



NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

January 24, 2019

Elizabeth Frock Runyon
UNC Hospitals
211 Friday Center Drive, Suite G021
Chapel Hill, NC 27517

Exempt from Review – Acquisition of Facility

Record #: 2848
Facility Name: Burlington Imaging and Breast Center
Type of Facility: Diagnostic Center
FID #: 020500
Acquisition by: UNC Hospitals
Business #: 2991
County: Alamance

Dear Ms. Runyon:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your representations, the above referenced proposal is exempt from certificate of need (CON) review in accordance with N.C. Gen. Stat. §131E-184(a)(8). Therefore, the above referenced business may proceed to acquire the health service facility identified above without first obtaining a CON. The Agency’s determination is limited to the question of whether or not the above referenced business would have to obtain a CON if the current owners of the health service facility do in fact sell it to the business listed above. 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.”

In the event that the business listed above does acquire the facility, you should contact the Agency’s Acute and Home Care Licensure and Certification Section to obtain instructions for changing ownership of the existing facility.

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 regarding whether or not a certificate of need would be required. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Gloria C. Hale (handwritten signature)

Gloria C. Hale
Team Leader

Martha J. Frisone (handwritten signature)

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

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

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Ms. Elizabeth Frock Runyon

January 24, 2019

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cc: Acute and Home Care Licensure and Certification Section, DHSR
Melinda Boyette, Administrative Assistant, Healthcare Planning, DHSR



UNC Hospitals
James T. Hedrick Building
Suite G021
211 Friday Center Drive
Chapel Hill, NC 27517

January 18, 2019

VIA ELECTRONIC MAIL

Ms. Celia Inman
Certificate of Need Section
Division of Health Service Regulation
Department of Health and Human Services
809 Ruggles Drive
Raleigh, NC 27603
Celia.Inman@dhhs.nc.gov



Re: Written Notice of Exempt Acquisition of Burlington Imaging and Breast Center located at 1225 Huffman Mill Road, Burlington, NC (Alamance County)
FID # 20500, CON # G-6616-02

Dear Ms. Inman,

The purpose of this letter is to provide prior written notice to the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Certificate of Need Section that the University of North Carolina Hospitals ("UNC Hospitals") is planning to acquire the existing diagnostic center owned by Alliance Medical Imaging Solutions, LLC (which is a wholly owned subsidiary of Alliance HealthCare Services, Inc.) ("Alliance"), in Burlington, Alamance County. As described herein, this transaction is exempt from certificate of need ("CON") review under N.C.G.S 131E-184(a)(8).

Under North Carolina law, a certificate of need ("CON") is required prior to offering or developing a new institutional health service. However, pursuant to N.C.G.S § 131E-184 the North Carolina General Assembly has exempted certain types of proposals from CON review, including the acquisition of an existing health service facility. The definition of "health service facility" includes diagnostic centers such as Burlington Imaging and Breast Center. *See* N.C.G.S § 131E-176(9b).

By way of background, the CON authorizing Burlington Imaging and Breast Center was originally issued in 2002. *See* Exhibit 1. All assets and CON rights in the diagnostic center were then acquired by Alliance in 2010 through written notice of a CON exemption pursuant to N.C.G.S 131E-184(a)(8). *See* Exhibit 2. Thus, Alliance currently owns and operates the existing CON-approved diagnostic imaging center in Burlington, NC.

This letter serves as notice that UNC Hospitals intends to purchase all of the assets of the existing diagnostic center from Alliance, including any and all CON rights Alliance has to own and operate the diagnostic center. As a result of this transaction, UNC Hospitals will become the sole owner and operator of the CON-approved diagnostic center. UNC Hospitals' acquisition of an existing diagnostic center is exempt from CON review.

We respectfully request written confirmation that this proposed acquisition as described above is exempt from CON review, pursuant to N.C.G.S 131E-184(a)(8). Thank you for your attention to this matter, and please feel free to contact me at 984-215-3622 if you require additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Elizabeth Runyon".

Elizabeth Frock Runyon
System Director of Regulatory Affairs
UNC Health Care

cc: Todd Smiley
Cale Arnold

STATE OF NORTH CAROLINA

Department of Health and Human Services
Division of Facility Services

CERTIFICATE OF NEED

for

Project Identification Number G-6616-02
FID# 020500

ISSUED TO: New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee)
1225 Huffman Mill Road
Burlington, NC 27215

Pursuant to N.C. Gen. Stat. § 131E-175, et. seq., the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the "certificate holder") to develop the certificate of need project identified above. The certificate holder shall develop the project in a manner consistent with the representations in the project application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by N.C. Gen. Stat. § 131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in N.C. Gen. Stat. § 131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to N.C. Gen. Stat. § 131E-189 for any of the reasons provided in that law.

SCOPE: New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee) Acquire a digital mammography unit and establish a diagnostic center/Alamance County

CONDITIONS: See Reverse Side

PHYSICAL LOCATION: Burlington Imaging & Breast Center
1225 Huffman Mill Road, Burlington, NC 27215

MAXIMUM CAPITAL EXPENDITURE: \$320,575

TIMETABLE: Operation of Equipment _____ December 1, 2002

FIRST PROGRESS REPORT DUE: January 30, 2003

This certificate is effective as of the 1st day of October, 2002.

Lee B. Huffman by CLSAC
Chief, Certificate of Need Section
Division of Facility Services

A letter acknowledging acceptance and compliance with all conditions stated in the conditional approval letter was received by the CON Section on September 16, 2002.

CONDITIONS:

1. New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee) shall materially comply with all representations made in the certificate of need application.
2. New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee) shall develop and operate no more than one diagnostic center to be located at 1225 Huffman Mill Road in Burlington in Alamance County.
3. New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee) shall not relocate, from its other sites, any existing equipment, which costs \$10,000 or more, within one year after completion of this project.
4. New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee) shall not acquire by purchase or lease, within one year after completion of this project, any equipment including replacement equipment, which costs or has a fair market value of \$10,000 or more that was not included in the capital expenditure in Section VIII.1 of the application.
5. New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee) shall remove and dispose of by sale or trade-in to another unrelated party, the existing LORAD mammography unit, upon installation of the replacement equipment.
6. New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee) shall acknowledge acceptance and compliance with all conditions stated herein to the Certificate of Need Section in writing prior to the issuance of the certificate of need.



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

Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary

www.ncdhhs.gov/dhsr

Craig R. Smith, Section Chief
Phone: 919-855-3875
Fax: 919-733-8139

October 27, 2010

Wallace C. Hollowell, III
Nelson Mullins Riley & Scarborough LLP
4140 Parklake Avenue, Glenlake One
Raleigh, NC 27612

RE: Exempt from Review/ Acquisition of Burlington Imaging & Breast Center by Alliance Medical Imaging Solutions, LLC/ Alamance County
FID #020500

Dear Mr. Hollowell:

In response to your letter of October 19, 2010, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, Alliance Medical Imaging Solutions, LLC may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. Note that pursuant to N.C.G.S. §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,

Lisa Pittman, Project Analyst
Certificate of Need Section

Craig R. Smith, Chief
Certificate of Need Section

cc: Section Chief, Health Planning Section, DHSR



Nelson Mullins

Nelson Mullins Riley & Scarborough LLP
Attorneys and Counselors at Law
4140 Parklake Avenue / GlenLake One / Second Floor / Raleigh, NC 27612
Tel: 919.877.3800 Fax: 919.877.3823
www.nelsonmullins.com

Wallace C. Hollowell, III
Tel: 919.877.3803
Fax: 919.877.3823
chuck.hollowell@nelsonmullins.com

Lisa
Received by the
CON Section
19 OCT 2010 9 : 33

October 15, 2010

Via First Class Mail

Mr. Craig Smith, Chief
Certificate of Need Section
2704 Mail Service Center
Raleigh, NC 27696-2704

Re: Notice of Exempt Acquisition Pursuant to N.C. Gen. Stat. § 131E-184(a)(8)

Dear Mr. Smith:

I am writing on behalf of my client, Alliance Medical Imaging Solutions, LLC ("AMIS").

In October 2002, the CON Section issued a CON to New Hanover Imaging, LLC ("NHI") and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center ("ADC-Burlington") for Project I.D. # G-6616-02. A copy of this CON is enclosed as Exhibit A. This CON permitted NHI and ADC-Burlington to acquire a digital mammography unit and establish a diagnostic center at 1225 Huffman Mill Road in Burlington.

In 2005, AMIS acquired certain assets from NHI, including all of the assets that NHI owned at 1225 Huffman Mill Road in Burlington. Following this transaction, AMIS began providing management services to ADC-Burlington for the diagnostic center at this location.

At this time, AMIS intends to acquire all of the assets of ADC-Burlington, including all assets at the diagnostic center at 1225 Huffman Mill Road in Burlington. This would include any and all CON rights that ADC-Burlington has pursuant to the CON that was issued for Project I.D. # G-6616-02. Following this transaction, AMIS will be the sole owner and operator of the diagnostic center at 1225 Huffman Mill Road in Burlington.

Mr. Craig Smith, Chief

October 15, 2010

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As you are aware, N.C. Gen. Stat. § 131E-184(a)(8) provides an exemption from CON review for the acquisition of an "existing health service facility." The CON Law defines "health service facility" to include a "diagnostic center." See N.C. Gen. Stat. § 131E-176(9b). Because AMIS will be the sole owner of the diagnostic center located at 1225 Huffman Mill Road in Burlington following this transaction, AMIS believes this acquisition is exempt from CON review.

AMIS and ADC-Burlington intend to move forward with this transaction within the next two weeks. We respectfully request that you respond to this letter and confirm that this transaction is exempt from CON review pursuant to N.C. Gen. Stat. § 131E-184(a)(8).

If you have any questions, please contact me at the number listed above.

Very truly yours,



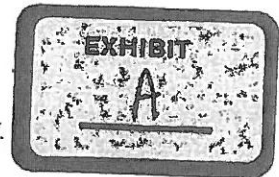
Wallace C. Hollowell, III

Enclosure

cc: Rob Polisky
Angie Caporiccio
Barry Alexander

STATE OF NORTH CAROLINA

Department of Health and Human Services
Division of Facility Services



CERTIFICATE OF NEED

for
Project Identification Number G-6616-02
PID# 020500

ISSUED TO: New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee)
1225 Huffman Mill Road
Burlington, NC 27215

Pursuant to N.C. Gen. Stat. § 131E-175, et. seq., the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the "certificate holder") to develop the certificate of need project identified above. The certificate holder shall develop the project in a manner consistent with the representations in the project application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by N.C. Gen. Stat. § 131E-176. The certificate holder shall not transfer or assign this certificate to any other person except as provided in N.C. Gen. Stat. § 131E-189(e). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to N.C. Gen. Stat. § 131E-189 for any of the reasons provided in that law.

SCOPE: New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee) acquire a digital mammography unit and establish a diagnostic center, Alamance County.

CONDITIONS: See Reverse Side

PHYSICAL LOCATION: Burlington Imaging & Breast Center
1225 Huffman Mill Road, Burlington, NC 27215

MAXIMUM CAPITAL EXPENDITURE: \$320,575

TIMETABLE: Operation of Equipment _____ December 1, 2002

FIRST PROGRESS REPORT DUE: January 30, 2003

This certificate is effective as of the 1st day of October, 2002.

Lee B. Huffman
Chief, Certificate of Need Section
Division of Facility Services

A letter acknowledging acceptance and compliance with all conditions stated in the conditional approval letter was received by the CON Section on September 16, 2002.

CONDITIONS:

1. New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee) shall materially comply with all representations made in the certificate of need application.
2. New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee) shall develop and operate no more than one diagnostic center to be located at 1225 Huffman Mill Road in Burlington in Alamance County.
3. New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee) shall not relocate, from its other sites, any existing equipment, which costs \$10,000 or more, within one year after completion of this project.
4. New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee) shall not acquire by purchase or lease, within one year after completion of this project, any equipment including replacement equipment, which costs or has a fair market value of \$10,000 or more that was not included in the capital expenditure in Section VIII.1 of the application.
5. New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee) shall remove and dispose of by sale or trade-in to another unrelated party, the existing LORAD mammography unit, upon installation of the replacement equipment.
6. New Hanover Imaging, LLC (Lessor) and Atlantic Diagnostic Center d/b/a Burlington Imaging & Breast Center (Lessee) shall acknowledge acceptance and compliance with all conditions stated herein to the Certificate of Need Section in writing prior to the issuance of the certificate of need.

