today!

Martha – we spent about 30 minutes with Azzie after our meeting with you. She did recall an unusual call from someone at Novant Health (not Barb) about <u>leasing</u> the old COH OR suite that she discussed with CON.

Barb and I know nothing about this scenario and it is our belief that it is not part of the exemption project before you right now. Barb is going to follow up with leaders in the Greater Charlotte Market to check and see who, what, where, and why the question was asked of Azzie. If we learn anything that changes the facts for the exemption request as presented by Barb that were in front of you today, we will let you know immediately. However, at this time we are not aware of any movement to set up these ORs as freestanding and explained this to Azzie. The project we are discussing will be hospital based operating rooms and will not result in the development of any net new ORs as others within the licensed capacity at NHPMC will be closed when the five are opened.

If we learn anything different we will reach out to both of you to further examine the scope to see if it does require a CON.

In the meantime, Azzie indicated she would reach out to you to discuss.

Please let us know if you have any additional questions, or need more information to process the exemption, and again...

Thank you!!

Nancy Bres Martin

NBM Health Planning Associates

Neney and Barb

919.544.5007

BresMartin@NBMHealthPlanning.com

www.NBMHealthPlanning.com

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Hale, Gloria

From:

Frisone, Martha

Sent:

Thursday, March 01, 2018 5:20 PM

To: Cc: Hale, Gloria Pittman, Lisa

Subject:

FW: [External] Novant Health Presbyterian Medical Center OR Renovation and

Relocation Exemption Request

Please add Nancy's email to the file. Thanks.

Martha J. Frisone

Chief, Healthcare Planning and Certificate of Need Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section North Carolina Department of Health and Human Services

919-855-3873 office Martha.Frisone@dhhs.nc.gov

809 Ruggles Drive 2704 Mail Service Center Raleigh, NC 27699-2704



Middle Carpany

Email correspondence to and from this address is subject to the North Carolina Public Records Law and may be disclosed to third parties.

From: Nancy Bres Martin [mailto:bresmartin@nc.rr.com]

Sent: Thursday, March 01, 2018 5:06 PM **To:** Frisone, Martha; Conley, Azzie

Cc: Barbara L Freedy

Subject: [External] Novant Health Presbyterian Medical Center OR Renovation and Relocation Exemption Request

CAUTION: External email. Do not click links or open attachments unless verified. Send all suspicious email as an attachment to Report Spam.

Hi Ladies!

Thank you both **so** much for working Barb and I into your busy schedules today!

Martha – we spent about 30 minutes with Azzie after our meeting with you. She did recall an unusual call from someone at Novant Health (not Barb) about *leasing* the old COH OR suite that she discussed with CON.

Barb and I know nothing about this scenario and it is our belief that it is not part of the exemption project before you right now. Barb is going to follow up with leaders in the Greater Charlotte Market to check and see who, what, where, and why the question was asked of Azzie. If we learn anything that changes the facts for the exemption request as

presented by Barb that were in front of you today, we will let you know immediately. However, at this time we are not aware of any movement to set up these ORs as freestanding and explained this to Azzie. The project we are discussing will be hospital based operating rooms and will not result in the development of any net new ORs as others within the licensed capacity at NHPMC will be closed when the five are opened.

If we learn anything different we will reach out to both of you to further examine the scope to see if it does require a CON.

In the meantime, Azzie indicated she would reach out to you to discuss.

Please let us know if you have any additional questions, or need more information to process the exemption, and again...

Thank you!!

P.S. Martha thanks for the use of your parking spot... I will not do that again! P.P.S. Azzie, see you in Yoga class!

Nancy Bres Martin

NBM Health Planning Associates

919.544.5007

BresMartin@NBMHealthPlanning.com

www.NBMHealthPlanning.com

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Attachment 2



March 2, 2018

Presbyterian Medical Center 200 Hawthorne Lane Charlotte, NC 28204

novanthealth.org

Gloria Hale, Team Leader Healthcare Planning and Certificate of Need Section 809 Ruggles Dr. Raleigh, NC 27603

Re: CON Exemption Request Follow-Up Response on Center City Outpatient Surgery Hospital-Based Multi-Specialty Surgery Center Using Novant Health Presbyterian Medical Center Operating Rooms and Main Campus Space

Dear Ms. Hale:

The purpose of this letter is to provide you with a response to Question #2 in your letter dated Feb 15, 2018. The CON Agency is requesting documentation regarding the site from which financial and administrative control is exercised over the entire facility, including the buildings and grounds adjacent to the main building (NHPMC).

The location of the operating rooms being renovated at Center City Outpatient Surgery is on the Novant Health Presbyterian Medical Center campus directly across the street from the main campus of NHPMC and within 250 yards of the main campus.

Please let me know if you have any questions.

Thank you,

Paula Vincent, President and Chief Operating Officer

Novant Health Presbyterian Medical Center

File: ResponseCCOSQuest2.docx



Gloria Hale, Team Leader Certificate of Need Division of Health Service Regulation 809 Ruggles Dr. Raleigh, NC 27603

2085 Frontis Plaza Boulevard Winston Salem, NC 27103

novanthealth.org

RE: Novant Health Presbyterian Medical Center Response to Agency's Question #2 for CON Exemption Request for HOPD Novant Health Center City Outpatient Surgery

Dear Ms. Hale:

Per our March 9, 2018 phone call included is the response to question #2.

This letter is to provide documentation that the location of the proposed HOPD Center City Outpatient Surgery renovation project is on the main campus of Novant Health Presbyterian Medical Center where clinical patient services and financial and administrative control for all of Novant Health Presbyterian Medical Center is provided. The administrative suite is on the first floor of the main hospital at 200 Hawthorne Lane, Charlotte, NC.

Sincerely,

Barbara L. Freedy

Director, Certificate of Need

Parlowa L. Finerdy

Novant Health, Inc.

File: Response Center City Outpatient Surgery Quest 2 response. docx



DEPARTMENT OF HEALTH AND HUMAN SERVICES DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER

MANDY COHEN, MD, MPH SECRETARY

> MARK PAYNE DIRECTOR

February 15, 2018

Barbara Freedy Novant Health 2085 Frontis Plaza Boulevard Winston-Salem, NC 27103

Re: Exemption request for Hospital-Based Multi-Specialty Surgery Center Using Existing Novant Health Presbyterian Medical Center (NHPMC) Operating Rooms and NHPMC Main Campus Space for Center City Outpatient Surgery

Dear Ms. Freedy:

The Agency has received your request for an exemption from Certificate of Need review regarding the proposed project to develop Center City Outpatient Surgery. Before the Agency can make a determination on your request, we will need the following information:

- Provide the Agency with documentation from the Acute and Home Care Licensure and Certification Section which states that the proposal does <u>not</u> require first obtaining a license for an ambulatory surgical facility.
- Provide the Agency with documentation regarding the site from which financial and administrative control is exercised over the entire facility, including the buildings and grounds adjacent to that main building.

Please feel free to contact me with any questions you may have at (919) 855-3873.

Sincerely.

Gloria C. Hale Team Leader

Gloria C. Hale

cc. Section Chief, Acute and Home Care Licensure and Certification Section, 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



January 31, 2018



2085 Frontis Plaza Boulevard Winston Salem, NC 27103

novanthealth.org

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

RE: Exemption Request for Hospital-Based Multi- Specialty Surgery Center Using Existing Novant Health Presbyterian Medical Center Operating Rooms and NHPMC Main Campus Space for Center City Outpatient Surgery

Dear Ms. Frisone:

We are seeking the state's review and approval to confirm that the project described below does not require Certificate of Need review. The project involves the renovation of existing shared surgical space on the Novant Health Presbyterian Medical Center main campus to create a HOPD Surgery Center with 5 ORs and 2 Procedure Rooms, as well as Receiving/Registration, Pre-Operative and Observation Area, Recovery Area/PACU, and support spaces. See the line drawing and site plan (Attachment A) that indicates location and functional spaces within the surgery center footprint. The HOPD ("Hospital Outpatient Department") surgery center will occupy 23,194 square feet upon completion. The proposed project will not increase or decrease the licensed surgical capacity of Novant Health Presbyterian Medical Center.

We believe the project is exempt from review pursuant to NCGS 131E-184(g) where the Department shall exempt from certificate of need review any capital expenditure that exceeds the \$2,000,000 threshold (Attachment B-Proposed Capital Cost) set forth in NCGS 131E-176(16)b if all 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 services 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 other than that allowed in G.S. 131E-176(16)b
- (3) The licensed facility proposing to incur the capital expenditure shall provide prior written notice to the Department along with supporting documentation that it meets the criteria of this subsection

Based on the above information and the attachments (Attachment C-Conditions Letter GS 131E-184(g) and Attachment D-Main Campus Within 250 Yards) to this Exemption Request, we are requesting that you confirm in writing that Novant Health Presbyterian Medical Center's Hospital-Based Outpatient Surgery Center project is exempt from certificate of need review. Please do not hesitate to contact me if you have questions.

¹G.S. 131E-176 (14n): "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 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.

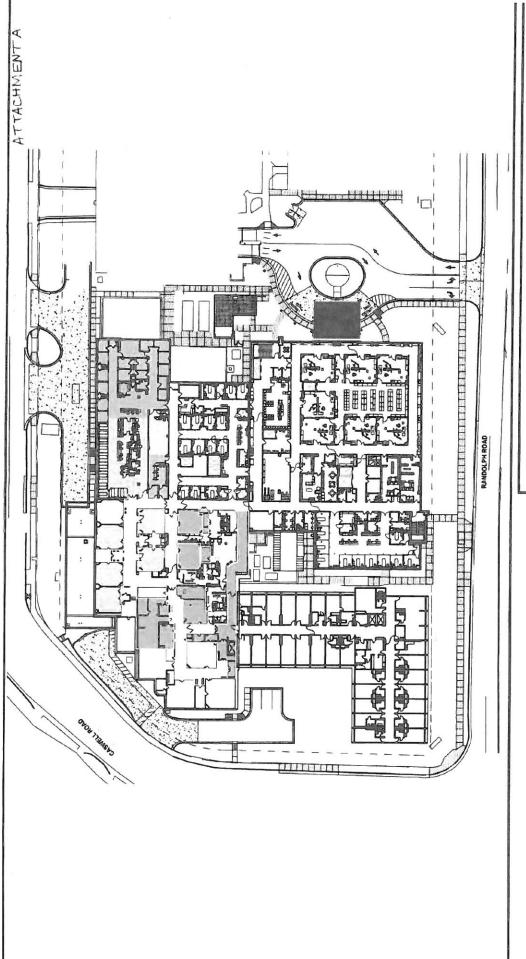
Sincerely,

Barbara L. Fireedy

Director, Certificate of Need

Novant Health, Inc.

File: Center City Output ient Surgery CON Exemption Request V2.01.2018. docx



Legend and Area Calculation

RECEIVING/REGISTRATION = 695 SF WAITING AREA = 705 SF

PRE-OPERATIVE AND OBSERVATION AREA = 4,041 SF RECOVERY AREA/PACU < 2,963 SF

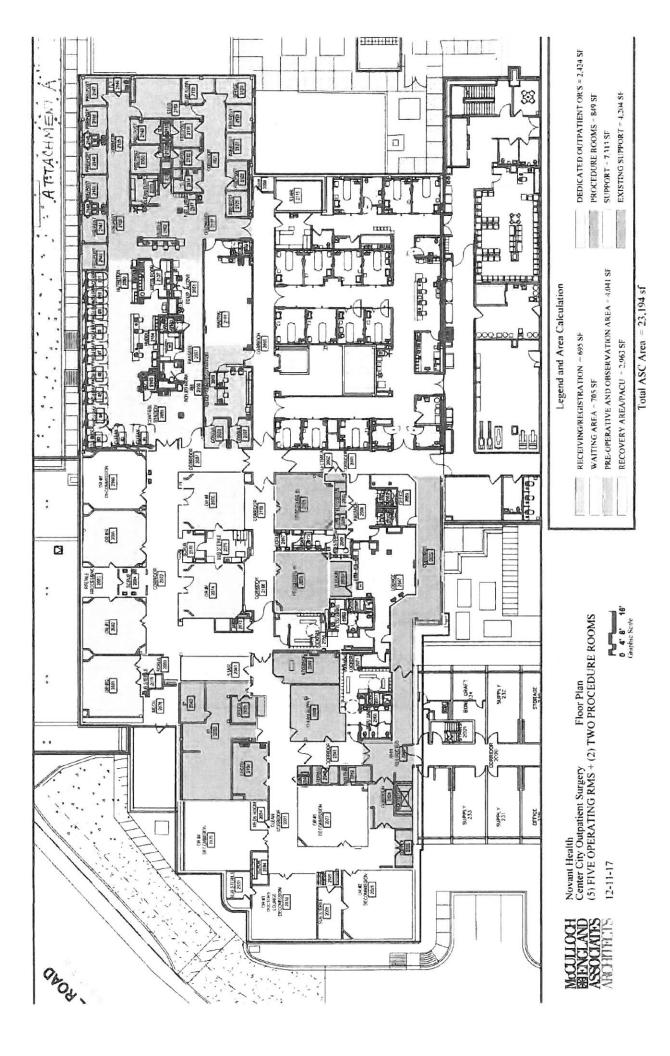
DEDICATED OUTPATIENT OR'S = 2,424 SF SUPPORT = 7,313 SF

PROCEDURE ROOMS - 849 SF

EXISTING SUPPORT = 4,204 SF

Total ASC Area = 23,194 sf

Novant Health
Center City Outpatient Surgery
Site Plan
(5) FIVE OPERATING RMS + (2) TWO PROCEDURE ROOMS 12-11-17 McCULLOCH ASSOCIATES ANCHITES



PROPOSED CAPITAL COSTS

Project Name: Hospital-Based Outpatient Surgery Center January 29, 2018 Proponent: Novant Health Center City Outpatient Surgery Site Costs Full purchase price of land
Acres Price per Acre
Closing Costs
Site Inspection and Survey
Legal fees and subsoil investigation
Site Preparation Costs
Soil Borings
Clearing Earthweet (1) Soil Borings
Clearing Earthwork
Fine Grade For Slab
Roads Paving
Concrete Sidewalls
Water and Sewer
Footing Excavation
Footing Backfill
Termite Treatment
Sub-Treats Slibe Democra Sub-Total Site Preparation Costs Other (specify)
Sub-Total Site Costs Construction Contract
(8) Cost of Materials
General Requirements
Concrete/Masonry
Woods/Doors & Windows/Finishes
Thermal & Moisture Protection
Equipment/Specialty Items
Mechanical/Electrical
Other B Mechanicarread
Other
Sub-Total Cost of Materials
Cost of Labor GC Labor
Other - (Specify)
Sub-Total Construction Contract 3,855,484.00 C. Miscellaneous Project Costs Building Purchase Fixed Equipment Purchase/Lease Other (contingency) Movable Equipment Purchase/Lease Furniture (13) 196,122.26 (14) (15) (16) (17) Furniture
Landscaping
Landscaping
Consult Fees
Architect and Engineering Fees
Market Analysis
Other - (Specify)
Sub-Total Consultant Fees
Financing Costs (e.g. Bond Loan, etc)
Interest During Construction
Other (SPECIFY)
ITS 233,253 00 389,554.00 120,000.00 242,328.00 Low Voltage Project Contingency Sub-Total Miscellaneous Total Capital Cost of Project (Sum A-C above) 2,711,316,19 6,566,800.19 I assure that, to the best of my knowledge, the above capital costs for the proposed project are complete and correct and that is my intent to carry out the proposed project as described. President (Title of Officer) Architect - (Certifying construction Cost Only)



Presbyterian Medical Center 200 Hawthorne Lane Charlotte, NC 28204

January 16, 2018

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

RE: Conditions Letter for G.S. 131E-184(g) Exemption Request by Novant Health Presbyterian Medical Center for HOPD Center City Outpatient Surgery Project

Dear Ms. Frisone:

This letter is to address the three conditions noted in the CON statute at G.S 131E-184(g).

- (1) The sole purpose of the capital expenditure is to renovate on the same site (NHPMC main campus)
- (2) The capital expenditure does not result in (i) a change in bed capacity as defined in G.S. 176(5) or (ii) the addition of a health service facility or any other new institutional health service other than allowed in G.S. 131E-176(16)b
- (3) Novant Health Presbyterian Medical Center, as a licensed acute care hospital, is proposing to incur the capital expenditure for the Novant Health Center City Outpatient Surgery project, which is an HOPD surgery center on the NHPMC main campus.

Sincerely,

Paula R. Vincent, President and Chief Operating Officer

Novant Health Presbyterian Medical Center

Prisone Cal

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