



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

VIA EMAIL ONLY

July 12, 2016

Adam O'Neal, Chairman
Pungo Medical Center

Exempt from Review – Legacy Medical Care Facility

Record #: 1983
Facility Name: Vidant Pungo Hospital
FID #: 923419
Business Name: Pungo Medical Center
Business #: 2167
Project Description: Notice of intent to acquire and reopen the hospital within 36 months of
May 16, 2016
County: Beaufort

Dear Mr. O'Neal:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of May 16, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(h). Therefore, Pungo Medical Center would not need to first obtain a certificate of need before acquiring the hospital and reopening it within 36 months of May 16, 2016.

Another legal entity has also submitted notice of an intent to acquire and reopen the hospital. The Agency's determination is limited to the question of whether or not Pungo Medical Center would have to obtain a certificate of need if the current owners of the hospital sell the hospital to Pungo Medical Center and Pungo Medical Center reopens it within 36 months of May 16, 2016.

In the event that Pungo Medical Center does acquire the hospital, you should contact the Agency's Construction and Acute and Home Care Licensure and Certification Sections regarding their requirements for reopening the hospital.

This determination is binding only for the facts represented by you. If changes are made 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.

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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Mr. O'Neal
July 12, 2016
Page 2

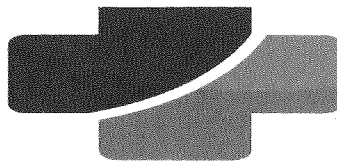
Please contact me at (919) 855-3879 should you have any questions concerning this matter.

Sincerely,

A handwritten signature in cursive script that reads "Martha J. Frisone".

Martha J. Frisone, Assistant Chief
Certificate of Need

cc: Construction Section, DHSR (via email)
Acute and Home Care Licensure and Certification Section, DHSR (via email)
Paige Bennett, Assistant Chief, Healthcare Planning, DHSR (via email)
Misa B. Raynor, Attorney at Law representing Strategic Healthcare of Florida, LLC



Pungo Medical Center Belhaven, NC

May 16, 2016

**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED**



Ms. Martha Frisone
Assistant Section Chief
North Carolina Department of Health and Human Services
Division of Health Services Regulation
Certificate of Need Section
2704 Mail Service Center
Raleigh, NC 27699

Re: Pungo District Hospital

Dear Ms. Frisone:

I am writing on behalf of Pungo Medical Center ("PMC") to provide the North Carolina Department of Health and Human Services, Division of Health Services Regulation, Certificate of Need Section (the "Department") with notice of an exempt transaction pursuant to N.C. Gen. Stat. § 131E-184(h).

A "Legacy Medical Care Facility" is a facility that:

1. Is not presently operating;
2. Has not continuously operated for at least the past six months;
3. Within the last twenty-four months:
 - a. Was operated by a person holding a license under N.C. Gen. Stat. § 131E-77; and
 - b. Was primarily engaged in providing to inpatients, by or under supervision of physicians, (i) diagnostic services and therapeutic services for medical diagnosis, treatment, and care of injured, disabled, or sick persons, or (ii) rehabilitation services for the rehabilitation of injured, disabled, or sick persons.

N.C. Gen. Stat. § 131E-176(14f). The Department "shall exempt from certificate of need review" the acquisition of a Legacy Medical Care Facility upon receipt of written notice (i) of a party's intention to acquire or reopen the Legacy Medical Care Facility, and (ii) that the facility will be operational within thirty-six months of the notice. N.C. Gen. Stat. § 131E-184(h).

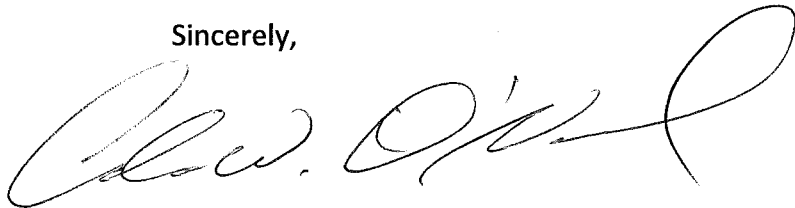
Pungo District Hospital (the "Hospital") was operated by Vidant Health ("Vidant"), a licensee under N.C. Gen. Stat. § 131E-177, within the previous twenty-four months, and was engaged in the provision to inpatients, by or under physician supervision, of diagnostic and therapeutic services for medical diagnosis, treatment, and care of injured, disabled, or sick persons. Vidant terminated the Hospital's operations on January 31, 2014. The Hospital is not presently operating, and has not continuously operated during the past six months. The Hospital facility plant is currently owned by Pantego Creek, LLC ("Pantego Creek").

The Hospital is a Legacy Medical Care Facility under N.C. Gen. Stat. § 131E-176(14f). PMC intends to acquire the Hospital from Pantego Creek and reopen the Hospital within thirty-six months of the date of this letter. PMC's acquisition of the Hospital is, therefore, exempt from CON review under N.C. Gen. Stat. § 131E-184(h).

Based upon the foregoing, please allow this letter to serve as notice of an exempt transaction under N.C. Gen. Stat. § 131E-184(h). We respectfully request that the Department provide confirmation of this exemption at its earliest convenience.

Thank you for your assistance with this matter. Please feel free to contact me if you have any questions.

Sincerely,

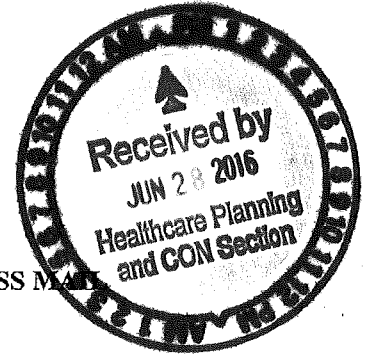
A handwritten signature in black ink, appearing to read "Adam O'Neal", written in a cursive style.

Adam O'Neal
Chairman
Pungo Medical Center

June 28, 2016

Ms. Martha Frisone, Assistant Section Chief
N.C. Dept. of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section
2704 Mail Service Center
Raleigh, NC 27699

VIA EMAIL AND FIRST CLASS MAIL



RE: CON Exemption for Pungo District Hospital
Our File No. 61532.05

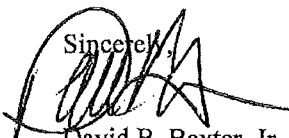
Dear Ms. Frisone:

I am writing on behalf of Pantego Creek, LLC ("Pantego"), a North Carolina Limited Liability Company that owns the hospital facility formerly operated as Pungo District Hospital located in Belhaven, North Carolina ("Hospital"). The purpose of this letter is to give notice of Pantego's intent to sell the Hospital to an independent third party. In order to further facilitate the efforts of an independent third party to re-open the Hospital, Pantego submits this notice to begin the process of designating the Hospital as a "Legacy Medical Care Facility" and to receive an exemption from Certificate of Need ("CON") review based on this status. To that end, I am writing to give notice on behalf of Pantego that:

1. Pungo District Hospital is not presently operating;
2. Pungo District Hospital has not continuously operated for at least the past six months; and,
3. Within the last twenty-four months the Hospital was operated by a person holding a license under N.C. Gen. Stat. §131E-77, and issued by the North Carolina Division of Health Service Regulation, and was engaged primarily in providing inpatients, by or under supervision of physicians, diagnostic services and therapeutic services for medical diagnosis, treatment, and care of injured, disabled, or sick persons.

Further, the independent third party has stated its intention to reopen the Hospital and to make the Hospital operational within thirty-six months.

If you have any questions or concerns, please do not hesitate to contact me directly. I appreciate your attention to this matter.

Sincerely,

David B. Baxter, Jr.

DBBjr/tlz