



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

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

May 9, 2018

Jeffrey Shovelin
PO Box 6028
Greenville, NC 27835-6028

Exempt from Review – Acquisition of Facility

Record #: 2580
Facility Name: Kinston Medical Specialists, PA Endoscopy Center
Type of Facility: Ambulatory Surgery Center and Diagnostic Center
FID #: 061350 (ambulatory surgery center)
Acquisition by: Vidant Medical Group, LLC
Business #: 2813
County: Lenoir

Dear Mr. Shovelin:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of April 23, 2018, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(a)(8). Therefore, Vidant Medical Group, LLC (VMC) 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, DHSR 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. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,


Jane Rhoe-Jones
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

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



VIDANT HEALTH™



April 23, 2018

Ms. Jane Rhoe-Jones
Certificate of Need Section
Division of Health Service Regulation
NC Department of Health and Human Services
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Notice of Exempt Acquisition of Kinston Medical Specialists, PA/ Request for “No Review” Letter

Dear Ms. Rhoe-Jones,


On May 14, 2018, Vidant Medical Group, LLC (VMG), a wholly owned subsidiary of University Health Systems of Eastern Carolina, Inc. d/b/a/ Vidant Health (VH), is planning to planning to acquire through an asset purchase agreement ownership of Kinston Medical Specialists, PA (KMS), a multispecialty physician practice with locations in Lenoir, Greene, Wayne and Duplin Counties. The acquisition of KMS also includes Kinston Medical Specialists, PA Endoscopy Center (License #AS0122) and a “diagnostic center” designation that was established prior to March 18, 1993 (see attached confirmation).

VMG believes the transaction is exempt from Certificate of Need (CON) review. Specifically, § 131E-184 states:

- “(a) Except as provided in subsection (b), the Department shall exempt from certificate of need review a new institutional health service if it receives prior written notice from the entity proposing the new institutional health service, which notice includes an explanation of why the new institutional health services required, for any of the following:
- (8) To acquire an existing health service facility, including equipment owned by the health service facility at the time of acquisition, [and]
 - (9) To develop or acquire a physician office building regardless of cost, unless a new institutional health service other than defined in G.S. 131E-176(16)b. is offered or developed in the building.”

The acquisition of all KMS physician practice qualifies as physician office buildings, and is therefore exempt from CON review based on 131E-184(a)(9). KMS’s endoscopy center and diagnostic center designation meets the definition of a health service facility since, according to § 131E-176(9b), a “health service facility means a... diagnostic center [and] ambulatory surgical facility.” Therefore, acquisition of all KMS’s endoscopy center and diagnostic center designation is exempt from CON review based on 131E-184(a)(8). VMG is requesting that the CON Section issue a letter determining its acquisition of KMS practices, endoscopy center and diagnostic center are exempt from CON review. If you have any questions or concerns, please feel free to contact me at (252) 847-3631.

Sincerely,


Jeffrey Shovelin
Administrator, Corporate Planning
Vidant Health
PO Box 6028, Greenville NC 27835-6028
(252)847-3631
jshoveli@vidanthealth.com



North Carolina Department of Health and Human Services
Division of Facility Services
Certificate of Need Section
2704 Mail Service Center ■ Raleigh, North Carolina 27699-2704

Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

<http://facility-services.state.nc.us>

Lee Hoffinan, Section Chief
Phone: 919-855-3873
Fax: 919-733-8139

June 12, 2002

Frank S. Kirschbaum
Kirschbaum, Nanney, Brown & Keenan, PA
PO Box 19766
Raleigh NC 27609

RE: Inquiry/ Status of Kinston Medical Specialists, PA as a Diagnostic Center in Operation Prior to March 18, 1993/Lenoir County

Dear Mr. Kirschbaum:

In response to your letters of January 8, and May 30, 2002, the Certificate of Need Section has determined that Kinston Medical Specialists, PA operating at 701 Doctors Drive, Kinston was a "diagnostic center" as defined in G.S. 131E-176(7a) prior to March 18, 1993 because it owned and operated, on a single campus, medical diagnostic equipment that cost in excess of \$500,000. This determination does not permit Kinston Medical Specialists, PA, to operate more than one diagnostic center or to relocate and operate the existing single diagnostic center on more than one campus.

You are requested to send a listing of the Manufacturer, Model Number and Serial Number for each of the pieces of equipment you have listed, to be filed, for tracking purposes, with the information you have already supplied to us.

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

Sincerely,

Louise C. Beville, Project Analyst
Certificate of Need Section

Lee B. Hoffinan, Chief
Certificate of Need Section

