



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

March 24, 2016

A. Paige Miller
1600 Division Street, Suite 700
Nashville, TN 37203

No Review

Record #: See Attachment A
Facility Name: See Attachment A
FID #: See Attachment A
Business Name: Quorum Healthcare Corporation
Business #: 2329
Project Description: Corporate reorganization
County: See Attachment A

Dear Ms. Miller:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of March 1, 2016 regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

However, you need to contact the Acute Care Licensure and Certification Section to determine if it has any requirements for development of the proposed project.

It should be noted that this determination is binding only for the facts represented in your correspondence. 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 this office. 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



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

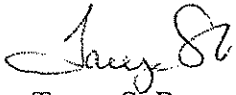
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original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

Please contact this office if you have any questions. Also, in all future correspondence please reference the Facility ID # (FID) if the facility is licensed.

Sincerely,



Tanya S. Rupp
Project Analyst



Martha J. Frisone
Assistant Chief, Certificate of Need

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

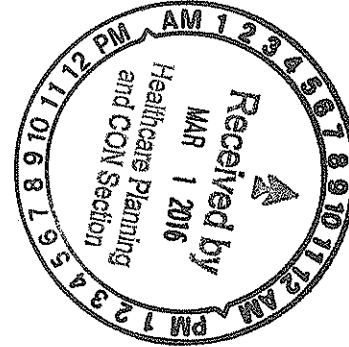
ATTACHMENT A

FACILITY	COUNTY	BUSINESS ID #	FID #	NO REVIEW ID #
Martin General Hospital	Martin	2316	943328	1908
Sandhills Regional Medical Center	Richmond	862	000195	1907

February 29, 2016

VIA FEDERAL EXPRESS

Ms. Martha Frisone
North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section
809 Ruggles Drive
Raleigh, North Carolina 27603



Re: Update Regarding Proposed Spin-off Transaction

Dear Ms. Frisone:

I am writing on behalf of our client, Community Health Systems, Inc. ("CHSI"), and its subsidiaries identified in the attached documents, each of which owns and operates health care facilities located in North Carolina. On November 2, 2015, we provided notice of a proposed transaction involving CHSI and certain of its subsidiaries (the "Proposed Spin-off Transaction").

As described more fully on our letter dated November 2, 2015, the Proposed Spin-off Transaction will result in the creation of a new independent, publicly traded company, Quorum Health Corporation ("QHC"), and changes in the ownership structure of various health care facilities owned and operated by subsidiaries of CHSI. More specifically, 38 hospitals and other health care facilities in 16 states currently operated by subsidiaries of CHSI, along with Quorum Health Resources, LLC, a leading hospital management and consulting business, will be spun off and transferred to QHC. As a result, at the closing of the Proposed Spin-off Transaction, QHC will become the affected facilities' ultimate parent company. The Proposed Spin-off Transaction will not result in any change in the direct ownership of the health care facilities described herein, nor will it result in any change in the facilities' legal business names, federal tax identification numbers, Medicare provider numbers, or governing bodies. For your reference, enclosed as Exhibit A is a listing of all CHSI-affiliated facilities holding licenses issued by the North Carolina Department of Health and Human Services that will be included in the Proposed Spin-off Transaction (each, a "Facility" and collectively, the "Facilities").

The purpose of this letter is first to inform the North Carolina Department of Health and Human Services (the "Department") of a change in the projected timeline of the Proposed Spin-off Transaction. CHSI previously anticipated that Proposed Spin-off Transaction would occur in the first quarter of 2016, but now expects it will be completed during the second quarter of 2016. The overall structure of the Proposed Spin-off Transaction and its effect on the Facilities remain the same.

Additionally, please be advised that in anticipation of the Proposed Spin-off Transaction, an internal restructuring transaction occurred on December 31, 2015, resulting in a slight change in the upstream ownership of the Facilities (the "Interim Restructuring Transaction").

Enclosed as Exhibit B are ownership charts showing the ownership structure of each of the Facilities before the Interim Restructuring Transaction, after the Interim Restructuring Transaction, and

Ms. Martha Frisone
North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section
February 29, 2016
Page 2

after the closing of the Proposed Spin-off Transaction. As you can see, the Interim Restructuring Transaction did not result in any change in the direct or ultimate ownership of any of the Facilities, nor did it result in any change in the Facilities' legal business names, federal tax identification numbers, Medicare provider numbers, or governing bodies. The effect of the Interim Restructuring Transaction was merely to remove an intermediate holding company from the ownership chain or remove several intermediate holding companies from, and add one intermediate holding company to, the ownership chain. It did not result in any change in the control or operations of the Facilities. The current ownership structure of the Facilities reflects a temporary adjustment that will change again upon the closing of the Proposed Spin-off Transaction.

Based on prior communications with the Department, we understand that no further action is required on behalf of the Facilities as a result of the Proposed Spin-off Transaction. However, we are providing this notice regarding the timeline of the Proposed Spin-off Transaction and the details of the Interim Restructuring Transaction in order to ensure that the Department has the most up-to-date information available regarding the Proposed Spin-off Transaction.

Thank you for your attention to this matter. If you have any questions, or if you require any additional information, please do not hesitate to contact me at (615) 252-3886 or pmiller@bab.com.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

By: 
A. Paige Miller

Enclosures

cc: Kevin M. Howard (via email: kevin_howard@chs.net)

EXHIBIT A

**CHSI-AFFILIATED HOSPITALS IN NORTH CAROLINA
INCLUDED IN PROPOSED SPIN-OFF TRANSACTION**

FACILITY NAME	LEGAL ENTITY	LICENSE NO.	LOCATION
Martin General Hospital	Williamston Hospital Corporation	H0078	Williamston, NC
Sandhills Regional Medical Center	Hamlet H.M.A., LLC	H0265	Hamlet, NC

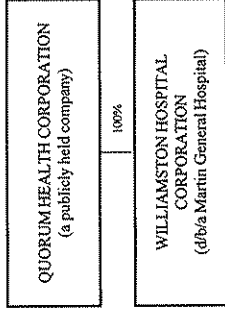
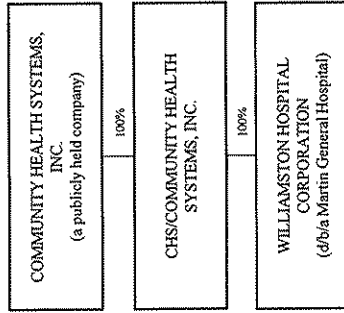
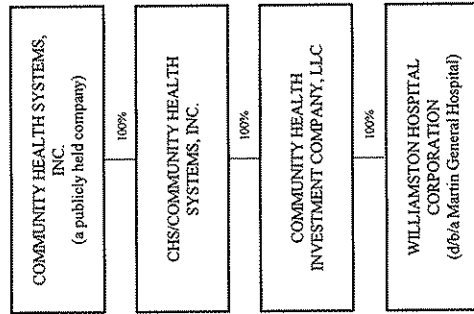
EXHIBIT B

OWNERSHIP STRUCTURE CHARTS

Please see attached.

WILLIAMSTON HOSPITAL CORPORATION
OWNERSHIP STRUCTURE CHART

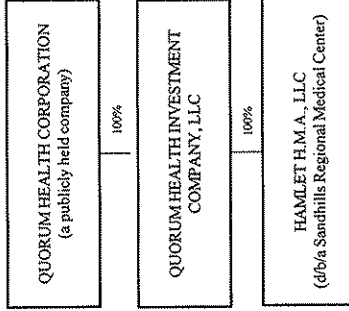
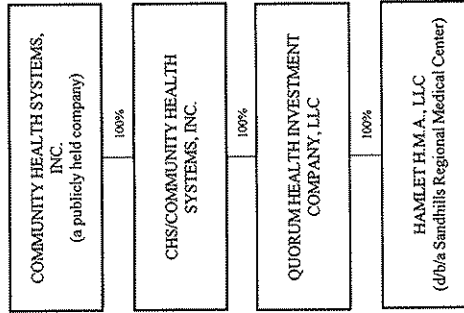
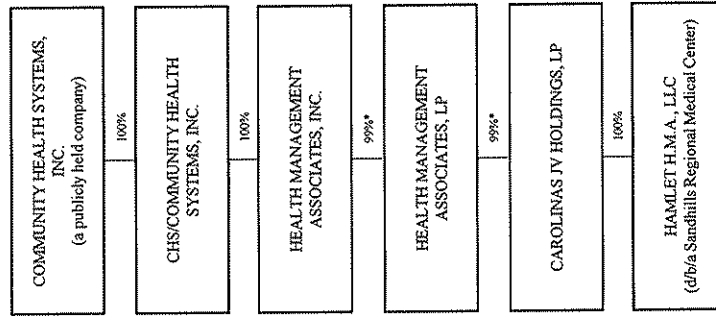
PRIOR TO INTERIM RESTRUCTURING TRANSACTION AFTER INTERIM RESTRUCTURING TRANSACTION AFTER PROPOSED SPIN-OFF TRANSACTION



NR 14 # 1908

HAMLET H.M.A., LLC
OWNERSHIP STRUCTURE CHART

PRIOR TO INTERIM RESTRUCTURING TRANSACTION AFTER INTERIM RESTRUCTURING TRANSACTION AFTER PROPOSED SPIN-OFF TRANSACTION



New NR id # 1907

NOTES:
* Remaining interests held by affiliated entities under common control.