



NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
MARK PAYNE • Director, Division of Health Service Regulation

September 19, 2018

Robert L. Wilson, Jr.
4140 Parklake Avenue
Raleigh, NC 27612

Exempt from Review

Record #: 2696
Facility Name: Charles A. Cannon, Jr. Memorial Hospital, Incorporated
FID #: 943054
Business Name: Charles A. Cannon, Jr. Memorial Hospital, Incorporated
Business #: 454
Project Description: Construct a new wing to house existing acute care beds
County: Avery

Dear Mr. Wilson:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of August 31, 2018 and correspondence of September 13, 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 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.

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

Sincerely,

[Handwritten signature of Ena Lightbourne]

Ena Lightbourne
Project Analyst

[Handwritten signature of Martha J. Frisone]

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

cc: Construction Section, DHSR
Acute and Home Care Licensure and Certification Section, DHSR
Melinda Boyette, Administrative Assistant, 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: 2701 Mail Service Center, Raleigh, NC 27699-2701
www.ncdhhs.gov/dhsr/ • TEL: 919-855-3750 • FAX: 919-733-2757

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Lightbourne, Ena

From: Bob Wilson <bob.wilson@nelsonmullins.com>
Sent: Thursday, September 13, 2018 11:33 AM
To: Lightbourne, Ena
Subject: RE: [External] RE: Cannon Hospital CON Exemption
Attachments: CMH Existing 091218 - 4849-1767-4098 v 1.pdf

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Ms. Lightbourne, I have attached schematics of the two floors of the hospital building, labeled to show how the facility is presently utilized, including the first floor administration, finance, and medical records area. Please let me know if you need any additional information, or if you would like to discuss this further. Thanks, Bob Wilson



ROBERT L. WILSON, JR. PARTNER
bob.wilson@nelsonmullins.com
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4140 PARKLAKE AVENUE | RALEIGH, NC 27612
T 919.329.3870 F 919.329.3799
NELSONMULLINS.COM VCARD VIEW BIO

From: Lightbourne, Ena [mailto:ena.lightbourne@dhhs.nc.gov]
Sent: Monday, September 10, 2018 8:09 AM
To: Bob Wilson <bob.wilson@nelsonmullins.com>
Subject: RE: [External] RE: Cannon Hospital CON Exemption

Hi Mr. Wilson thank you for responding to my email. Can you send me another copy of exhibit 3 or 4 with a small notation indicating their location. I apologized, I should of mentioned that in my original email.

Thank you.

Ena Lightbourne
Certificate of Need, Project Analyst
Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section
NC Department of Health and Human Services

Office: 919-855-4610
Ena.lightbourne@dhhs.nc.gov

809 Ruggles Drive, Edgerton Building
2704 Mail Service Center
Raleigh, North Carolina 27699-2704

From: Bob Wilson [<mailto:bob.wilson@nelsonmullins.com>]
Sent: Friday, September 07, 2018 5:01 PM
To: Lightbourne, Ena <ena.lightbourne@dhhs.nc.gov>
Subject: [External] RE: Cannon Hospital CON Exemption

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Ms. Lightbourne, I apologize for the delayed response. I have confirmed that the Hospital's administrative offices are located in the hospital building referred to in the letter. In addition, the Hospital maintains financial services, financial assistance, and staff providing information regarding billing questions and taking payments, also in the hospital building referred to in the letter. However, there is no billing that actually goes out from this building – as is common where a central billing office is utilized by a health care system.

I hope that the above information is helpful to you in response to your question. We, of course, believe that the hospital building involved is, in fact, a “main campus” building that is appropriate to the request. Please let me know if you need anything more. Thanks and best regards, Bob Wilson



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From: Lightbourne, Ena [<mailto:ena.lightbourne@dhhs.nc.gov>]
Sent: Thursday, September 6, 2018 10:53 AM
To: Bob Wilson <bob.wilson@nelsonmullins.com>
Subject: Cannon Hospital CON Exemption

Good Morning Mr. Wilson,

I received your letter regarding an exemption for the construction of a new wing to house existing acute care beds. However, I would like to request some additional information. Can you provide the specific location of the financial and administrative offices on the main campus? Feel free to contact me at the number below if you have any questions.

Thank you.

Ena Lightbourne

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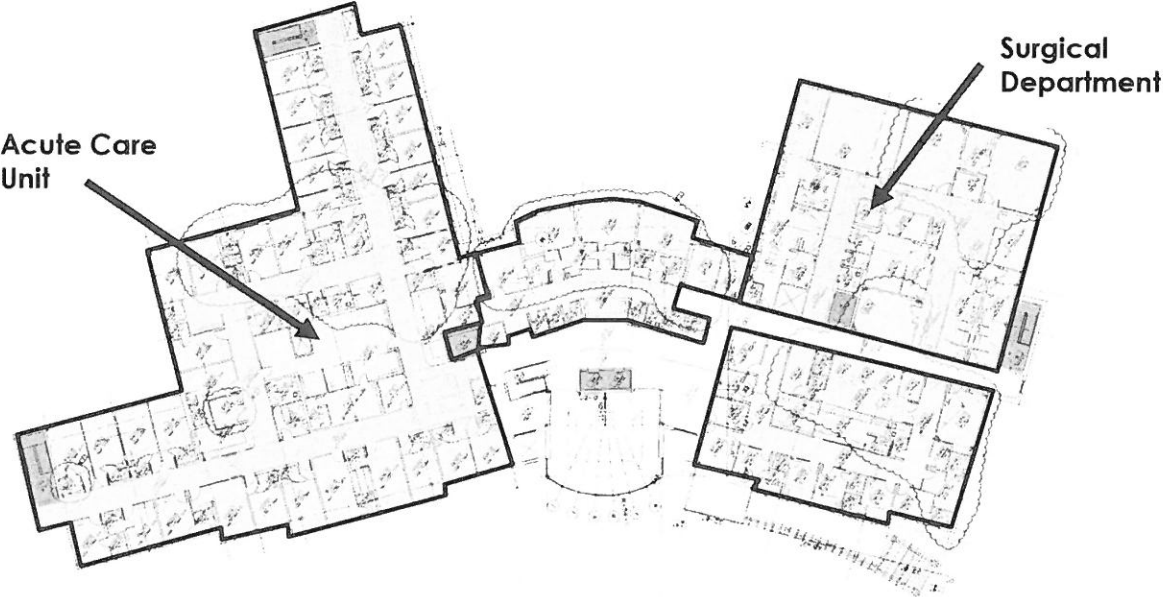
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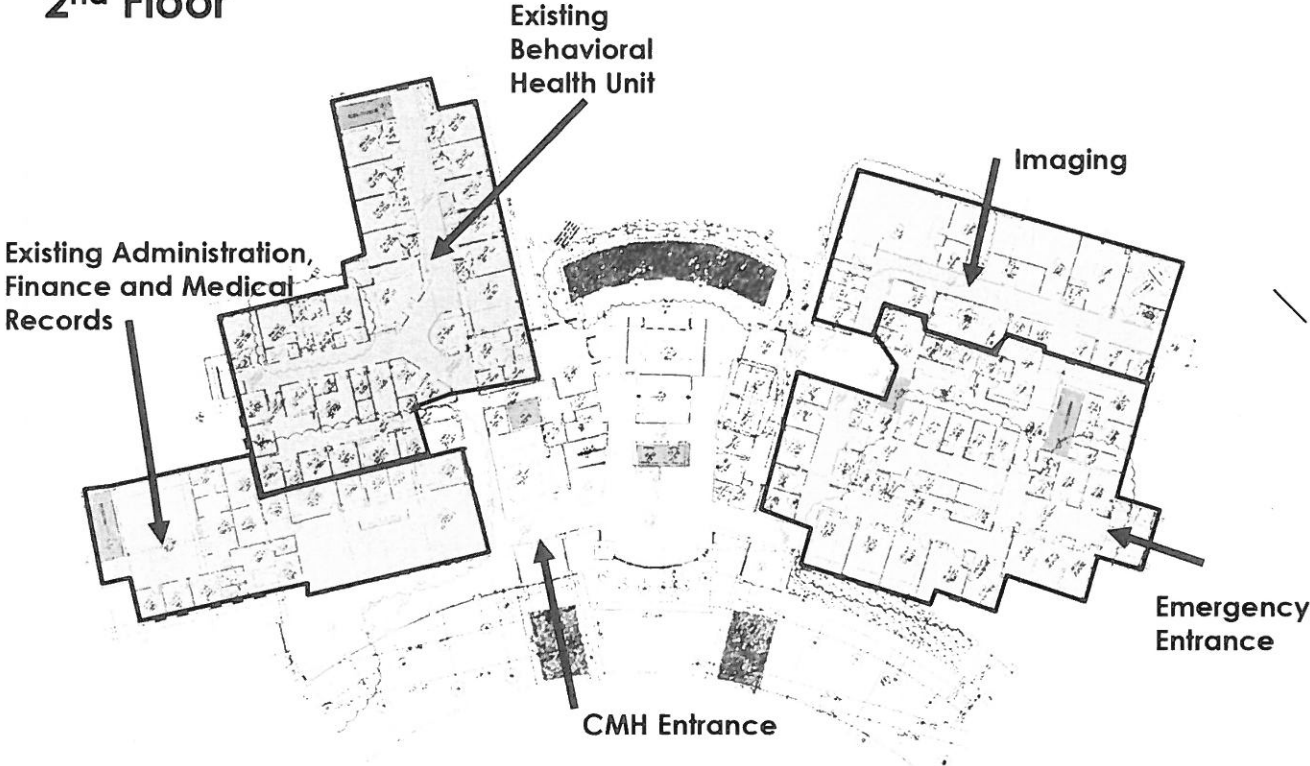
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Existing Cannon Memorial Hospital



2nd Floor



1st Floor

Lightbourne, Ena

From: Bob Wilson <bob.wilson@nelsonmullins.com>
Sent: Monday, September 10, 2018 9:07 AM
To: Lightbourne, Ena
Subject: RE: [External] RE: Cannon Hospital CON Exemption

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I will have this outlined and will send it to you as soon as possible. Thanks.

From: Lightbourne, Ena [mailto:ena.lightbourne@dhhs.nc.gov]
Sent: Monday, September 10, 2018 8:09 AM
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Thank you.

Ena Lightbourne

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August 31, 2018

VIA HAND DELIVERY

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

RE: Exempt Project at Charles A. Cannon, Jr. Memorial Hospital, Incorporated
(License # H0037; Avery County) Pursuant to N.C. Gen. Stat. § 131E-184(g)

Dear Ms. Frisone:

Pursuant to N.C. Gen. Stat. § 131E-184(g)(3), Charles A. Cannon, Jr. Memorial Hospital, Incorporated ("Cannon Hospital") is providing prior written notice of its intention to construct a new wing of its hospital located at 434 Hospital Drive, Linville, Avery County, North Carolina, to house its existing Acute Care Unit.

Proposed Project

As you are aware, Cannon Hospital plans to develop a thirty-seven (37) bed Behavioral Health Facility pursuant to a project funded by the Dorothea Dix Hospital Property Fund. That project (the "Dix Project") is exempt from certificate of need ("CON") review pursuant to Section 12F.4(c) of Session Law 2016-94 and is not the subject of this letter. The Behavioral Health Facility will be developed at Cannon Hospital where its existing Acute Care Unit is currently situated. Upon completion of the Dix Project, Cannon Hospital plans to have eight (8) remaining acute care beds operated by the critical access hospital. The redistribution of the bed capacity at Cannon Hospital among the categories of health service facility beds has already been approved as part of the grant award to Cannon Hospital for the Dix Project.

In order to develop the Dix Project, Cannon Hospital proposes to construct a new wing of its hospital to house its Acute Care Unit and to move the Acute Care Unit to the new wing so that the Behavioral Health Facility may be housed in that space. All of the acute care beds to be housed in the new wing of Cannon Hospital for the Acute Care Unit are currently licensed and utilized by Cannon Hospital. Please see Exhibit 1 for a copy of Cannon Hospital's current license. The construction of the new wing for the Acute Care Unit (the "Acute Care Project") also will allow Cannon Hospital to modernize its Acute Care Unit. The current unit has undergone minimal updates since its initial construction in 1999. The enclosed Exhibit 2 is a rendering of the existing Cannon Hospital Floor Plan, and Exhibit 3 is the Proposed Floor Plan of Cannon Hospital upon



completion of the Dix Project and the Acute Care Project. Exhibit 4 is a rendering of the location of the new Acute Care Unit.

The estimated capital cost of the proposed Acute Care Project is approximately \$3.3 million. The project may include buying new patient beds for the Acute Care Unit and other furniture, although it is anticipated that existing beds and furnishings will be used when available and suitable. No "major medical equipment" as defined in N.C. Gen. Stat. § 131E-176(14o) will be acquired as part of this project.

Exemption Under N.C. Gen. Stat. § 131E-184(g)

Cannon Hospital believes that this proposal to construct a new wing to its hospital located at 434 Hospital Drive in Linville, Avery County, North Carolina, to house its existing Acute Care Unit is exempt from CON review pursuant to N.C. Gen. Stat. § 131E-184(g). Section 131E-184(g) of the CON Law states:

(g) The Department shall exempt from certificate of need review any capital expenditure that exceeds the two million dollar (\$2,000,000) threshold set forth in G.S. 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 service 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 health service facility proposing to incur the capital expenditure shall provide prior written notice to the Department, along with supporting documentation to demonstrate that it meets the exemption criteria of this subsection.

Cannon Hospital hereby confirms that, pursuant to N.C. Gen. Stat. §§ 131E-184(g)(1) and (2):

1. The proposed project will take place on the "main campus" of Cannon Hospital located at 434 Hospital Drive, Linville, Avery County, North Carolina. The location at 434 Hospital Drive is the site of the main building from which Cannon Hospital, a licensed health service facility, provides clinical patient services and exercises financial and administrative control over the entire facility. See N.C. Gen. Stat. § 131E-176(14n)a. (definition of "main campus").
2. The sole purpose of the capital expenditure for the Acute Care Project is to renovate, replace on the same site, and to expand an existing health service facility that is located on the main campus of Cannon Hospital.
3. The capital expenditure for the Acute Care Project will not result in (i) a change in bed capacity as defined in N.C. Gen. Stat. § 131E-176(5), or (ii) the addition of a

Ms. Martha J. Frisone, Chief
Page 3
August 31, 2018

health service facility or any other new institutional health service other than that allowed in N.C. Gen. Stat. § 131E-176(16)b.

This letter provides the prior written notice required pursuant to N.C. Gen. Stat. § 131E-184(g)(3).

We would appreciate the Healthcare Planning and Certificate of Need Section's written confirmation that the renovations for the Acute Care Unit described above as the Acute Care Project are exempt from CON review.

Thank you for your time and attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert L. Wilson, Jr.", with a stylized flourish at the end.

Robert L. Wilson, Jr.

Enclosures

EXHIBIT 1

CHARLES A. CANNON, JR. MEMORIAL HOSPITAL, INCORPORATED LICENSE

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

*Effective January 01, 2018, this license is issued to
Charles A. Cannon, Jr. Memorial Hospital, Inc.*

*to operate a hospital known as
Charles A. Cannon, Jr. Memorial Hospital, Incorporated
located in Newland, North Carolina, Avery County.*

*This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall remain
in effect until amended by the issuing agency.*

Facility ID: 943054
License Number: H0037

Bed Capacity: 50

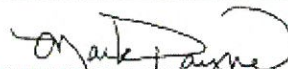
General Acute 30, Psych 10,
Nursing: 10

Dedicated Inpatient Surgical Operating Rooms: 0
Dedicated Ambulatory Surgical Operating Rooms: 0
Shared Surgical Operating Rooms: 2
Dedicated Endoscopy Rooms: 1

Authorized by:



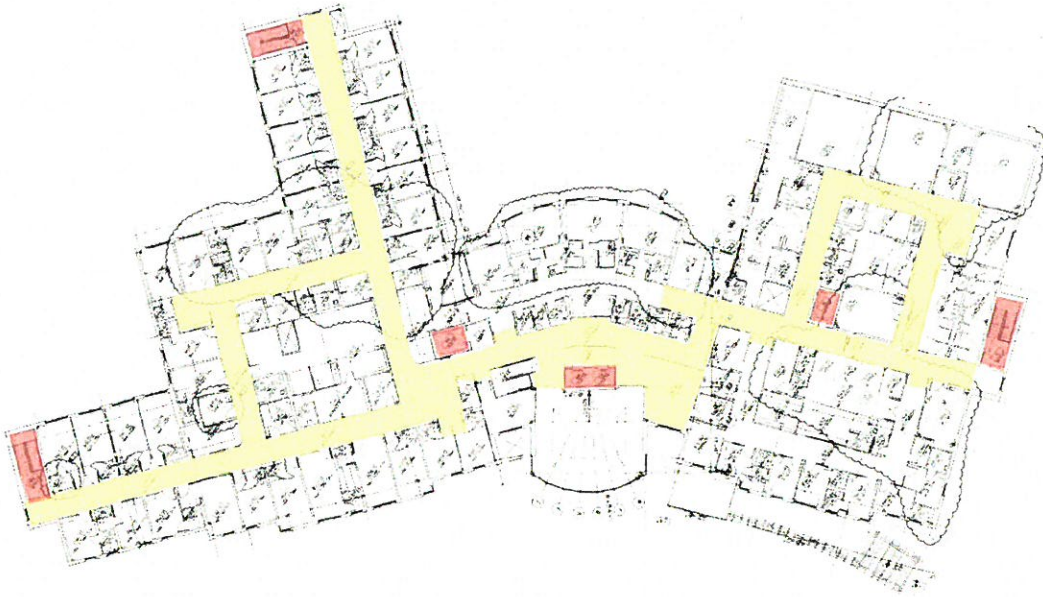
Secretary, N.C. Department of Health and
Human Services



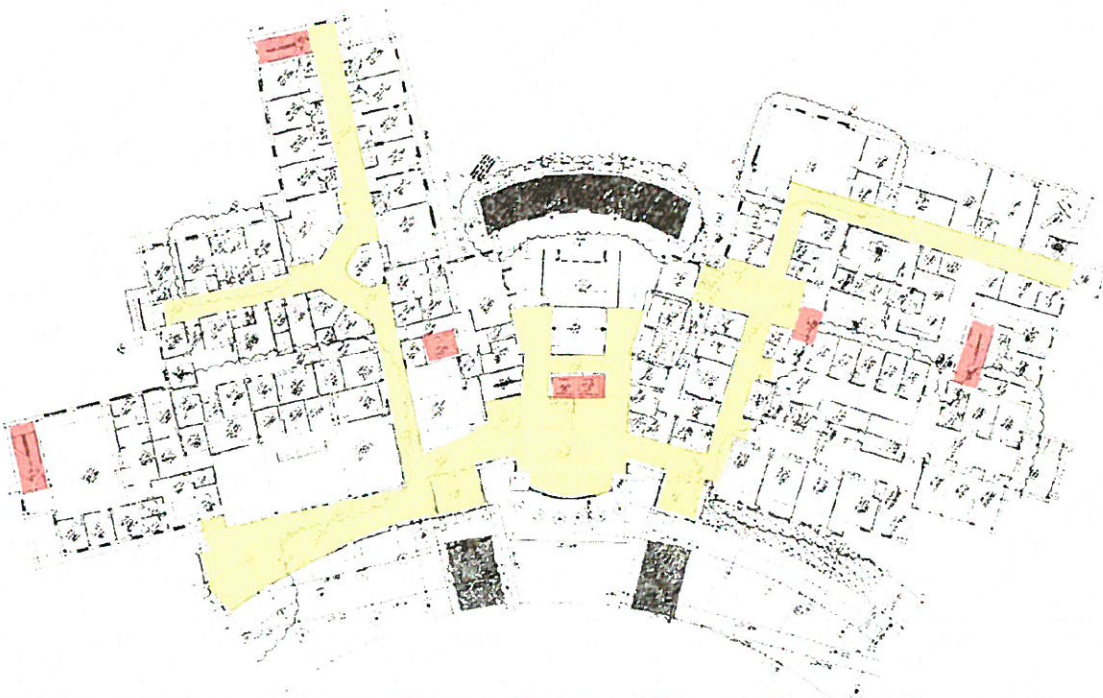
Director, Division of Health Service Regulation

EXHIBIT 2

EXISTING CANNON HOSPITAL FLOOR PLAN



2nd Floor



1st Floor

EXHIBIT 3

**PROPOSED FLOOR PLAN UPON OF CANNON HOSPITAL
UPON COMPLETION OF DIX PROJECT AND ACUTE CARE PROJECT**

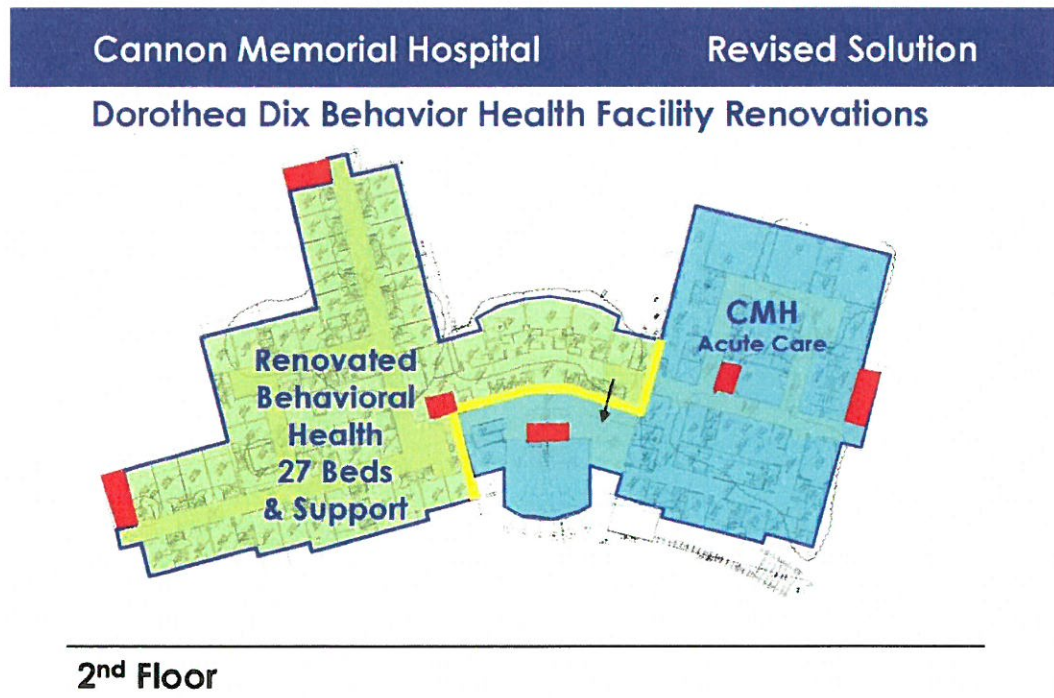
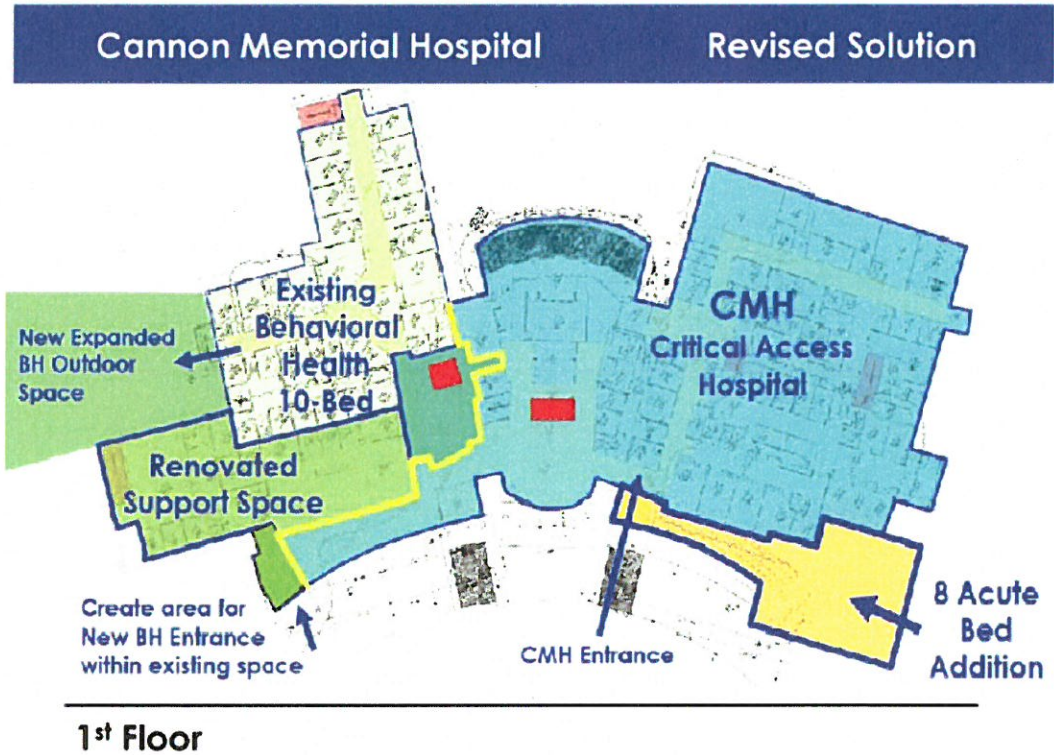
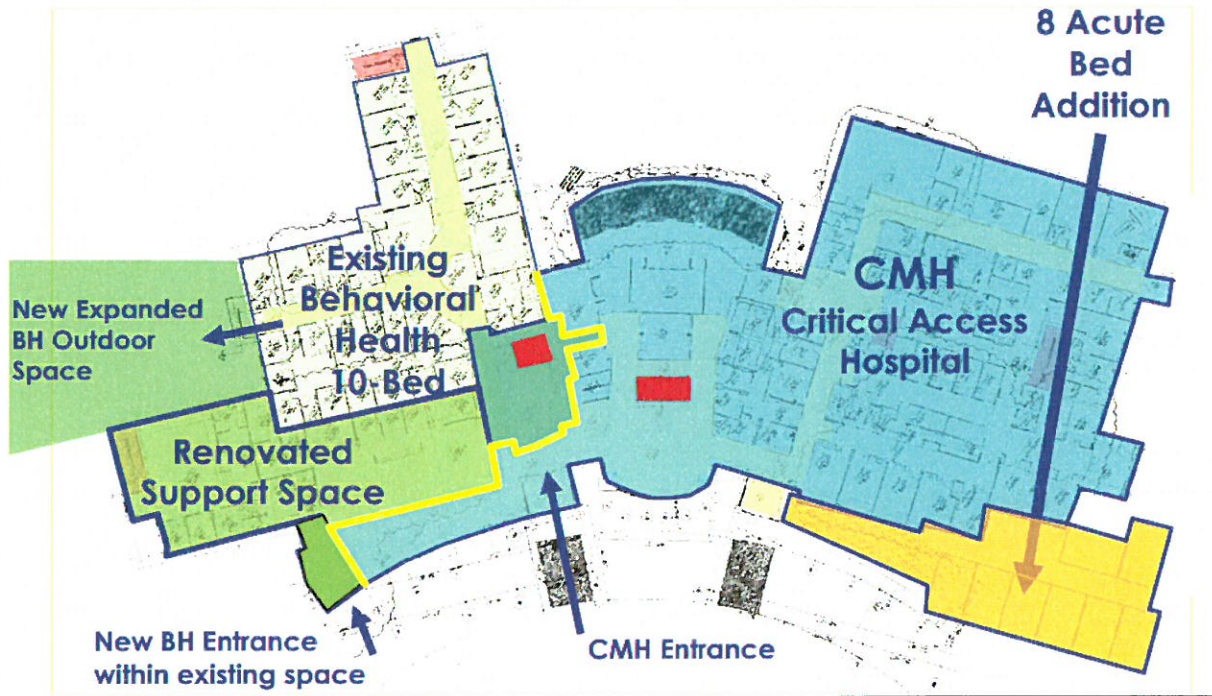


EXHIBIT 4

FLOOR PLAN FOR NEW ACUTE CARE UNIT



1st Floor

