



North Carolina Department of Health and Human Services  
Division of Health Service Regulation

Pat McCrory  
Governor

Aldona Z. Wos, M.D.  
Ambassador (Ret.)  
Secretary DHHS

Drexdal Pratt  
Division Director

**RESPONSE REQUIRED**

August 17, 2015

Dee Jay Zerman  
211 Friday Center Drive, Suite G015  
Chapel Hill, NC 27517

**Conditional Approval**

Project ID #: J-11028-15  
Facility: University of North Carolina Hospitals  
Project Description: Cost overrun for Project I.D. #J-8812-12 (develop 27 acute care beds for a total of 756 acute care beds upon completion of that project and Project I.D. #J-8501-10 (develop 36 acute care beds on the hospital main campus)  
County: Orange  
FID #: 923517

Dear Ms. Zerman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) has conditionally approved the above referenced certificate of need application. This decision was made after a review of the applications submitted for this cycle and after consideration of the Certificate of Need Law, G.S. 131E-175 et. seq. and regulations promulgated there under, the State Medical Facilities Plan, and other applicable information. Attached to this letter are the required findings made with respect to your application. The applicant shall not proceed with the construction, offering or development of this project until the certificate of need is issued. Further, the Agency shall not issue the certificate of need until all applicable conditions of approval have been met pursuant to G.S. 131E-187(a). The conditions are as follows:

1. University of North Carolina Hospitals at Chapel Hill shall materially comply with the representations made in Project I.D. #J-8812-12, this certificate of need application, Project I.D. #J-11028-15, and the supplemental information received July 30, 2015. In those instances where representations conflict, University of North Carolina Hospitals at Chapel Hill shall materially comply with the last made representation.



**Healthcare Planning and Certificate of Need Section**

www.ncdhhs.gov

Telephone 919-855-3873 • Fax 919-715-4413

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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2. University of North Carolina Hospitals at Chapel Hill shall comply with all conditions of approval on the certificate of need for Project I.D. #J-8812-12, except as specifically modified by the conditions of approval for this application, Project I.D. #J-11028-15.
3. The total capital expenditure for both projects combined shall be \$20,090,800.
4. University of North Carolina Hospitals at Chapel Hill shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to the issuance of the certificate of need.

**Response to the above conditions should be submitted to the Agency no later than 35 days from the date of the decision. Failure to respond within this time period may result in the Agency making a determination not to issue a certificate of need for the project referenced above.**

The conditional approval is valid only for a capital expenditure of **\$3,912,040**. If a cost overrun occurs that exceeds the approved capital expenditure amount, a new certificate of need may be required as determined by G.S. 131E-176(16)(e).

The applicant should be aware that according to the Certificate of Need law any affected person shall have thirty (30) days after the date of decision to file a petition for a contested case on this approval. Further, if you are aggrieved by the conditions of the decision you may file a petition for a contested case hearing in accordance with G.S. 150B, Article 3, as amended. This petition must be filed with the Office of Administrative Hearings, 6714 Mail Service Center, Raleigh, North Carolina 27699-6714 within thirty (30) days of the date of this decision. [Note: Effective October 1, 2009, OAH requires a filing fee with submittal of petitions for contested cases. Please direct all questions regarding this fee to OAH Clerk's Office (919-431-3000).]

G.S. 150B-23 provides that a party filing a petition must also serve a copy of the petition on all parties to the petition. Therefore, if you file a petition for a contested case hearing, you must serve a copy of the petition on the Department of Health and Human Services by mailing a copy of your petition to:

Emery Milliken  
Department of Health and Human Services,  
Office of Legal Affairs,  
Adams Building – Room 154  
2001 Mail Service Center  
Raleigh, North Carolina, 27699-2001

It is requested that a copy of the petition also be served on the Agency.

The certificate of need will not be issued before the completion of this 30 day period ending **September 16, 2015**. If a contested case request is received within the thirty (30) day period, the certificate will not be issued until the appeal is resolved (10A NCAC 14C .0208).

The timetable for completion of the project is the timetable outlined in the certificate of need application, unless an adjustment has been made by the Agency because the review period was extended. The timetable for this project is as follows:

Completion of Construction _____	February 15, 2016
Operation of Medical Equipment _____	February 15, 2016
Occupancy/Offering of Services _____	March 1, 2016
Licensure of Facility _____	March 1, 2016
Certification of Beds _____	March 1, 2016

If the decision is appealed, the timetable set forth in this letter will be adjusted accordingly before the Certificate of Need is issued. Please contact this office if any clarification of this decision is required.

Please refer to the Project ID # and Facility ID # (FID) in all correspondence.

Sincerely,

Julie Halatek, Project Analyst

Lisa Pittman, Team Leader  
Certificate of Need

Attachment

cc: Acute and Home Care Licensure and Certification Section, DHSR  
Construction Section, DHSR  
Assistant Chief, Healthcare Planning

**CERTIFICATE OF SERVICE**

I hereby certify that I have served the foregoing notice of **conditional approval** on the following person by placing a copy in an official depository of the United States Postal Service in a postage-paid, first class envelope addressed as follows:

Dee Jay Zerman  
211 Friday Center Drive, Suite G015  
Chapel Hill, NC 27517

Project ID #J-11028-15

FID #923517

This the 17<sup>th</sup> day of August, 2015

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Julie Halatek, Project Analyst  
Certificate of Need