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Via Email ([DHSR.SMFP.Petitions-Comments@dhhs.nc.gov](mailto:DHSR.SMFP.Petitions-Comments@dhhs.nc.gov))  
N.C. Division of Health Service Regulation  
Medical Facilities Planning Section  
701 Barbour Road  
Raleigh, NC 27603

DHSR - Received  
7-30-10

Re: Comments Concerning Proposed 2011 SMFP Policy Gen-4

Dear Medical Facilities Planning Section:

We represent Catawba Valley Medical Center ("CVMC"). CVMC submits the following public comments concerning *Policy Gen-4: Energy Efficiency and Sustainable Building Design and Construction* (the "Policy") contained in the Proposed 2011 SMFP. CVMC believes that the Policy should be modified as discussed herein.

*1. Increasing the \$2 Million Threshold*

The Policy imposes substantial obligations relating to energy efficiency and water conservation for projects to "develop, replace, or renovate a health service facility" if the project's capital cost exceeds \$2 million. The \$2 million threshold would cause the Policy to apply to many small projects that have little relation to or impact on energy efficiency or water conservation.

For instance, if a hospital proposed to make cosmetic renovations and updating to a relatively small area of the hospital, the project's capital costs easily could be just over the \$2 million threshold. However, such a project likely would not involve or relate to the environmental matters addressed by the Policy.

To strike a balance between the burdens imposed by the Policy and the goals of the Policy, CVMC recommends increasing the capital costs threshold to "exceeds \$5 million."

2. *Clarification Concerning "Renovations."*

For renovations, the Policy applies to the "obligation of any person for a capital expenditure exceeding two million dollars (\$2 million) to ... renovate a health service facility." To prevent confusion, CMVC recommends that the Policy be revised to clarify that a renovation triggers the Policy only if the renovation aspect of the project exceeds the \$2 million threshold.

For instance, CON projects often include multiple facets. A hospital might file a CON application for a replacement MRI scanner and propose to renovate a portion of the space where the scanner will be located. If the project's total capital expenditure exceeds \$2 million but the renovation facet costs only \$400,000, the Policy should not apply. This conclusion is consistent with the Policy's express wording: "[a] capital expenditure exceeding two million dollars ... to ... renovate a health service facility." The recommended clarification would give needed certainty to parties applying for CONs.

3. *Clarification for Exempt Projects*

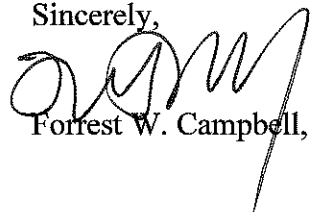
The Policy should clarify that it does not apply to any project that is exempt by law from CON review, such as pursuant to N.C. Gen. Stat. § 131E-184. Read as a whole, the Policy clearly is intended to apply only to projects that are subject to CON review—the central requirement of the Policy is that certain certificate of need applications must address certain environmental matters. Despite the repeated references to "applicant" and "certificate of need applications" in the Policy, such clarification would be helpful. Such would also be consistent with the Governor's December 30, 2009 request for "a policy to address more energy efficient and sustainable building design and construction for *certificate of need applicants* proposing new or replacement health care facilities." (Emphasis added.)

4. *Pre-filing Meetings.*

We request that the Policy be revised to remove the requirement that the applicant's architect and engineer attend a pre-filing meeting. Attendance by the applicant (and/or the person preparing the CON application) is more than sufficient for addressing the environmental issues. Furthermore, this requirement would impose undue burdens and expenses on applicants, without any evidence that such is reasonably necessary.

Thank you for the opportunity to provide these comments.

Sincerely,



Forrest W. Campbell, Jr.

FWC:kb

cc: J. Anthony Rose  
Lisa Hamby