



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

January 17, 2020

Del Murphy
Del.Murphy@caromonthhealth.org

Exempt from Review

Record #: 3185
Facility Name: CaroMont Regional Medical Center
FID #: 943184
Business Name: CaroMont Health, Inc.
Business #: 405
Project Description: Construct a critical care tower over existing hospital space, consolidate and relocate critical care services to the new tower, and designate 27 additional acute care beds as intensive care beds (for a total of 52 intensive care beds)
County: Gaston

Dear Mr. Murphy:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of January 10, 2020, 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.

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
<https://info.ncdhhs.gov/dhsr/> • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

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

Sincerely,



Julie M. Faenza
Project Analyst



Martha J. Frisone
Chief

cc: Construction Section, DHR
Acute and Home Care Licensure and Certification Section, DHR

Waller, Martha K

From: Faenza, Julie M
Sent: Friday, January 10, 2020 1:30 PM
To: Waller, Martha K
Subject: FW: [External] Exemption Request - Bed Replacement
Attachments: CaroMont Acute Bed Replacement Exemption Request 01 08 20.pdf

Julie M. Faenza, Esq.

Project Analyst, 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
Julie.Faenza@dhhs.nc.gov

From: Del Murphy <Del.Murphy@caromonthealth.org>
Sent: Friday, January 10, 2020 1:25 PM
To: Faenza, Julie M <Julie.Faenza@dhhs.nc.gov>
Subject: [External] Exemption Request - Bed Replacement

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to report.spam@nc.gov

This message was sent securely using Zix®

Julie,

I have attached our official exemption request to replace 78 beds on the main campus of CaroMont Regional Medical Center.

If you have any questions or need additional information, please do not hesitate to give me a call.

Thank you,

Del Murphy
704-834-2759

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January 8, 2020

Ms. Martha Frisone, Chief
Healthcare Planning and Certificate of Need
NC Division of Health Service Regulation
809 Ruggles Drive
Raleigh, North Carolina 27603

RE: Request for Exemption to CON Review for Critical Care Tower at CaroMont Regional
Medical Center / Gaston County

Dear Ms. Frisone:

CaroMont Regional Medical Center (CRMC) intends to construct a four-story critical care tower on the existing medical center campus. CRMC will consolidate and relocate critical care services from their current locations in the medical center to the critical care tower. In addition, CRMC will expand the number of intensive care beds from 25 beds to 52 beds by designating 27 general acute care beds as intensive care beds. CRMC requests a determination that the related capital expenditure is exempt from certificate of need review pursuant to N.C.G.S. § 131E-184(g). The total capital costs are estimated to be approximately \$120.0 million.

Exemption from Review

Pursuant to N.C.G.S. §131E-184(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."*

N.C.G.S. §131E-176(14n) states, "*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 service 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.*"

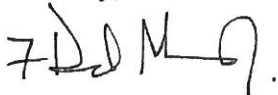
The CRMC critical care tower project meets each of the applicable conditions set forth above:

- The estimated capital cost of the project exceeds \$2,000,000. Please refer to Attachment A.
- The sole purpose of the capital expenditure is to expand the existing health service facility on the main campus located at 2525 Court Drive, Gastonia, North Carolina. The new critical care tower will be located on the main building of the hospital. Please refer to Attachment B.
- The capital expenditure will not result in a change in bed capacity or the addition of a health service facility or any other new institutional health service other than that allowed by G.S. § 131E-176(16)(b).
- This letter constitutes the required prior written notice.
- CRMC provides clinical patient services and exercises financial and administrative control from this location. The CRMC President's office is located on the second floor of the hospital.

Based on the foregoing, we respectfully request that the Healthcare Planning and Certificate of Need Section issue written confirmation that this project is exempt from Certificate of Need review under N.C.G.S § 131E-184(g).

If you have any questions about this project, please contact me at (704) 834 -2759.

Sincerely,



F. Del Murphy, Jr.
Vice President, Strategy & Business Development

Attachments:

- A – Capital Cost Form
- B – CRMC Campus Orientation Map

ATTACHMENT A

CAPITAL COST FORM

Project name: CRMC Critical Care Tower

Proponent: CaroMont Regional Medical Center

A. Site Costs

- (1) Full purchase price of land
- (2) Closing costs
- (3) Site inspection and survey
- (4) Legal fees/subsoil investigation
- (5) Site preparation costs
- (6) Other (Specify)
- (7) *Sub-Total Site Costs*

Construction Contract

- (8) Cost of materials/labor \$96,620,000
- (9) Other (Security) \$175,000
- (10) *Sub-Total Construction Contract* \$96,795,000

Miscellaneous Project Costs

- (11) Building purchase
- (12) Equipment purchase/lease \$8,301,900
- (13) IS/Telecom equipment purchase/lease \$6,000,000
- (14) Furniture \$515,000
- (15) Landscaping \$175,000
- (16) Consultant fees (Architect, Engineering, special Inspections) \$4,894,950
- (17) Financing costs (e.g. bond, loan, etc.)
- (18) Other (Contingency) \$3,318,150
- (19) Other (Specify)
- (20) *Sub-Total Miscellaneous* \$23,205,000
- (21) **TOTAL CAPITAL COST** \$120,000,000

To the best of my knowledge, the above capital costs for the proposed project are complete and correct and it is the intent of CaroMont Regional Medical Center to carry out the proposed project as described.


Chris Peek, President and CEO

11/8/20
Date

ATTACHMENT B
Campus Orientation Map

