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

July 11, 2014

Kenneth L. Burgess  
301 Fayetteville Street, Suite 1900  
Raleigh, NC 27601

Exempt from Review – Acquisition of Facility
Facility: WestCare LifePath Palliative Care and Hospice
Acquisition by: DLP Harris Regional Hospital, LLC
County: Jackson
FID #: 140066

Dear Mr. Burgess:

In response to your letter of June 23, 2014, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, DLP Harris Regional Hospital, LLC, 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 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,

Julie Halatek  
Project Analyst

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

Martha J. Frisone  
Interim Chief  
Certificate of Need Section

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 23, 2014

RE: Notice of Exempt Acquisition of an Existing Health Care Facility and Request for No Review Determination: Acquisition of WestCare LifePath Palliative Care and Hospice (FID #140066)

Dear Ms. Frisone:

Our firm represents DLP Harris Regional Hospital, LLC ("DLP Harris") and DLP Healthcare, LLC ("DLP Healthcare"). We are providing this letter pursuant to N.C. Gen. Stat. § 131E-184(a)(8) to inform the Certificate of Need Section ("CON Section") that DLP Harris proposes to acquire ownership and control of substantially all of the assets of WestCare LifePath Palliative Care and Hospice ("WestCare Hospice"), located in Sylva, North Carolina. As you are probably aware, WestCare Hospice is a Medicare-certified, licensed hospice agency (Lic. No. HOS4650), which is licensed to Harris Regional Hospital, Inc. In turn, Harris Regional Hospital, Inc. is owned by WestCare, Inc.

DLP Harris and WestCare, Inc. will enter into an asset purchase agreement pursuant to which DLP Harris will acquire all of the assets of WestCare, Inc., including Harris Regional Hospital, Inc. and WestCare Hospice. Both WestCare, Inc. and Harris Regional Hospital, Inc. are North Carolina nonprofit corporations. DLP Harris is a Delaware limited liability corporation authorized to do business in North Carolina and is a related entity to DLP Healthcare. DLP Healthcare is a joint venture between Duke Quality Network, Inc. (a wholly-controlled affiliate of Duke University Health System, Inc.) and DLP Partner, LLC, a Delaware company which is a related entity to LifePoint Hospitals, Inc., a publicly-traded company that operates 61 hospital campuses in 20 states. An organizational chart depicting the post-closing corporate ownership structure is attached for your convenience.

DLP Healthcare was formed for the purpose of strengthening and improving the delivery of healthcare services throughout North Carolina and the surrounding regions by creating flexible affiliation options for community hospitals. DLP Healthcare currently has affiliation and/or joint ownership arrangements with other North Carolina community hospitals.

As previously noted, in the proposed transaction, DLP Harris will acquire ownership and control of all of the assets of WestCare Hospice. A hospice office is an existing health service facility as defined under North Carolina’s Certificate of Need Law at N.C. Gen. Stat. § 131E-178(9b). The Certificate of Need 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).

The purpose of this letter is to serve as the prior written notice required by that statutory provision. Accordingly, we would appreciate receiving written confirmation that DLP Harris's proposed transaction whereby it will acquire ownership of the assets of WestCare LifePath Palliative Care and Hospice, as described herein, is exempt from CON review.

Thank you in advance for your prompt consideration of this request. The parties wish to close the proposed transaction on or about July 31, 2014, and we request a response from you before that time, if possible.

Please contact us if you have questions or need any additional information.

With best regards, I am

Very truly yours,

Kenneth L. Burgess
Partner

Enclosure

cc: (via e-mail, w/ enclosure)
Cory A. Brown, Esq., Counsel for DLP Healthcare
Christy Gudaitis, Esq., Counsel for Duke
Jennifer Peters, Esq., Counsel for LifePoint
State of North Carolina
Department of Health and Human Services
Division of Health Service Regulation

Effective February 17, 2014, this license is issued to
Harris Regional Hospital, Inc.
to operate a hospice known as
WestCare LifePath Palliative Care and Hospice
located at 26 WestCare Drive
City of Sylva, North Carolina, Jackson County.

This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall expire
Midnight, December 31, 2014.

Facility ID: 140066
License Number: HOS4650

Hospice Services

Authorized by:

[Signature]
Secretary, N.C. Department of Health and Human Services

[Signature]
Director, Division of Health Service Regulation
DLP HEALTHCARE, LLC

Governors:
- William J. Fulkerson, M.D. (Class A)
- Leif M. Murphy (Class B)
- David M. Dill (Class B)
- Jeffrey G. Saraphine (Class B)

Officers:
- Jeffrey G. Saraphine – President
- Thomas H. Butler, Jr. – Chief Financial Officer
- Victor Giovanetti – Chief Operations Officer
- Michael S. Coggins – Sr. Vice President and Treasurer
- Christopher J. Monte – Vice President
- Christy S. Green – Vice President and Secretary

DLP Cardiac Partners, LLC (DE)
- (mobile cardiac catheterization lab)
  - 100%
  - Blue Ridge Cardiology Services, LLC (NC)
  - 50%
  - Grace Hospital (non-affiliated)

DLP Person-Medical Hospital, LLC (DE)
- (employee health plan
  - 100%
  - DLP Person Physician Practices, LLC (DE)

DLP Person-Medical Hospital, LLC (DE)
- (employee health plan
  - 100%
  - DLP Person Physician Practices, LLC (DE)

DLP Hayward Regional Medical Center, Inc. (DE)
- (employee health plan
  - 100%
  - DLP Hayward Regional Hospital, LLC (DE)

DLP Harris Regional Medical Center, Inc. (DE)
- (employee health plan
  - 100%
  - DLP Harris Regional Hospital, LLC (DE)

DLP Swain County Hospital, LLC (DE)
- (employee health plan
  - 100%
  - DLP Swain County Physician Practices, LLC (DE)

DLP Marquette Holding Company, LLC (DE)
- 100%
  - DLP Marquette General Hospital, LLC (MI)
    - 100%
    - DLP Marquette Physician Practices, Inc. (MI Nonprofit)
      - 100%
      - DLP Marquette Health Plan, LLC (DE)
        - (holds health plan interests)

DLP Marquette JV, LLC (DE)
- (holds other JV interests)

DLP Rutherford Regional Medical Center, LLC (DE)
- (non-affiliated
  - 80%
  - Wilson Medical Center (non-affiliated)
    - 20%
    - DLP Wilson Medical Center, LLC (DE)
      - (DE)

DLP Rutherford Physician Practices, LLC (DE)
- (non-affiliated
  - 100%

DLP Wilson Holding Company, LLC (DE)
- (non-affiliated
  - 100%

DLP Wilson Medical Center, Inc. (DE)
- (non-affiliated
  - 100%

DLP Wilson Physician Practices, LLC (DE)
- (non-affiliated
  - 100%

DLP Twin County Holding Company, LLC (DE)
- (non-affiliated
  - 20%
    - TCRH Group, Inc. (non-affiliated)

DLP Twin County Regional Medical Center, LLC (DE)
- (non-affiliated
  - 100%

DLP Twin County Physicians, LLC

DLP Maria Farah Medical Center, LLC (DE)
- (non-affiliated
  - 100%

DLP Maria Farah Physician Practices,