



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Drexdal Pratt
Division Director

November 20, 2015

Elizabeth Kirkman
CHS Management Company
2709 Water Ridge Parkway, Suite 200
Charlotte, North Carolina 28217

Exempt from Review

Record #: 1796
Facility Name: Carolinas Medical Center
FID #: 943070
Business Name: The Charlotte-Mecklenburg Hospital Authority
Business #: 462
Project Description: Renovation of cardiovascular recovery unit on 6th floor, including relocation of three beds, and renovation of cardiovascular services space on 4th floor
County: Mecklenburg

Dear Ms. Kirkman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of November 11, 2015, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(g). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need.

However, you need to contact the Agency's Construction and Acute and Home Care Licensure and Certification Sections to determine if they have any requirements for development of the proposed project.

It should be noted that this determination is binding only for the facts represented by you. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by the Agency. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate;



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) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,



Gloria C. Hale
Project Analyst



Martha J. Frisone, Assistant Chief
Certificate of Need

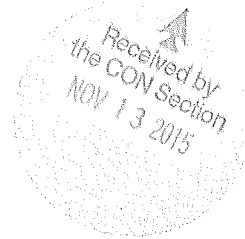
cc: Construction Section, DHSR
Acute and Home Care Licensure and Certification Section, DHSR
Kelli Fisk, Program Assistant, Healthcare Planning



Carolinan HealthCare System

November 11, 2015

Ms. Martha Frisone, Assistant Chief
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
809 Ruggles Drive
Raleigh, NC 27603



RE: Request for Exemption from Review to Renovate Cardiovascular Recovery Unit and Related Space at The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center (CMC)

Dear Ms. Frisone:

I am writing to inform you of Carolinas Medical Center's plan to renovate its Cardiovascular Recovery Unit (CVRU) and related space.

Pursuant to N.C.G.S. 131E-184(g), "[t]he Department shall exempt from certificate of need review any capital expenditure that exceeds the two million dollar (\$2,000,000) threshold set forth in G.S. 131E-176(16)b. if any of the following conditions are met:

- (1) The sole purpose of the capital expenditure is to renovate, replace on the same site, or expand the entirety or a portion of an existing health service facility that is located on the main campus.
- (2) The capital expenditure does not result in (i) a change in bed capacity as defined in G.S. 131E-176(5) or (ii) the addition of a health service facility or any other new institutional health service facility or any other new institutional health service other than that allowed in G.S. 131E-176(16)b.
- (3) The licensed health service facility proposing to incur the capital expenditure shall provide written notice to the Department along with support documentation to demonstrate that it meets the exemption criteria of this subsection."

N.C.G.S. 131E-176(14n) states "'Main campus' means all of the following for the purposes of G.S. 131E-184(f) and (g) only:

- a. The site of the main building from which a licensed health service facility provides clinical patient services and exercises financial and administrative control over the entire facility, including the buildings and grounds adjacent to that main building.
- b. Other areas and structures that are not strictly contiguous to the main building but are located within 250 yards of the main building."

The Carolinas Medical Center CVRU renovation project meets each of the applicable conditions set forth above. The estimated total capital cost of the project exceeds \$2,000,000 (see Exhibit 1 for a capital cost worksheet and a certified construction cost estimate). The proposed project involves the renovation of an existing health service facility located at 1000 Blythe Boulevard, Charlotte, NC 28203, which is the site from which Carolinas Medical Center provides clinical patient services and exercises financial and administrative control over the entire facility (see Exhibit 2). Carolinas Medical Center's President's office is located on the second floor of the main hospital building. Please see a copy of Carolinas Medical Center's license in Exhibit 3.

The project consists of renovation only and does not involve a change in bed capacity as defined in G.S. 131E-176(5) or the addition of a health service facility or a new institutional health service. The project will not increase the number of operating rooms or gastrointestinal rooms. The project will not result in the acquisition of major medical equipment or the offering of health services not currently provided.

The project involves the renovation of space on the 4th and 6th floors of Carolinas Medical Center. All of the space is associated with the Sanger Heart & Vascular Institute (SHVI), the home for cardiovascular services at Carolinas Medical Center.

6th Floor Renovations

The CVRU is located on the 6th floor of Carolinas Medical Center and provides recovery services to cardiovascular surgery patients including short-term stays of four to six hours in unlicensed recovery spaces and 24 to 48 hour stays in licensed acute care beds. The 6th floor renovations will enhance the physical space and services of the unit.

The CVRU currently includes four licensed intensive care unit (ICU) acute care beds as highlighted in blue on the Level 6 Enlarged Plan-Existing in Exhibit 4. As part of the CVRU renovation, three existing acute care beds currently designated as medical/surgical will be re-designated as CVRU ICU acute care beds; however, the total number of licensed beds at Carolinas Medical Center will not change. Please see the seven proposed ICU acute care beds highlighted in blue on the Level 6 Enlarged Plan-Proposed in Exhibit 4. The re-designation of acute care beds does not constitute a new institutional health service or a change in bed capacity as defined in G.S. 131E-176(5). Please see Exhibit 5 for an exemption request recently approved by the Healthcare Planning and Certificate of Need Section which included the re-designation of acute care beds as shown in the statement on page 2 of the original request:

(2) New Institutional Health Services

This project will not change Duke's existing bed capacity, nor include any other new institutional health services. As part of the PCICU relocation, three existing beds currently designated for other purposes will be redesignated as PCICU beds, so that the relocated unit will include 16 beds staffed for PCICU patients; however, the total licensed bed complement will not change.

4th Floor Renovations

As part of the proposed project, SHVI space on the 4th floor will also be renovated as shown on the Level 4 Enlarged Plan-Existing and Level 4 Enlarged Plan-Proposed drawings in Exhibit 4. A staff team room, currently located within the CVRU on the 6th floor, will be relocated to existing space on the 4th floor. A doorway will be renovated to better accommodate patient transport. Finally, on-call and education rooms will be renovated in existing space.

Summary

Based on the above facts, the project is exempt from certificate of need review. We are requesting that you confirm in writing that Carolinas Medical Center's CVRU renovation is exempt from certificate of need review and that we may proceed as planned with this project.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Kirkman".

Elizabeth Kirkman
Assistant Vice President
CHS Management Company

Attachments

cc: W. Spencer Lilly, President/Carolinas Medical Center

Exhibit 1

PROJECT CAPITAL COST

A. Site Costs

(1) Full purchase price of land		\$	_____	
# Acres _____ Price per Acre	\$	_____		
(2) Closing costs		\$	_____	
(3) Site Inspection and Survey		\$	_____	
(4) Legal fees and subsoil investigation		\$	_____	
(5) Site Preparation Costs (Include)				
Soil Borings	\$	_____		
Clearing and Grading	\$	_____		
Roads and Parking	\$	_____		
Sidewalks	\$	_____		
Water and Sewer	\$	_____		
Excavation and Backfill	\$	_____		
Termite Treatment	\$	_____		
Sub-Total Site Preparation Costs		\$	_____ 0.00	
(6) Other (Specify)		\$	_____	
(7) Sub-Total Site Costs				\$ _____ 0.00

B. Construction Contract

(8) Cost of Materials [Include]	\$	_____		
General Requirements	\$	_____		
Concrete/Masonry	\$	_____		
Woods/Doors & Windows/Finishes	\$	_____		
Thermal & Moisture Protection	\$	_____		
Equipment/Specialty Items	\$	_____		
Mechanical/Electrical	\$	_____		
Sub-Total Cost of Materials		\$	_____ 2,829,698.00	
(9) Cost of Labor		\$	_____ included above	
(10) Other (Specify)		\$	_____ 0.00	
(11) Sub-Total Construction Contract				\$ _____ 2,829,698.00

C. Miscellaneous Project Costs

(12) Building Purchase		\$	_____ 0.00	
(13) Fixed Equipment Purchase/Lease		\$	_____ 369,213.00	
(14) Movable Equipment Purchase/Lease		\$	_____ 824,729.00	
(15) Furniture		\$	_____ 233,775.00	
(16) Landscaping		\$	_____ 0.00	
(17) Consultant Fees				
Architect/Engineering Fees	\$	_____ 315,330.00		
Legal Fees	\$	_____ 0.00		
Market Analysis	\$	_____ 0.00		
Other (Specify)	\$	_____ 386,600.00		
Total Consultant Fees		\$	_____ 701,930.00	
(18) Financing Costs		\$	_____ 0.00	
(e.g. Bond, Loan, etc.)				
(19) Interest During Construction		\$	_____ 0.00	
(20) Other (Specify)		\$	_____ 398,670.00	
(21) Sub-Total Miscellaneous				\$ _____ 2,528,317.00

D. Total Capital Cost of Project (Sum A-C above) \$ _____ **5,358,015.00**

Planning
Architecture
Interior Architecture
Landscape Architecture
Engineering

DesignStrategies

November 1, 2015

Ms. Martha Frisone
Assistant Section Chief, Certificate of Need Section
Division of Health Service Regulation
809 Ruggles Drive
Raleigh, NC 27603

Re: Carolinas HealthCare System
CMC Main SHVI CVRU Renovation
Construction Cost for CON Exemption

Dear Ms. Frisone,

Having worked with CHS and Carolinas Medical Center to develop the design for the referenced project, DesignStrategies is pleased to provide this cost certification letter. The design is reflected in the CON drawings, dated November 1, 2015.

The estimated cost of construction is based on our experience, the input of Brasfield and Gorrie General Contractors with select subcontractor input, and the recent construction experience of Carolinas HealthCare System. Based on this collective information, DesignStrategies certifies an anticipated site development cost of construction of \$2,829,698.00.

Please contact us if have questions.

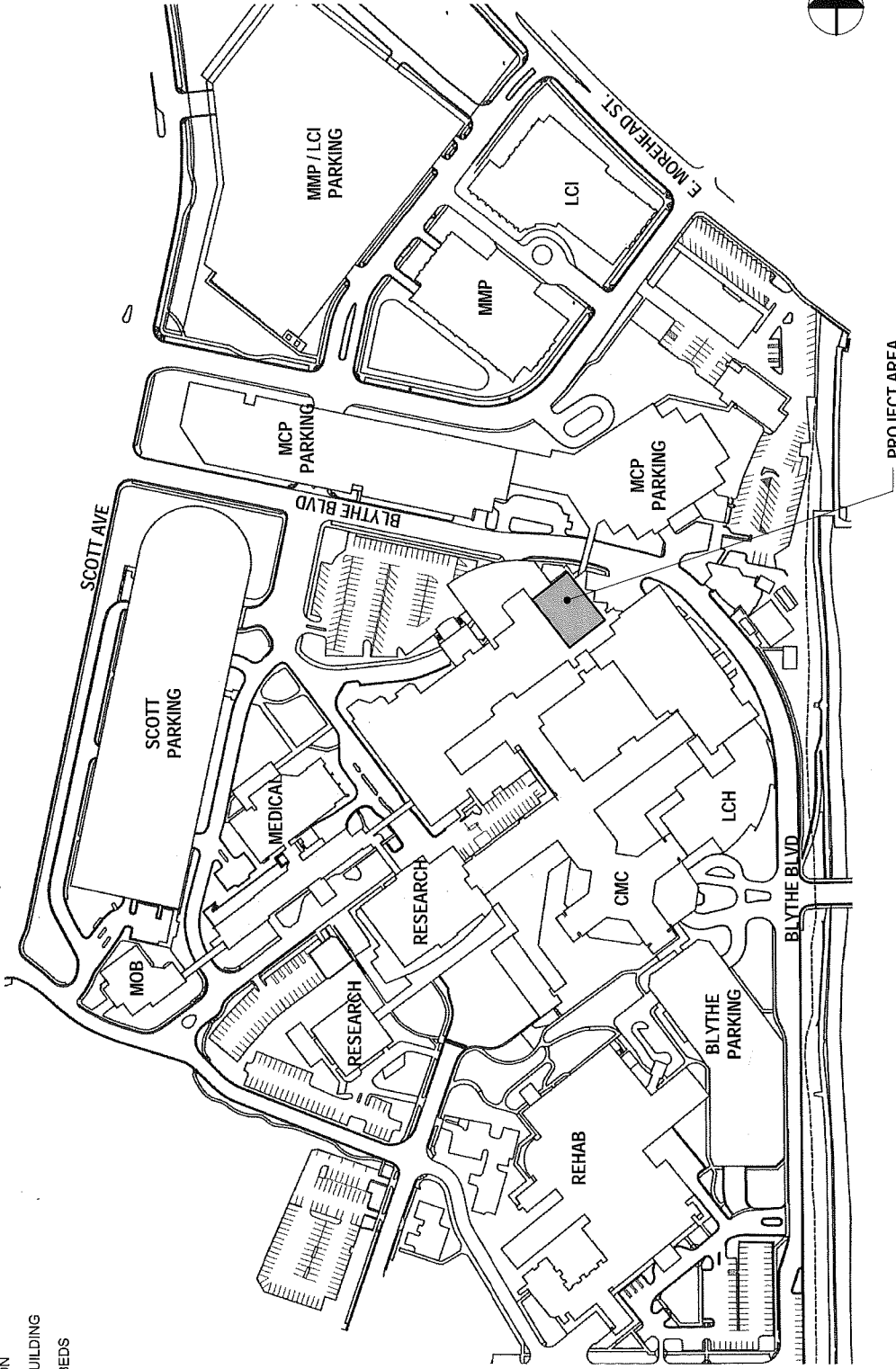
Sincerely,


Georgia Ellen Cameron, AIA
North Carolina License # 9731

Exhibit 2

COLOR KEY

-  RENOVATION
-  EXISTING BUILDING
-  LICENSED BEDS



Site Plan

SHVI CVRU Renovation

11/1/2015

CMC

Carolinas HealthCare System

Exhibit 3

State of North Carolina

Department of Health and Human Services Division of Health Service Regulation

*Effective January 01, 2015, this license is issued to
The Charlotte-Mecklenburg Hospital Authority*

*to operate a hospital known as
Carolinas Medical Center/Center for Mental Health
located in Charlotte, North Carolina, Mecklenburg County.*

*This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall remain
in effect until amended by the issuing agency.*

Facility ID: 943070

License Number: H0071

Bed Capacity: 1132

General Acute 976, Rehabilitation 13, Psych 132, Substance Abuse 11,

Dedicated Inpatient Surgical Operating Rooms: 10

Dedicated Ambulatory Surgical Operating Rooms: 11

Shared Surgical Operating Rooms: 41

Dedicated Endoscopy Rooms: 12

Authorized by:






Secretary, N.C. Department of Health and
Human Services

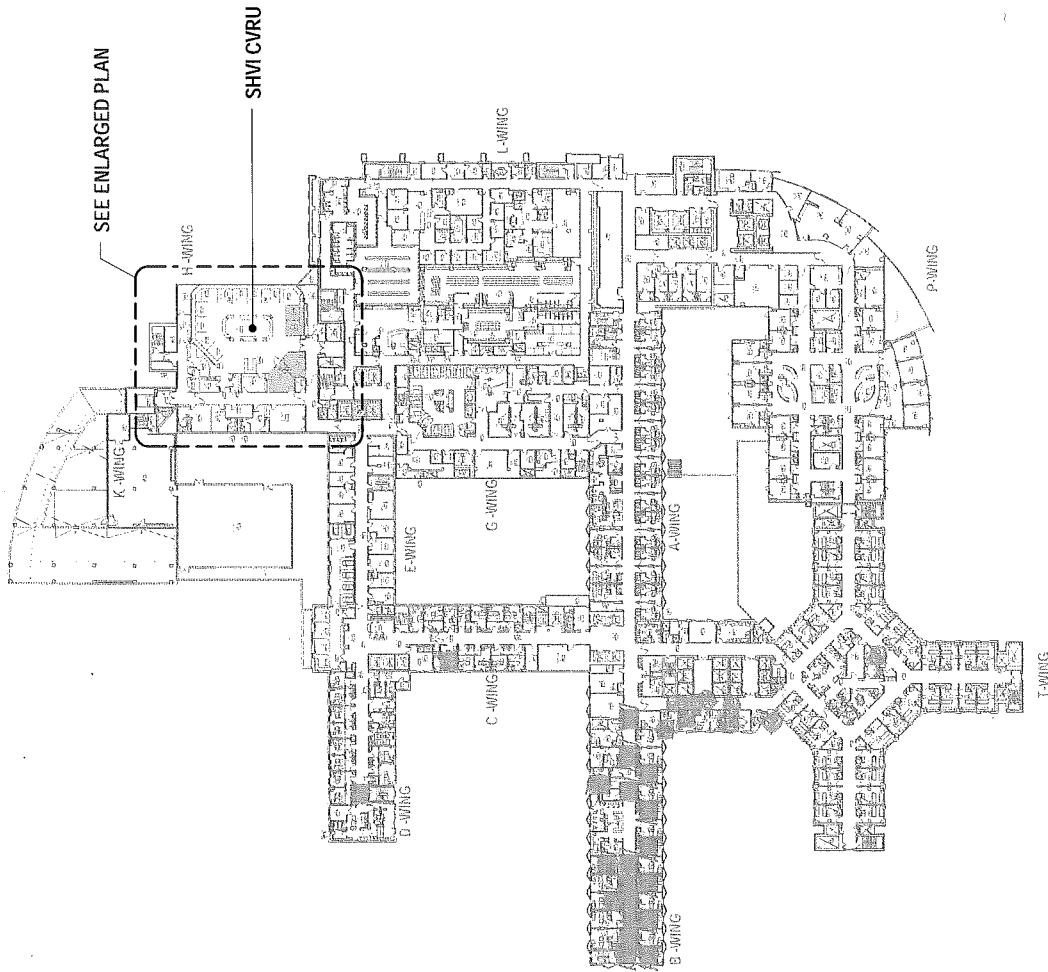


Director, Division of Health Service Regulation

Exhibit 4

COLOR KEY

-  RENOVATION
-  EXISTING BUILDING
-  LICENSED BEDS



CMC

Carolinas HealthCare System

Level 06 Floor Plan - Existing

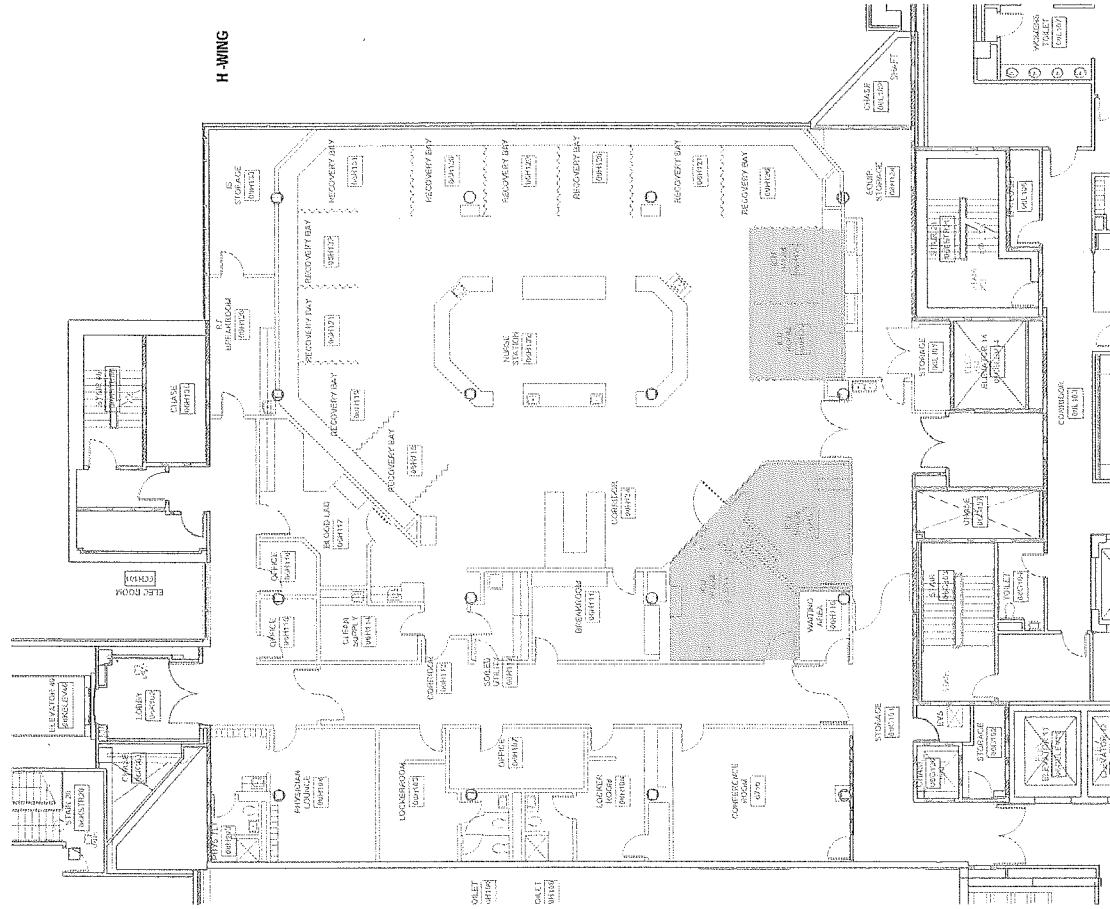
11/1/2015

SHVI CVRU Renovation



COLOR KEY

-  RENOVATION
-  EXISTING BUILDING
-  LICENSED BEDS



H-WING



Level 06 Enlarged Plan - Existing




SHVI CVRU Renovation

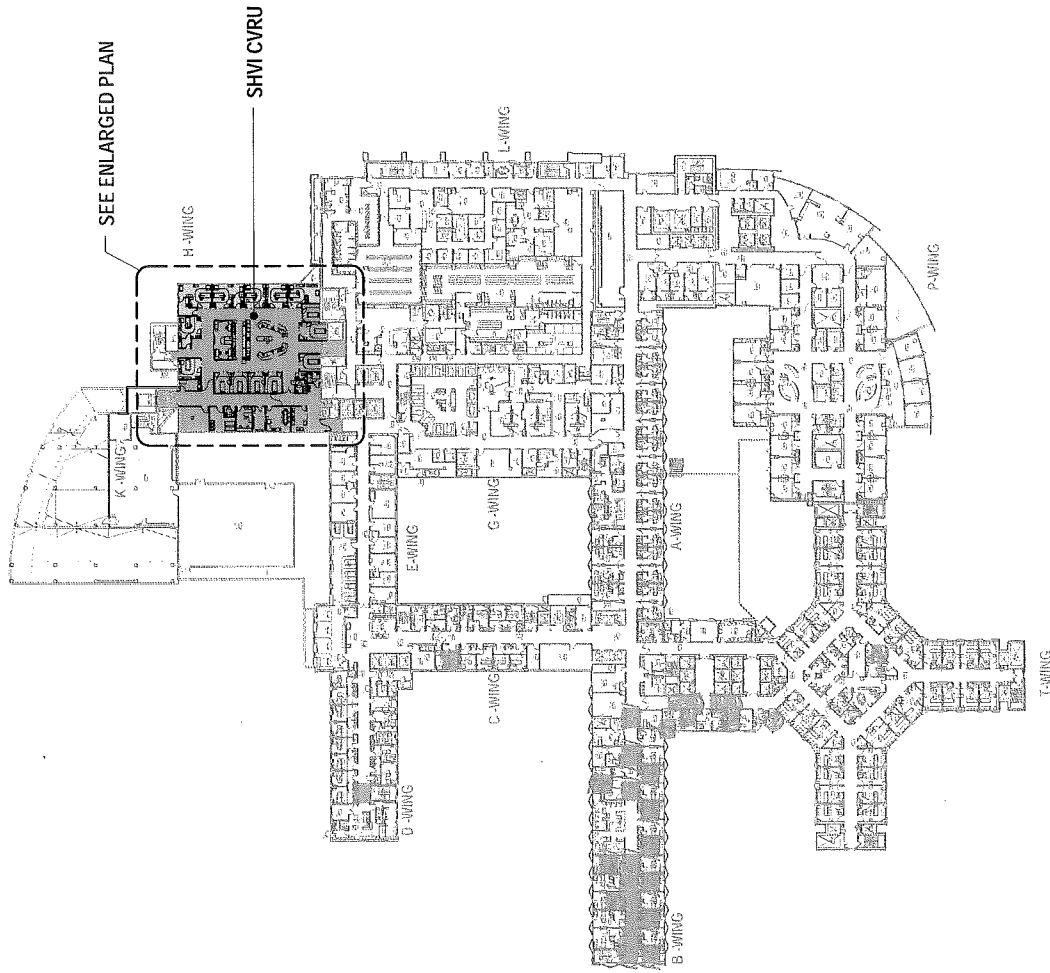
11/1/2015

CMC

Carolinas HealthCare System

COLOR KEY

-  RENOVATION
-  EXISTING BUILDING
-  LICENSED BEDS



Level 06 Floor Plan - Proposed


SHVI CVRU Renovation

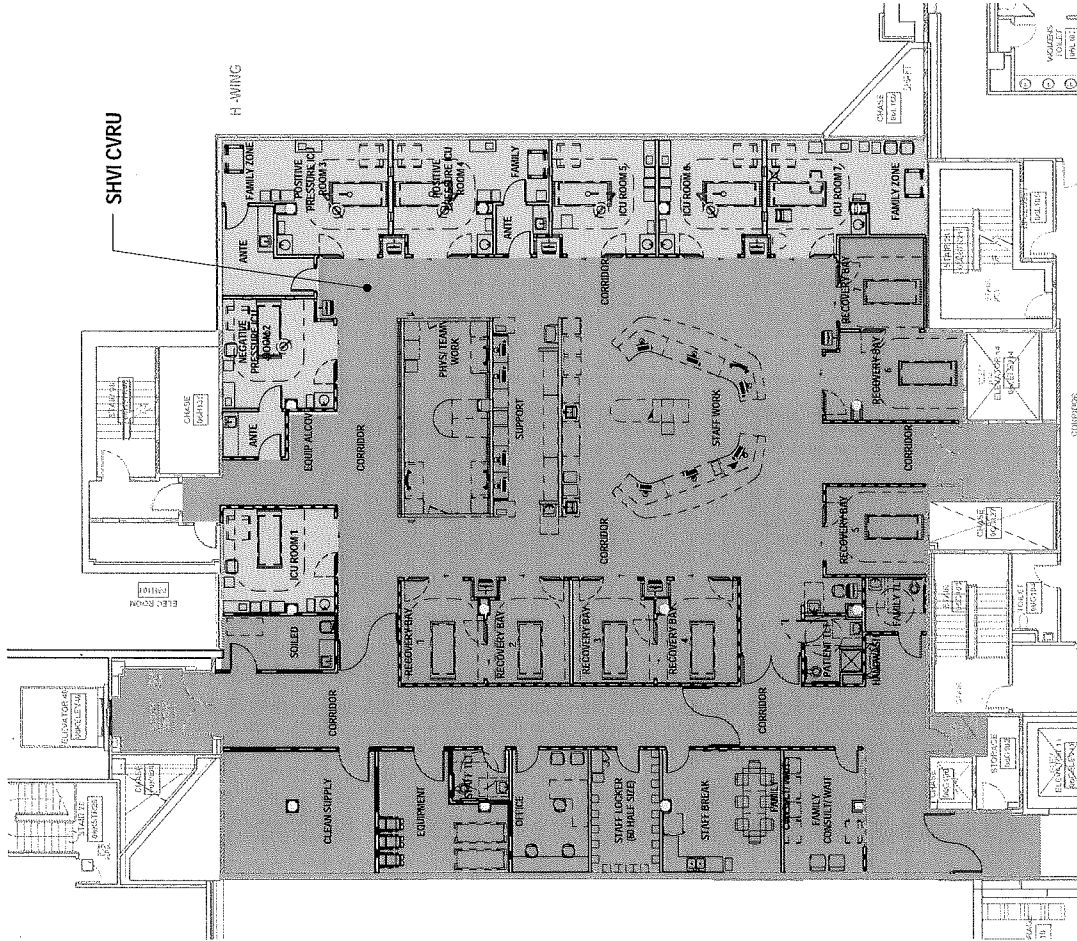
11/1/2015

CMC

Carolinas HealthCare System

COLOR KEY

-  RENOVATION
-  EXISTING BUILDING
-  LICENSED BEDS



CMC

Level 06 Floor Plan - Proposed Enlarged




Carolinas HealthCare System

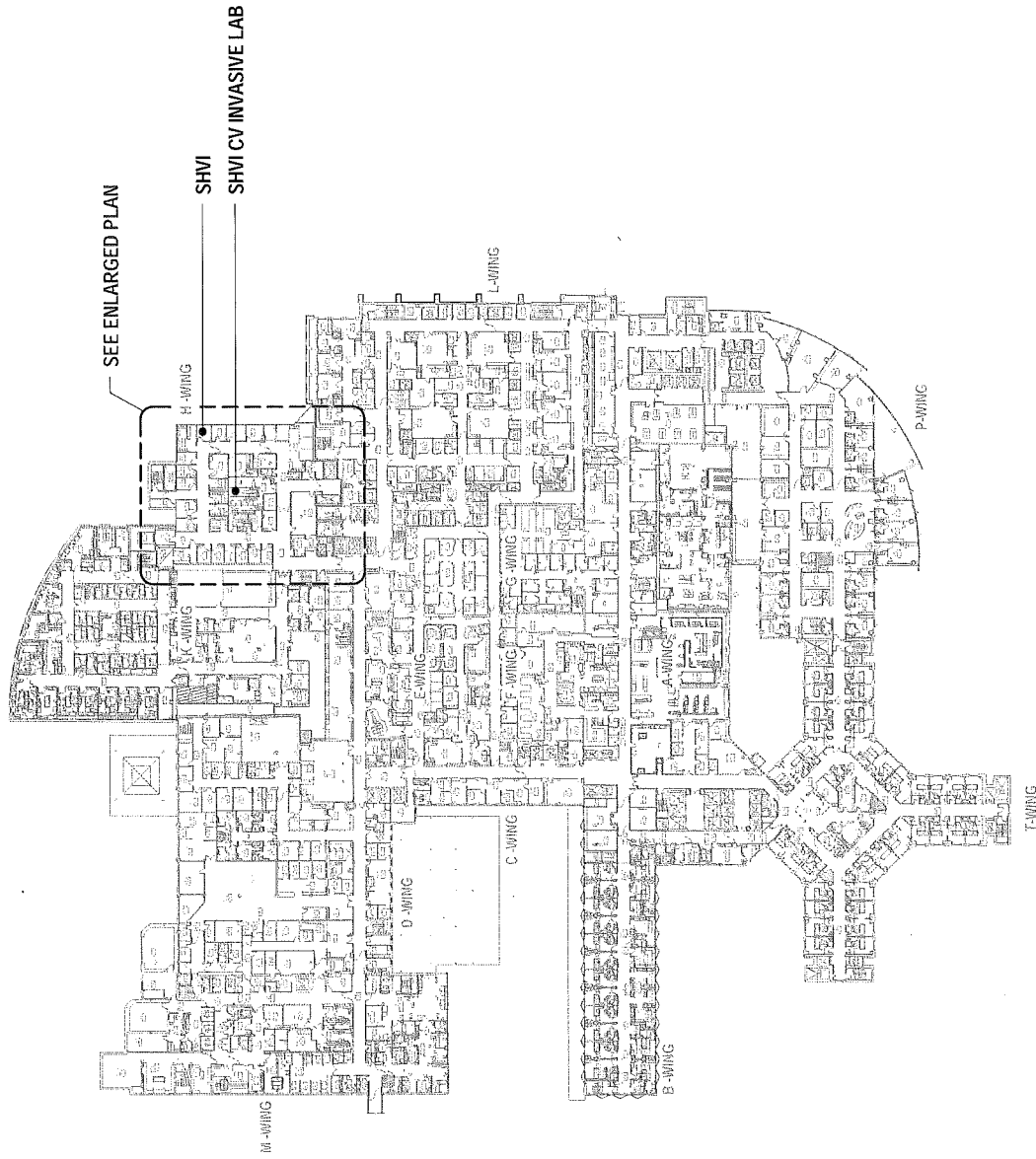
11/1/2015

SHVI CVRU Renovation



COLOR KEY

-  RENOVATION
-  EXISTING BUILDING
-  LICENSED BEDS



Level 04 Floor Plan - Existing


SHVI CVRU Renovation

11/1/2015

CMC

Carolinas HealthCare System

COLOR KEY

-  RENOVATION
-  EXISTING BUILDING
-  LICENSED BEDS



Level 04 Enlarged Plan - Existing

SHV CVRU Renovation

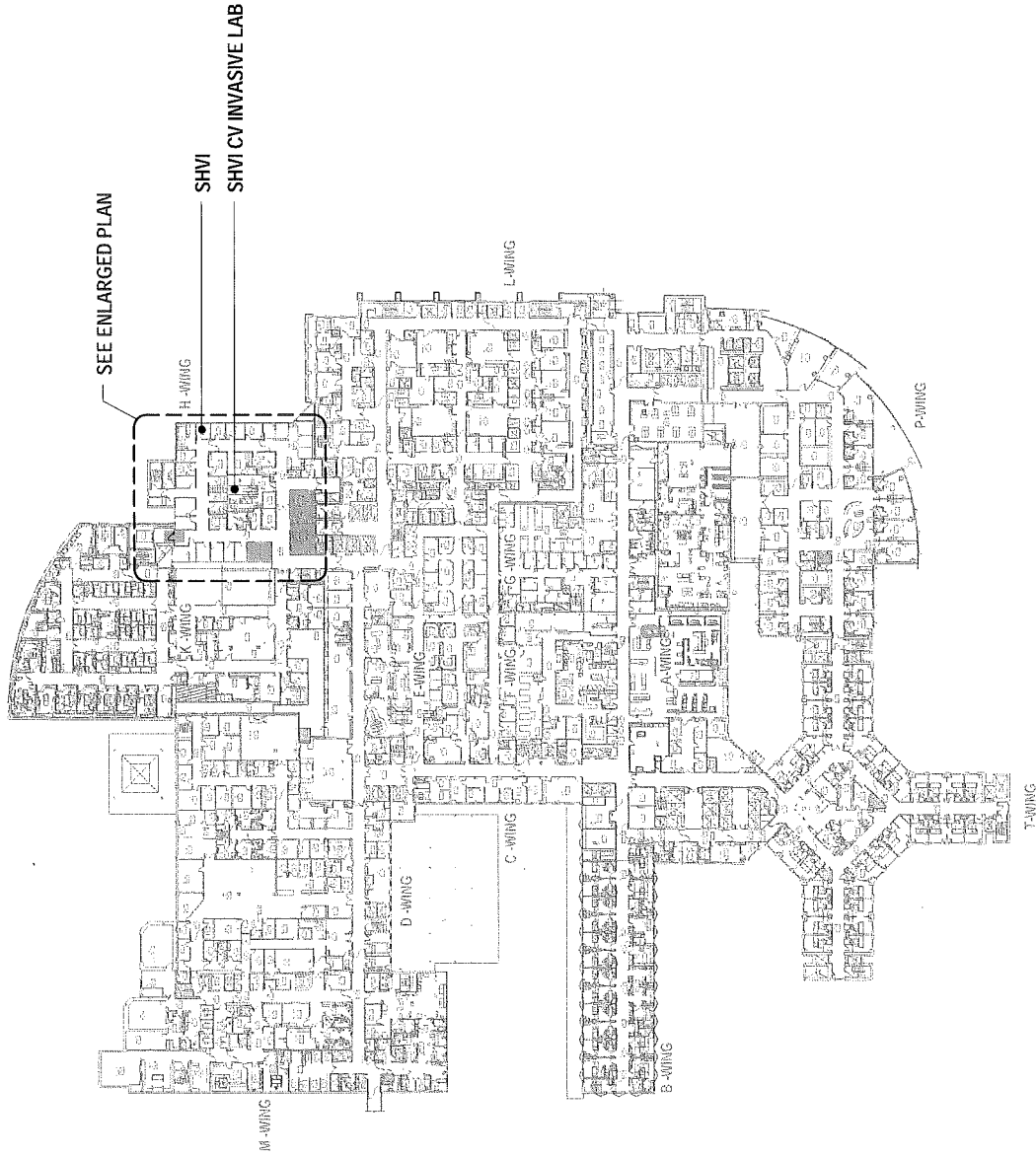
11/1/2015

CMC

Carolinas HealthCare System

COLOR KEY

-  RENOVATION
-  EXISTING BUILDING
-  LICENSED BEDS



Level 04 Floor Plan - Proposed

SHVI CVRU Renovation

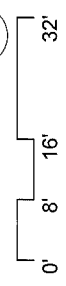
11/1/2015

CMC

Carolinas HealthCare System

COLOR KEY

-  RENOVATION
-  EXISTING BUILDING
-  LICENSED BEDS



Level 04 Enlarged Plan - Proposed

CMC




Carolinas HealthCare System

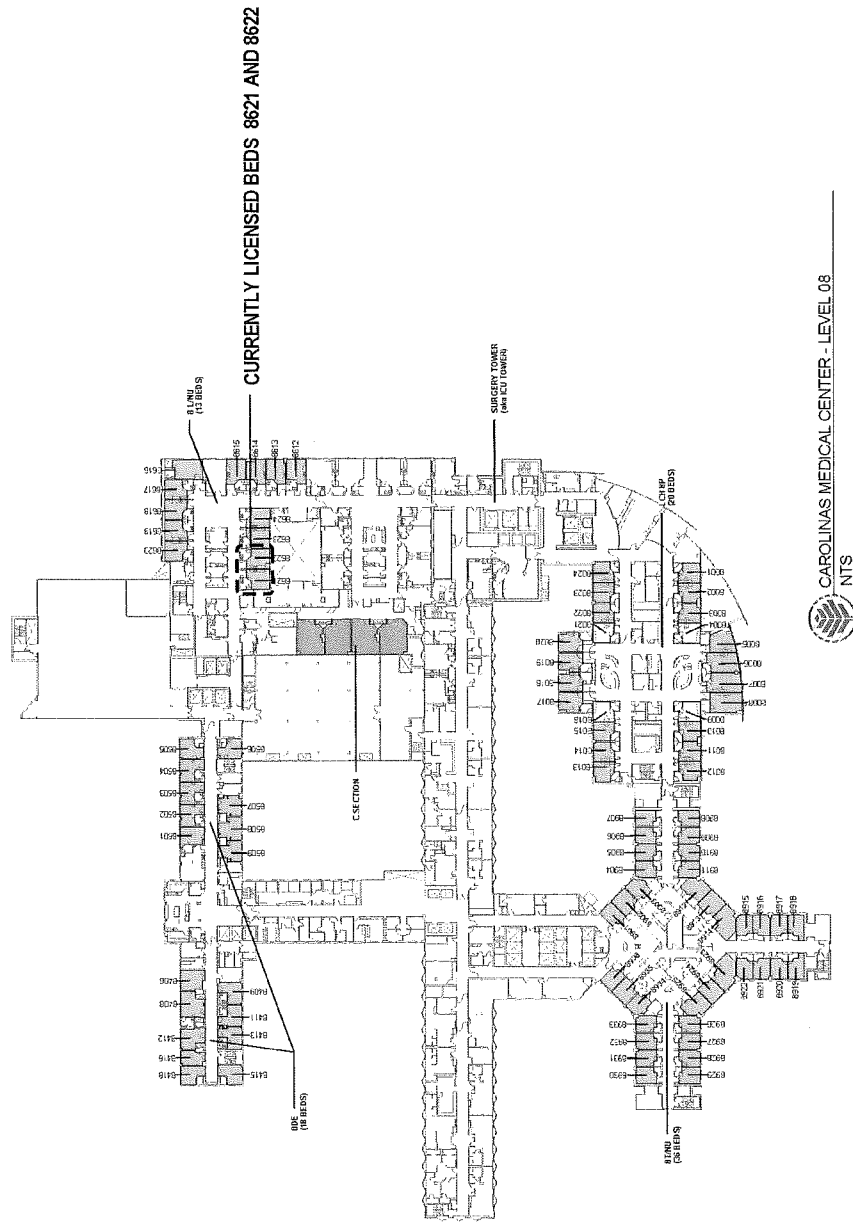
11/1/2015

SHVI CVRU Renovation



COLOR KEY

-  C SECTION SUITE
-  OBSERVATION BEDS
-  LICENSED BEDS



CAROLINAS MEDICAL CENTER - LEVEL 08
NTS



Level 08 Floor Plan - Existing

SHVI CVRU Renovation

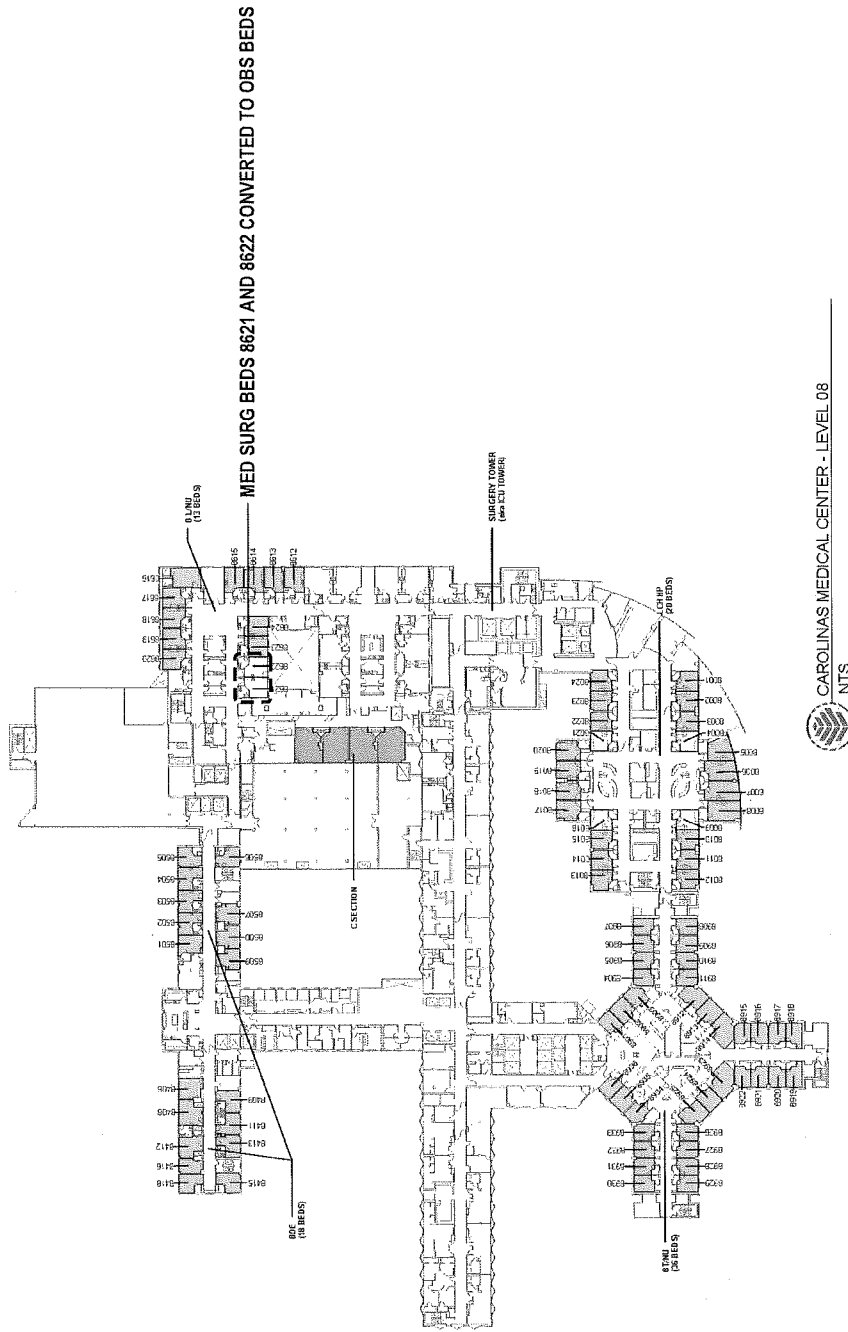
11/05/15

CMC- Main

Carolinas HealthCare System

COLOR KEY

-  C SECTION SUITE
-  OBSERVATION BEDS
-  LICENSED BEDS



CAROLINAS MEDICAL CENTER - LEVEL 08
NTS



Level 08 Floor Plan Proposed
SHVI CVRU Renovation

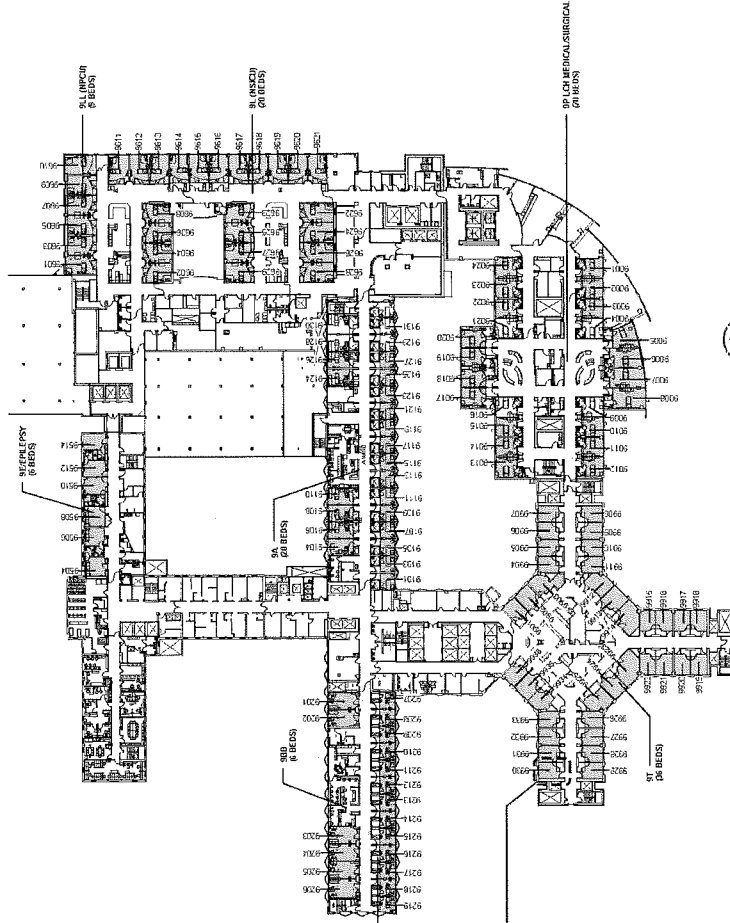
1/10/15

CMC- Main

Carolinas HealthCare System

COLOR KEY

-  C SECTION SUITE
-  OBSERVATION BEDS
-  LICENSED BEDS



CURRENTLY LICENSED BED 9930



Level 09 Floor Plan - Existing

SHVI CVRU Renovation

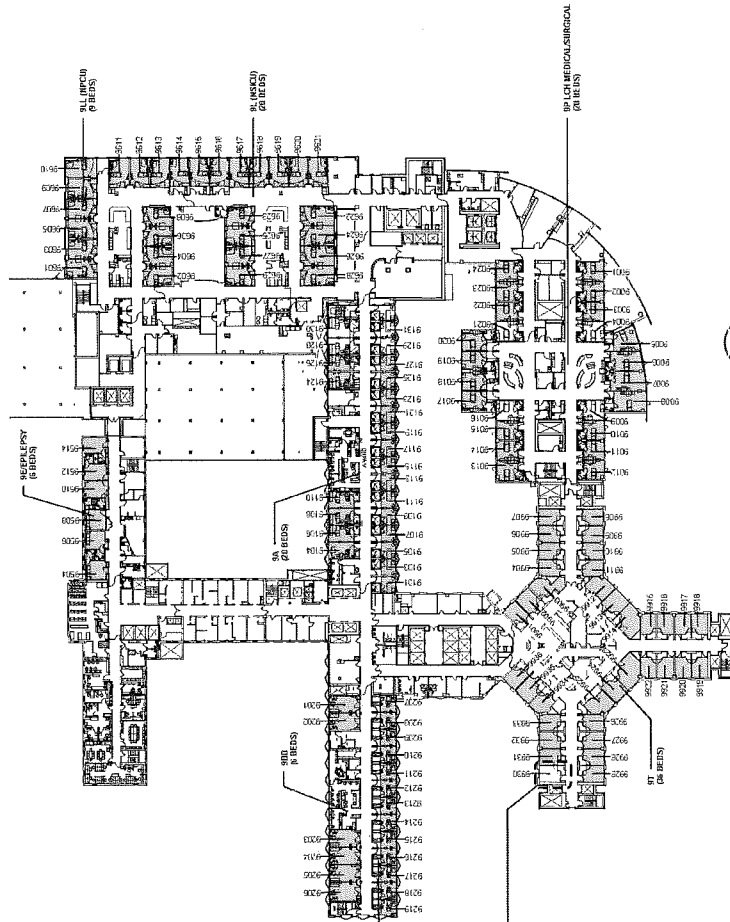
11/05/15

CMC- Main

Carolinas HealthCare System

COLOR KEY

- C SECTION SUITE
- OBSERVATION BEDS
- LICENSED BEDS



CAROLINAS MEDICAL CENTER - LEVEL 09
NTS



Level 09 Floor Plan Proposed

SHVI CVRU Renovation

11/05/15

CMC- Main

Carolinas HealthCare System

Exhibit 5



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 23, 2015

Catharine W. Cummer, Regulatory Counsel, Strategic Planning
Duke University Health System
3100 Tower Blvd, Suite 1300
Durham NC 27707

Exempt from Review

Record #: 1657
Facility Name: Duke University Hospital
FID #: 943138
Business Name: Duke University Health System
Business #: 639
Project Description: Renovation of space in Duke North for pediatric beds
County: Durham

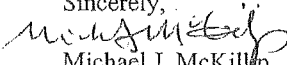
Dear Ms. Cummer:


The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of July 15, 2015, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(g). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need.

However, you need to contact the Agency's Construction and Acute and Home Care Licensure and Certification Sections to determine if they have any requirements for development of the proposed project.

It should be noted that this determination is binding only for the facts represented by you. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by the Agency. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Michael J. McKillip
Project Analyst


Martha J. Frisone, Assistant Chief
Certificate of Need

cc: Construction Section, DHSR
Acute and Home Care Licensure and Certification Section, DHSR
Assistant Chief, Healthcare Planning



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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Duke University Health System

Catharine W. Cummer
Regulatory Counsel, Strategic Planning



July 15, 2015

Via Electronic Mail

Ms. Martha Frisone
Assistant Chief
Certificate of Need Section
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Exempt Renovation Project at Duke University Hospital

Dear Ms. Frisone:

The purpose of this letter is to provide notice of renovations at Duke University Hospital and to request confirmation that these renovations are exempt from certificate of need review. The project includes renovation of space within Duke North to accommodate licensed pediatric beds, including the relocation of the Pediatric Cardiac Intensive Care Unit. The total projected cost exceeds \$2,000,000.

Section 131E-184(g) provides that "The Department shall exempt from certificate of need review any capital expenditure that exceeds the two million dollar (\$2,000,000) threshold set forth in G.S. 131E-176(16)b. if all of the following conditions are met:

- (1) The sole purpose of the capital expenditure is to renovate, replace on the same site, or expand the entirety or a portion of an existing health service facility that is located on the main campus.
- (2) The capital expenditure does not result in (i) a change in bed capacity as defined in G.S. 131E-176(5) or (ii) the addition of a health service facility or any other new institutional health service other than that allowed in G.S. 131E-176(16)b.
- (3) The licensed health service facility proposing to incur the capital expenditure shall provide prior written notice to the Department, along with supporting G.S. 131E-184 documentation to demonstrate that it meets the exemption criteria of this subsection."

As set forth below, we believe that Duke University Hospital's project is now exempt from certificate of need review.

3100 Tower Blvd Suite 1300 * Durham, NC 27707 * tel (919) 668-0857 * catharine.cummer@duke.edu

Ms. Martha Frisone
July 15, 2015

(1) Main Campus

The purpose of this project is to renovate space in Duke North, which is located on the "main campus" of the hospital, to accommodate pediatric acute care beds. The "main campus" of the facility is defined in N.C.G.S. 131E-176(14n) to include both "[t]he site of the main building from which a licensed health service facility provides clinical patient services and exercises financial and administrative control over the entire facility, including the buildings and grounds adjacent to that main building" and "[o]ther areas and structures that are not strictly contiguous to the main building but are located within 250 yards of the main building." In this case, Duke University Hospital is a licensed health service facility, and the main hospital building from which Duke University Hospital provides its clinical services and exercises financial and administrative control is the physically contiguous structure that includes Duke South, Duke North, the Duke Children's Hospital, the Duke Medical Pavilion, the Morris Clinic, the Duke Cancer Center, the Wadsworth Building, and the new Hudson Building. The renovations are to existing space within Duke North to accommodate existing acute care beds that are already operated within that facility. Therefore, this project is to renovate and/or expand Duke University Hospital's existing health service facility located on the main campus.

(2) New Institutional Health Services


This project will not change Duke's existing bed capacity, nor include any other new institutional health services. As part of the PCICU relocation, three existing beds currently designated for other purposes will be redesignated as PCICU beds, so that the relocated unit will include 16 beds staffed for PCICU patients; however, the total licensed bed complement will not change.

(3) Prior Written Notice

Please let this letter serve as the required prior written notice of this project.

Thank you for your attention to this request. If you have questions about this information, please let me know.

Very truly yours,



Catharine W. Cummer