



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

October 26, 2016

Chad French
218 Old Mocksville Road
Statesville, NC 28645

Conditional Approval

Project ID #: F11178-16
Facility: Davis Regional Medical Center
Project Description: Transfer 14 inpatient psychiatric beds from Cherry Hospital pursuant to Policy PSY-1 for a total of 42 adult inpatient psychiatric beds upon project completion
County: Iredell
FID #: 923134

Dear Mr. French:

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. Statesville HMA, LLC shall materially comply with all representations made in the certificate of need application.
2. Statesville HMA, LLC shall relocate no more than 14 inpatient psychiatric beds from Cherry Hospital pursuant to Policy PSY-1 to Davis Regional Medical Center for a total licensed bed complement of no more than 42 adult inpatient psychiatric beds.

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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3. Statesville, HMA, LLC shall accept patients requiring involuntary admission for adult inpatient psychiatric services at Davis Regional Medical Center.
4. The Emergency Room at Davis Regional Medical Center shall not go on diversion for psychiatric patients unless all options for managing hospitals and Emergency Room flow have been exhausted. The decision to go on diversion will be made by the Emergency Room physician.
5. At the end of each the first three full operating years following completion of the project, Statesville HMA, LLC shall provide the following information in writing to the Healthcare Planning and Certificate of Need Section: 1) the total number of psychiatric patients seen in the Emergency Room; 2) the days (i.e., month/day/year) and the number of hours each day that the Emergency Room was on diversion for psychiatric patients; and 3) for each day that the Emergency Room was on diversion for psychiatric patients, a summary of the reasons for the diversion.
6. Statesville, HMA, LLC shall acknowledge acceptance of and agree to comply will all conditions stated herein to the Healthcare Planning and 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 **\$2,493,869**. 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 **November 28, 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:

Submittal of Final Drawings & Specifications to Construction Section, DHSR	February 1, 2017
25% Completion of Construction	May 1, 2017
50% Completion of Construction	July 1, 2017
Completion of Construction	November 1, 2017
Licensure of Facility	December 15, 2017
Certification of Beds	December 15, 2017
Occupancy of Beds	January 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,

Jane Rhoe-Jones
Project Analyst

Fatimah Wilson
Team Leader, Certificate of Need

Attachment

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

Chad French
218 Old Mocksville Road
Statesville, NC 28645
Project ID #: F-11178-16
FID #: 923134

This the 26th day of October, 2016.

Jane Rhoe-Jones
Project Analyst, Certificate of Need