



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne, Director
Health Service Regulation

RESPONSE REQUIRED

August 26, 2016

Laura MacFadden
3600 Country Club Rd., Suite 201
Winston-Salem, NC 27104

Conditional Approval

Project ID #: G-11150-16
Facility: Novant Health Kernersville Outpatient Surgery
Project Description: Develop a new ambulatory surgery center by relocating two existing operating rooms from Novant Health Forsyth Medical Center in Winston-Salem to a new facility on the campus of Novant Health Kernersville Medical Center
County: Forsyth
FID #: 160113

Dear Ms. MacFadden:

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. Novant Health Kernersville Outpatient Surgery, LLC shall materially comply with all representations made in the certificate of need application.



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. Novant Health Kernersville Outpatient Surgery, LLC shall develop an ambulatory surgery center with no more than two ambulatory surgical operating rooms and one minor procedure room.
3. Novant Health Forsyth Medical Center shall de-license two shared operating rooms. Following completion of this project and Project I.D. # G-8165-08, Novant Health Forsyth Medical Center shall be licensed for no more than 20 operating rooms, including 15 shared operating rooms, three dedicated open heart surgery operating rooms, and two dedicated C-section operating rooms.
4. Novant Health Kernersville Outpatient Surgery, LLC shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditures in Section VIII of the application and that would otherwise require a certificate of need.
5. Novant Health Kernersville Outpatient Surgery, LLC shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.
6. Novant Health Kernersville Outpatient Surgery, LLC shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to 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 **\$9,800,411**. 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:

Lisa G. Corbett
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 26, 2016**. 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 Preliminary Drawings _____	December 31, 2016
Approval of Final Drawings & Specifications by the Construction Section, DHSR _____	May 31, 2017
50% Completion of Construction _____	August 31, 2017
Completion of Construction _____	December 31, 2017
Occupancy/Offering of Service(s) _____	April 1, 2018

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,

Mike McKillip, Project Analyst

Fatimah Wilson, Team Leader

Martha J. Frisone, Assistant Chief
Certificate of Need

Attachment

cc: Acute & Home Care Licensure & Certification Section, DHSR
Construction Section, DHSR
Paige Bennett, Assistant Chief, Healthcare Planning, DHSR

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:

Laura MacFadden
3600 Country Club Rd., Suite 201
Winston-Salem, NC 27104

Project ID #G-11150-16

FID #160113

This the 26th day of August, 2016

Mike McKillip, Project Analyst
Certificate of Need