



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor  
MANDY COHEN, MD, MPH • Secretary  
MARK PAYNE • Director, Division of Health Service Regulation

**RESPONSE REQUIRED**

July 24, 2020

Elizabeth Runyon  
UNC HCS, Hedrick Building  
211 Friday Center Drive, Suite G014  
Chapel Hill, NC 27517

**Conditional Approval**

Project ID #: J-11900-20  
Facility: University of North Carolina Hospitals  
Project Description: Develop 3 additional ORs on the Chapel Hill campus pursuant to the need determination in the 2020 SMFP for a total of 54 ORs upon completion of this project and Project ID#s: J-11644-18 (add 2 in Chapel Hill); J-11646-18 (add 2 in Hillsborough) and J-11695-19 (add 1 in Chapel Hill)  
County: Orange  
FID #: 923517

Approved Capital Expenditure: \$10,477,455  
Conditions of Approval: See Attachment A  
Approved Timetable: See Attachment B  
Last Date to Appeal: August 24, 2020  
Required State Agency Findings: Enclosed

Dear Ms. Runyon:

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 review of the application or applications if the review was competitive, consideration of the Certificate of Need Law and regulations promulgated thereunder, the State Medical Facilities Plan, written comments if any, responses to comments if any, and other publicly applicable information.

The conditional approval is valid only for the approved capital expenditure shown above. If the capital cost will exceed the approved capital expenditure amount by more than 115%, the applicant must first obtain a new certificate of need.

**Response to the conditions in Attachment A should be attached to emails addressed to the Project Analyst and the Co-signer no later than 35 days from the date of the decision. Failure to respond within this time period may result in the Agency determining not to issue a certificate of need for the project referenced above.**

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 approved timetable for this project is found in Attachment B.

**Note: The applicant shall not begin developing this project until after the certificate of need has been issued and the certificate of need will not be issued until the applicant has documented that all**

**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: 2704 Mail Service Center, Raleigh, NC 27699-2704  
<https://info.ncdhhs.gov/dhsr/> • TEL: 919-855-3873

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**conditions that must be met prior to issuance of the certificate of need have been met. Furthermore, if the project requires that plans be submitted to the Construction Section, those plans will not be reviewed or approved until after the certificate of need has been issued.**

The Certificate of Need law provides that any affected person has thirty (30) days after the date of the decision to file a petition for a contested case on this approval. Further, if you are aggrieved by any of the conditions you may file a petition for a contested case hearing in accordance with N.C. Gen. Stat. §150B, Article 3. 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. Effective October 1, 2009, OAH requires a filing fee with submittal of petitions for contested cases. Please direct all questions regarding this fee to the 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

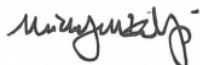
It is requested that a copy of the petition also be served on the Agency.

The certificate of need will not be issued before the completion of thirty-day appeal period which ends on the date shown above. If a contested case petition is filed with OAH within the thirty-day appeal period, the certificate will not be issued until the appeal is resolved.

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,



Michael J. McKillip  
Project Analyst  
mike.mckillip@dhhs.nc.gov



Gloria C. Hale  
Team Leader  
gloria.hale@dhhs.nc.gov

Enclosures:

- Attachment A: Conditions of Approval
- Attachment B: Approved Timetable
- Required State Agency Findings

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

**Attachment A**  
**Conditions of Approval**

1. University of North Carolina Hospitals at Chapel Hill shall materially comply with all representations made in the certificate of need application.
2. University of North Carolina Hospitals at Chapel Hill shall develop three additional operating rooms on the Chapel Hill Campus for a total of no more than 46 operating rooms on the Chapel Hill campus and 8 operating rooms on the Hillsborough campus upon completion of this project, Project ID #J-11644-18 (add 2 ORs), and Project ID #J-11646-18 (add 2 ORs), and Project ID #J-11695-19 (add one OR).
3. Upon completion of this project, Project I.D. #J-11644-18, Project I.D. #J-11646-18 and Project I.D. # J-11695-19, University of North Carolina at Chapel Hill shall be licensed for no more than 54 operating rooms (46 on the Chapel Hill campus and 8 on the Hillsborough campus).
4. University of North Carolina Hospitals at Chapel Hill shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.
5. University of North Carolina Hospitals at Chapel Hill 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. No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, University of North Carolina Hospitals at Chapel Hill shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:
  - a. Payor mix for the services authorized in this certificate of need.
  - b. Utilization of the services authorized in this certificate of need.
  - c. Revenues and operating costs for the services authorized in this certificate of need.
  - d. Average gross revenue per unit of service.
  - e. Average net revenue per unit of service.
  - f. Average operating cost per unit of service.
7. University of North Carolina Hospitals at Chapel Hill shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.

**Attachment B**  
**Approved Timetable**

**Timetable**

	<b>Milestone</b>	<b>Date</b>
1	Drawings Completed	4/9/2022
2	Construction / Renovation Contract(s) Executed	7/2/2022
3	50% of Construction / Renovation Completed	12/14/2022
4	Construction / Renovation Completed	4/29/2023
<b>5</b>	<b>Services Offered</b>	7/1/2023
6	First Annual Report Due*	10/1/2024