

NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

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

March 7, 2019

Stephen M. Pirri
5851 Legacy Circle, Suite 900
Plano, TX 75024

No Review

Record #: 2895
Facility Name: US Renal Care Charlotte Latrobe Dialysis
FID #: 944671
Business Name: U.S. Renal Care, Inc.
Business #: 2274
Project Description: Change in indirect corporate ownership
County: Mecklenburg

Dear Mr. Pirri:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your correspondence 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 that correspondence is not governed by, and therefore, does not currently require a certificate of need. 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.

You may 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.

This determination is binding only for the facts represented in your correspondence. If changes are made in the project or in the facts provided in the correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by this office.

Please do not hesitate to contact this office if you have any questions.

Sincerely,

Julie M. Faenza
Project Analyst

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

cc: 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: 809 Ruggles Drive, 2704 Mail Service Center, Raleigh, NC 27699-2704
www.ncdhhs.gov/dhsr • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

February 27, 2019



VIA E-MAIL (martha.frisone@dhhs.nc.gov) and UPS – NEXT DAY

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 / Change of Indirect Owner

Dear Ms. Frisone:

Please accept that this letter as notification of a change of information for the entity and facilities identified in Exhibit A of this letter (“Provider”). U.S. Renal Care, Inc. (“USRC”), through a chain of subsidiaries, is the indirect owner of Provider.

Pursuant to a Merger Agreement dated February 10, 2019 (the “Transaction”), BCPE Cycle Buyer, Inc. will become the new indirect owner of USRC. We do not expect that the Transaction will have any effect on the Provider’s business or operations, and the Provider will continue to conduct business at the same location under the same legal entity name, federal tax identification number, and NPI number. In addition, the Provider’s personnel, equipment, and operations will not change as a result of the Transaction. USRC will retain its existing subsidiary structure and indirect interest in the Provider, which will not change as a result of the Transaction. The USRC subsidiaries will retain their current federal tax identification numbers and, if applicable, their NPI numbers. The organizational charts attached as Exhibit B show the pre and post transaction structures.

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 Provider 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 Provider’s centers is an existing health service facility within the meaning of the CON law. *See* N.C. Gen. Stat. § 131E-176(9b).

We kindly 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. If you have any questions or require any additional information, please do not hesitate to contact Vickie Becker at (214) 425-0668 or legal@usrenalcare.com. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen M. Pirri". The signature is fluid and cursive, with a large initial "S" and "P".

Stephen M. Pirri
President

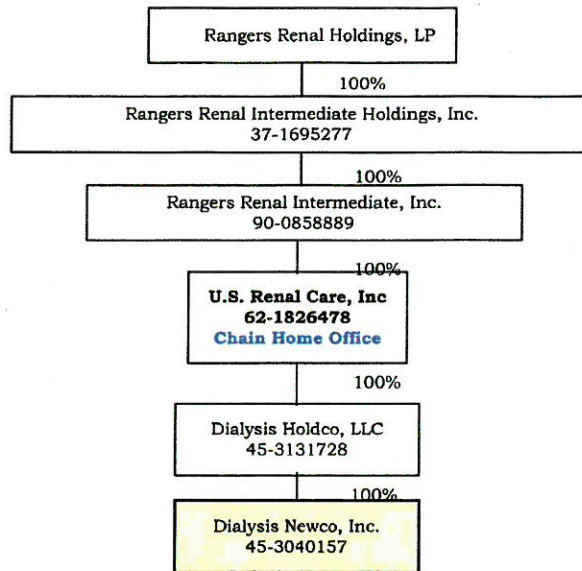
Exhibit A

Dialysis Newco, Inc.
d/b/a U.S. Renal Care Glenwater Dialysis
Address: 9030 Glenwater Drive, Charlotte, NC 28262

Dialysis Newco, Inc.
d/b/a U.S. Renal Care Latrobe Dialysis
Address: 3515 Latrobe Drive, Charlotte, NC 28211

Exhibit B
Organizational Charts

Pre Close Organizational Chart



Post Close Organizational Chart

