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

June 21, 2013

Denise Gunter
Nelson Mullins Riley & Scarborough LLP
380 Knollwood Street, Suite 530
Winston-Salem, NC 27103

Exempt from Review – Acquisition of Facility
Facility: Piedmont Endoscopy Center, Inc.
Acquisition by: Piedmont Gastroenterology Specialists, P.A.
County: Forsyth
FID #: 943399

Dear Ms. Gunter:

In response to your letter of June 13, 2013, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, Piedmont Gastroenterology Specialists, P.A. may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Acute and Home Care Licensure and Certification Section of the Division of Health Service Regulation to obtain instructions for changing ownership of the existing facility. Note that pursuant to N.C.G.S. §131E-181(b): “A recipient of a certificate of need, or any person who may subsequently acquire, in any manner whatsoever permitted by law, the service for which that certificate of need was issued, is required to materially comply with the representations made in its application for that certificate of need.”

It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Kim Randolph
Project Analyst

Craig R. Smith
Chief
Certificate of Need Section

cc: Acute and Home Care Licensure and Certification Section, DHSR
Medical Facilities Planning Section, DHSR

Certificate of Need Section
www.ncdhhs.gov
Telephone: 919-855-3873 • Fax: 919-733-8139
Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603
Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704
An Equal Opportunity/ Affirmative Action Employer
June 13, 2013

By Overnight Delivery
(Delivery Site Phone 919.855.3873)

Mr. Craig Smith, Chief
Certificate of Need Section (DHSR)
N.C. Department of Health & Human Services
809 Ruggles Drive
Raleigh, NC 27603

Re: Acquisition of Piedmont Endoscopy Center, Inc. by Piedmont Gastroenterology Specialists, P.A.

Acquisition of Piedmont Gastroenterology Specialists, P.A.
by Salem Gastroenterology Associates, P.A.

Dear Mr. Smith:

I am writing on behalf of our clients Piedmont Gastroenterology Specialists, P.A. ("PGS"), Salem Gastroenterology Associates, P.A. ("SGA") and Piedmont Endoscopy Center, Inc. ("PEC") regarding the transactions described herein. PGS and SGA are each North Carolina professional corporations and medical practices in Winston-Salem. PGS is also the sole owner (shareholder) of PEC, a North Carolina business corporation and licensed ambulatory surgical facility (License No. AS0044), also in Winston-Salem.

This letter provides the Certificate of Need Section with prior written notice, pursuant to N.C. Gen. Stat. § 131E-184(a)(8), that PGS intends to acquire its wholly-owned subsidiary PEC. This acquisition will be accomplished by merger of PEC “upward” into the corporate parent, PGS.

This letter also provides the Certificate of Need Section with prior written notice, pursuant to N.C. Gen. Stat. § 131E-184(a)(8), that SGA intends to acquire PGS. This acquisition will be accomplished by a merger of PGS into SGA, with SGA as the surviving entity following the merger. At the time of SGA’s acquisition of PGS, PGS’s assets will
Mr. Craig Smith, Chief  
June 13, 2013  
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include the ambulatory surgical facility formerly operated by PEC, by virtue of the merger of PEC into PGS described in the first paragraph of this letter.

We expect that the merger of PEC into PGA will close and be effective on or about the close of business on June 30, 2013, and expect the merger of PGS into SGA will close and be effective on or about July 1, 2013. As you know, the CON law provides that upon receiving prior written notice, the CON Section shall exempt from CON review the acquisition of “an existing health service facility, including equipment owned by the health service facility at the time of acquisition.” N.C. Gen. Stat. § 131E-184(a)(8). An ambulatory surgical facility is a health service facility. Id. at § 131E-176(9b).

We would therefore appreciate receiving written confirmation that the acquisition of Piedmont Endoscopy Center, Inc. by Piedmont Gastroenterology Specialists, P.A. is exempt from CON review. We also would appreciate receiving written confirmation that the acquisition of Piedmont Gastroenterology Specialists, P.A. by Salem Gastroenterology Associates, P.A. is exempt from CON review. Because of the proposed July 1, 2013 effective date of the merger, we would greatly appreciate if you would contact me immediately (or if I am out of the office, my partner Richard Howington at 336.774.3321) if you have any questions or concerns regarding the acquisition.

Thank you for your assistance and consideration.

Sincerely,

Nelson Mullins Riley & Scarborough LLP

[Signature]

Denise M. Gunter