



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

March 29, 2017

Elizabeth Kirkman
CHS Strategic Services Group
2709 Water Ridge Parkway, Suite 200
Charlotte, North Carolina 28217

Exempt from Review

Record #: 2207
Facility Name: Carolinas Medical Center (CMC)
FID #: 943070
Business Name: The Charlotte-Mecklenburg Hospital Authority
Business #: 1770
Project Description: Renovation of existing Levine Cancer Institute (LCI) infusion therapy space and renovation of adjacent physician office building space for expansion of LCI infusion therapy and related services
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 March 3, 2017, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. § 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 & 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

LOCATION: EDGERTON BUILDING • 809 RUGGLES DRIVE • RALEIGH, NC 27603

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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
Paige Bennett, Assistant Chief, Healthcare Planning, DHSR



Carolinan HealthCare System

March 3, 2017

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 Expand and Renovate Levine Cancer Institute space at The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center (CMC)

Dear Ms. Frisone:

I am writing to inform you of The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center's plan to expand and renovate Levine Cancer Institute ("LCI") infusion therapy services and related space located on CMC's main campus.

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 LCI infusion therapy services expansion and renovation project meets each of the applicable conditions set forth above. The estimated total capital cost of the project exceeds \$2,000,000 (see Attachment A for a capital cost worksheet and a certified construction cost estimate). The proposed project involves the expansion and 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 Attachment B). 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 Attachment C.

The project consists of expansion and renovation of oncology infusion therapy services but 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 minor renovation of space on the existing fourth and fifth floors as well as expansion into new construction that will be located adjacent to the existing LCI space upon completion (see Attachment D for floor plans).

LCI Expansion and Renovation

The current Levine Cancer Institute building was constructed in 2011 and is located at 1021 Morehead Medical Drive. The current building is connected via covered walkway to the main hospital campus.

On April 26, 2016, The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center filed an exemption request (FID #943070) proposing to construct and operate a 260,000 square foot physician office building to be located on the campus of Carolinas Medical Center. The project includes the construction of seven floors as an expansion of and adjacent to the existing Levine Cancer Institute building. On May 4, 2016, this project was deemed Exempt from Review (Record #1935). Please see Attachment E for a copy of the exemption request and approval letter. With the exception of the proposed oncology infusion therapy services, the above referenced exemption was for medical office space.

The project involves minor renovation of space on the fourth and fifth floors of the existing LCI building. The art room that is currently on the fourth floor will be renovated to accommodate additional infusion blood draw space. The lab located on the fifth floor will be renovated to support additional volume. The fourth floor of the physician office building will be up-fitted to accommodate oncology infusion bays and a pharmacy to support these bays. LCI oncology infusion therapy services are currently located on the fourth floor of the existing LCI building. This project proposed to expand the oncology infusion therapy services into the fourth floor of the proposed new construction. Thus, LCI oncology infusion therapy services will encompass the fourth floor of the existing LCI

building and the fourth floor of the expansion (new construction) of the LCI building. The physician office building will be connected to the existing LCI building in order to provide continuity of care to patients receiving infusions.

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 LCI infusion therapy services expansion and renovation is exempt from certificate of need review and that we may proceed as planned with this project.

Sincerely,

A handwritten signature in black ink that reads "Elizabeth Kirkman". The signature is written in a cursive, flowing style.

Elizabeth Kirkman
Assistant Vice President
CHS Strategic Services Group

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

Attachments

Attachment A

PROPOSED TOTAL CAPITAL COST OF PROJECT

Project name: Levine Cancer Institute Expansion (Infusion, Pharmacy, Infusion Blood Draw and Core Lab)

Provider/Company: Carolinas HealthCare System

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		
Soil Borings		_____
Clearing-Earthwork		_____
Fine Grade for Slab		_____
Roads-Paving		_____
Concrete Sidewalks		_____
Water and Sewer		_____
Footing Excavation		_____
Footing Backfill		_____
Termite Treatment		_____
Other (Specify)		_____
Sub-Total Site Preparation Costs		_____
(6) Other (Specify)		_____
(7) Sub-Total Site Costs		<u>0</u>

B. Construction Contract

(8) Cost of Materials		
General Requirements		_____
Concrete/Masonry		_____
Woods/Doors & Windows/Finishes		_____
Thermal & Moisture Protection		_____
Equipment/Specialty Items		_____
Mechanical/Electrical		_____
Other (Specify)		_____
Sub-total Cost of Materials		_____
(9) Cost of Labor		_____
(10) Other (Specify)		_____
(11) Sub-Total Construction Contract		<u>\$6,000,000</u>

C. Miscellaneous Project Costs

(12) Building Purchase		_____
(13) Fixed Equipment Purchase/Lease		<u>\$123,820</u>
(14) Movable Equipment Purchase/Lease		<u>\$3,010,168</u>
(15) Furniture		<u>\$1,650,874</u>
(16) Landscaping		_____
(17) Consultant Fees		
Architect and Engineering Fees		<u>\$762,560</u>
Legal Fees		<u>\$98,373</u>
Market Analysis		_____
Other (Specify)		_____
Other (Abatement)		_____
Sub-Total Consultant Fees		<u>\$860,933</u>
(18) Financing Costs (e.g., Bond, Loan, etc.)		_____
(19) Interest During Construction		_____
(20) Other (Contingency)		<u>\$600,000</u>
(21) Sub-Total Miscellaneous		<u>\$6,245,795</u>
(22) Total Capital Cost of Project (Sum A-C above)		<u><u>\$12,245,795</u></u>

PROPOSED TOTAL CAPITAL COST OF PROJECT

Project Name: Levine Cancer Institute Expansion
Provider/Company: Little Diversified Architectural Consulting

I certify that, to the best of my knowledge, the above construction related costs of the proposed project named above are complete and correct.

Georgia Ellen Cameron, AIA NC License No 9731
(Signature of Licensed Architect or Engineer)

A handwritten signature in black ink, appearing to read "G. Cameron", written in a cursive style.



October 21, 2016

Carolinas HealthCare System
P.O. Box 32861
Charlotte, NC 28232-2861

Attn: Mr. Jack Chamblee

RE: Levine Cancer Institute Expansion
CHS Main Campus, Charlotte, NC

Dear Mr. Chamblee:

As required for the certificate of need application to be submitted by the Levine Cancer Institute, we have prepared a projected construction cost estimate and do certify the following:

Construction Costs:	\$6,000,000
Total CERTIFIED Cost:	\$6,000,000

The estimated costs as projected are based on 27,495 square foot of expansion and renovation in the departments of Infusion, Pharmacy, Chair Ready VAT and Core Lab as delineated in drawings that accompany the application. To the best of our knowledge and based upon our experience with similar projects and cost estimation input from Rodgers Builders, we concur that these costs are reasonable, accurate and complete.

Please note that this certification does not include other miscellaneous costs, which may be included in the total project costs.

Please let us know if we can be of further assistance.

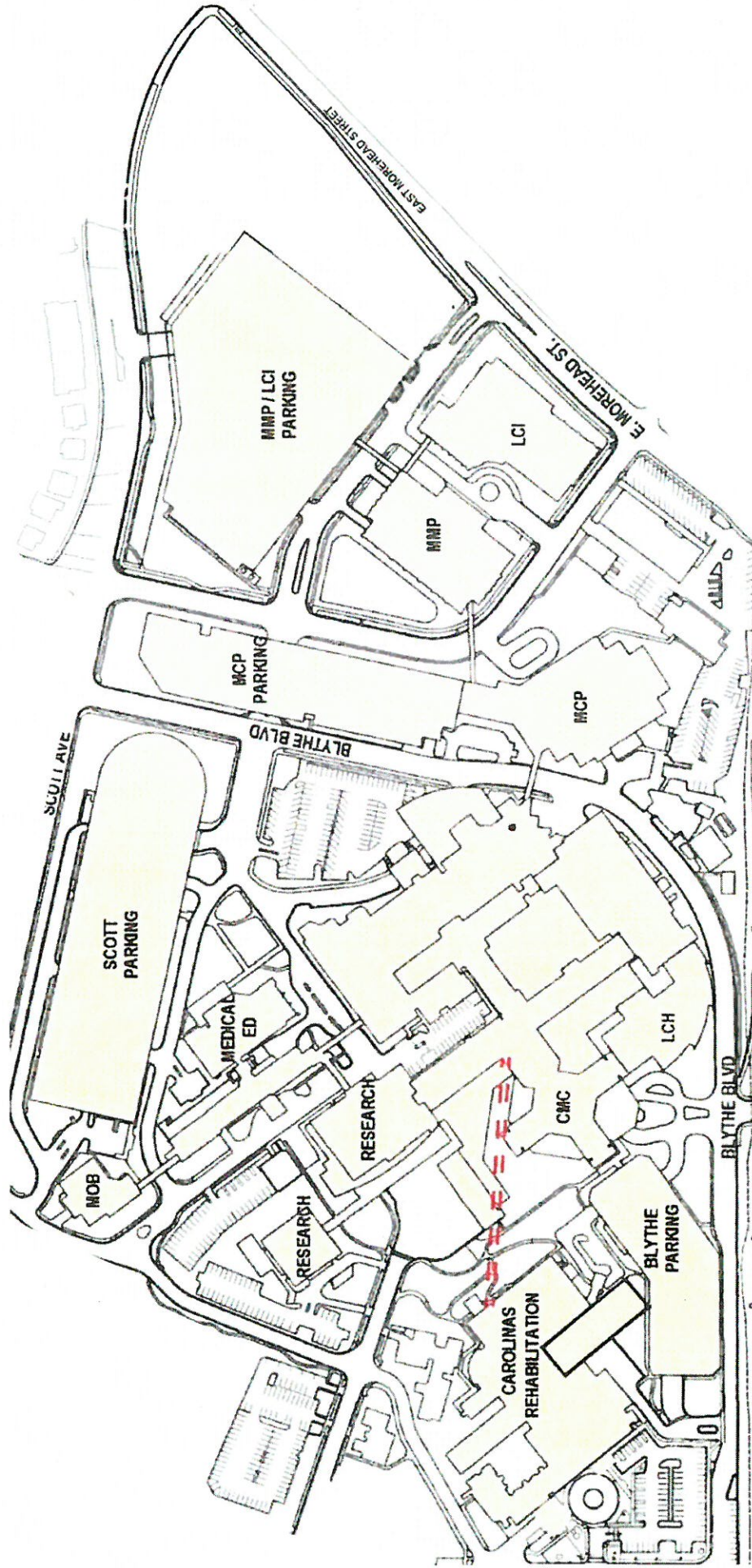
Sincerely,

Signature, William Mumford, AIA
NC Registration # 8284



Attachment B

- COLOR KEY**
- RENOVATION
 - EXISTING BUILDING
 - UNDERGROUND WALKWAY



SITE PLAN EXISTING

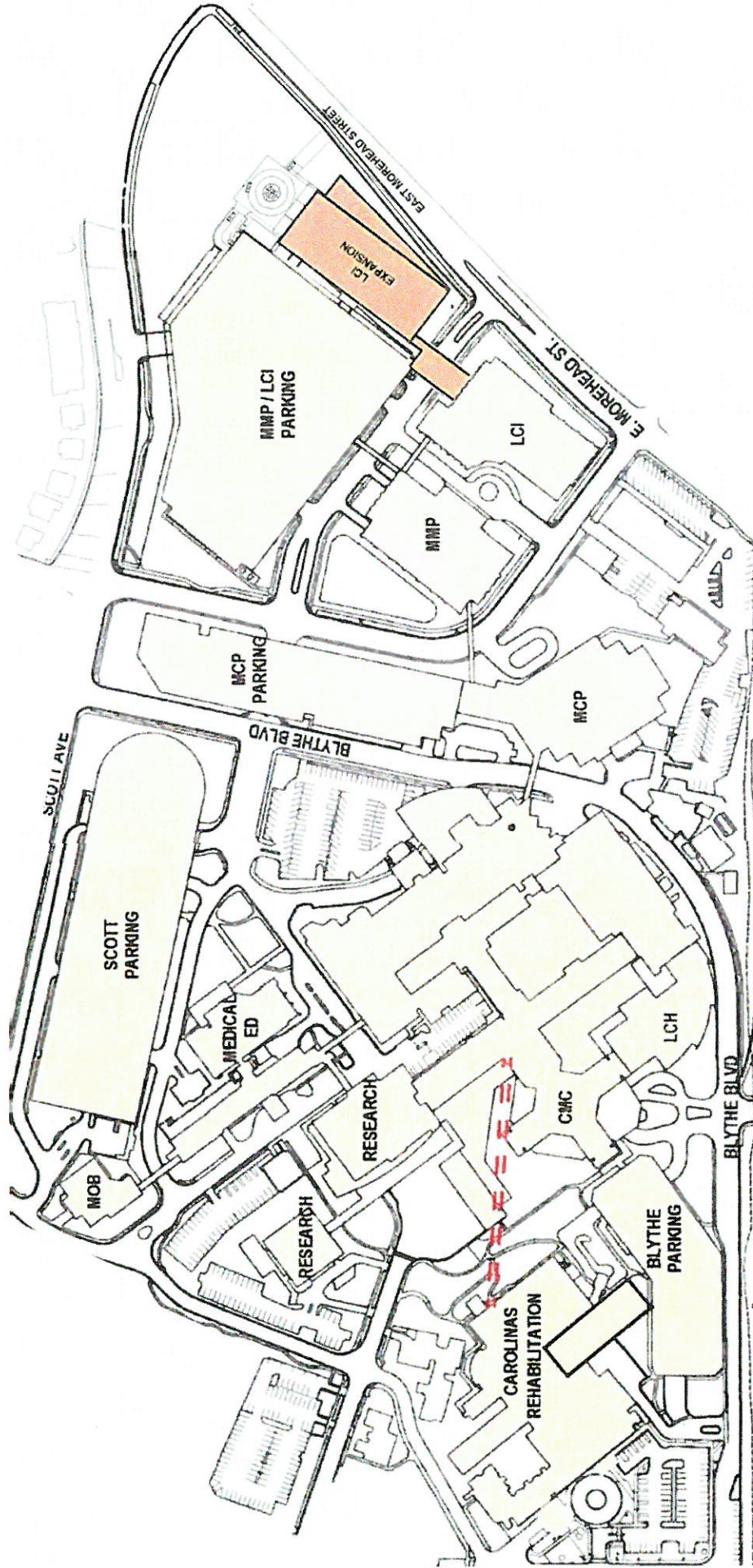
LCI Expansion

Carolinas Medical Center

Carolinas HealthCare System

02/20/17

COLOR KEY
 ■ RENOVATION
 ■ EXISTING BUILDING
 ■ UNDERGROUND WALKWAY



PROPOSED SITE PLAN

LCI Expansion

Carolinas Medical Center

Carolinas HealthCare System

02/20/17

Attachment C

State of North Carolina

Department of Health and Human Services Division of Health Service Regulation

*Effective January 01, 2017, 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: 1166

General Acute 1010, Rehabilitation 13, Psych 132, Substance Abuse 11,

Dedicated Inpatient Surgical Operating Rooms: 10

Dedicated Ambulatory Surgical Operating Rooms: 11

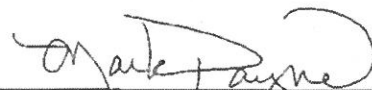
Shared Surgical Operating Rooms: 41

Dedicated Endoscopy Rooms: 12

Authorized by:



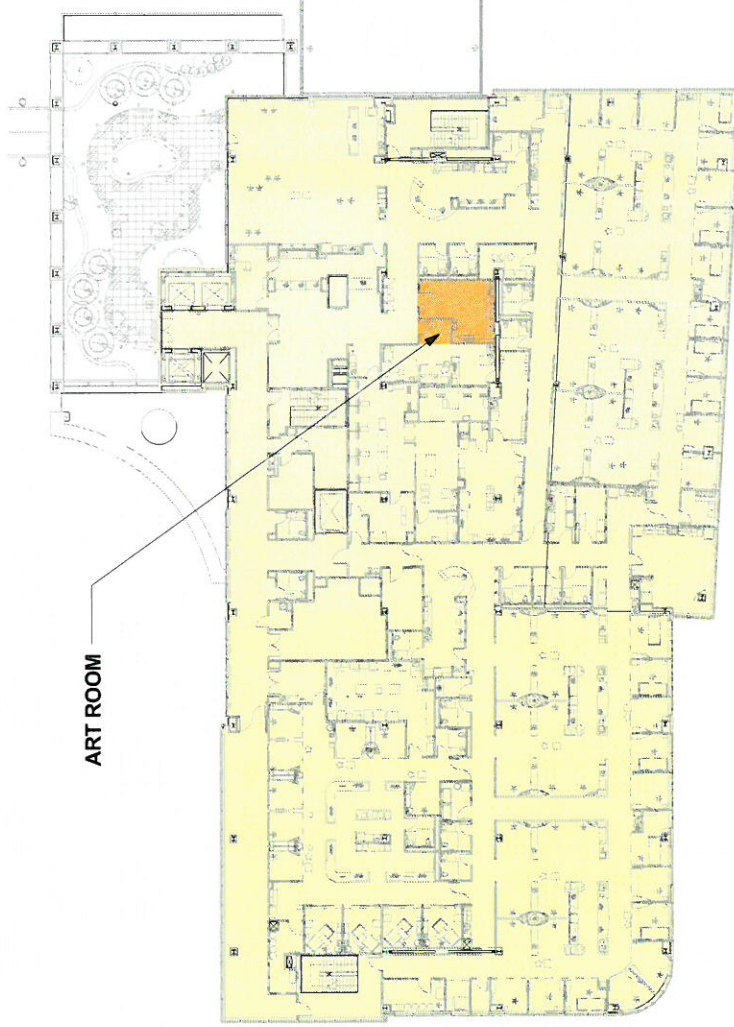
Secretary, N.C. Department of Health and
Human Services



Director, Division of Health Service Regulation

Attachment D

COLOR KEY
RENOVATION
EXISTING BUILDING



LEVEL 04 - EXISTING

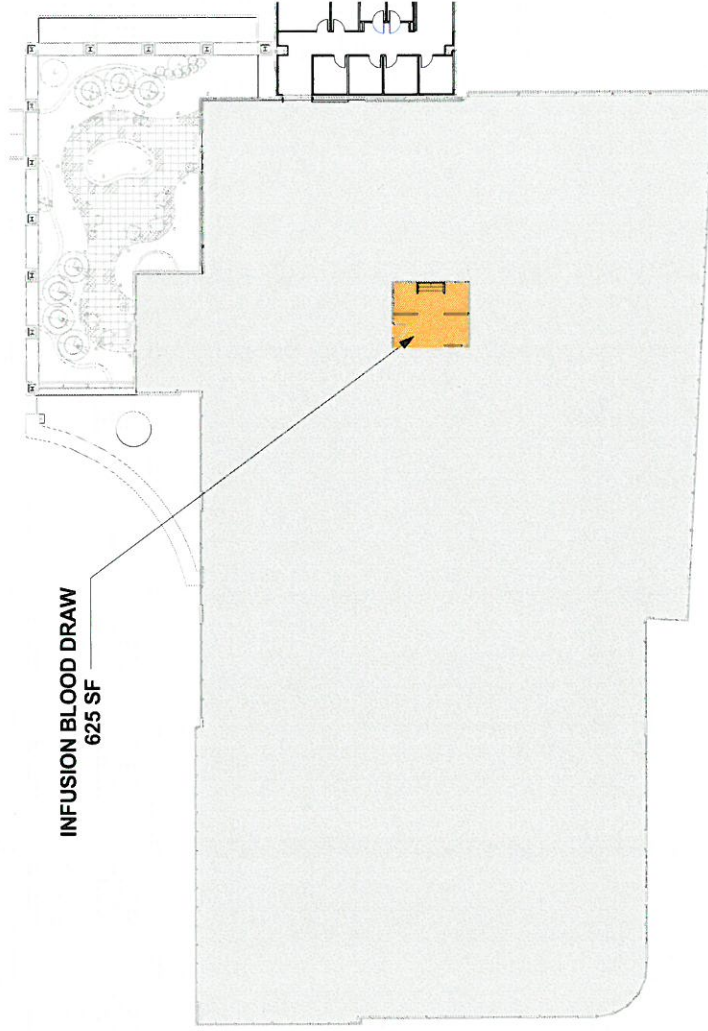
LCI Expansion

Carolinas Medical Center

Carolinas HealthCare System

02/20/17

COLOR KEY
RENOVATION



INFUSION BLOOD DRAW
625 SF



LEVEL 04 - PROPOSED

LCI Expansion

02/20/17

Carolinas Medical Center

Carolinas HealthCare System

COLOR KEY
RENOVATION
EXISTING BUILDING



Carolinas Medical Center

Carolinas HealthCare System

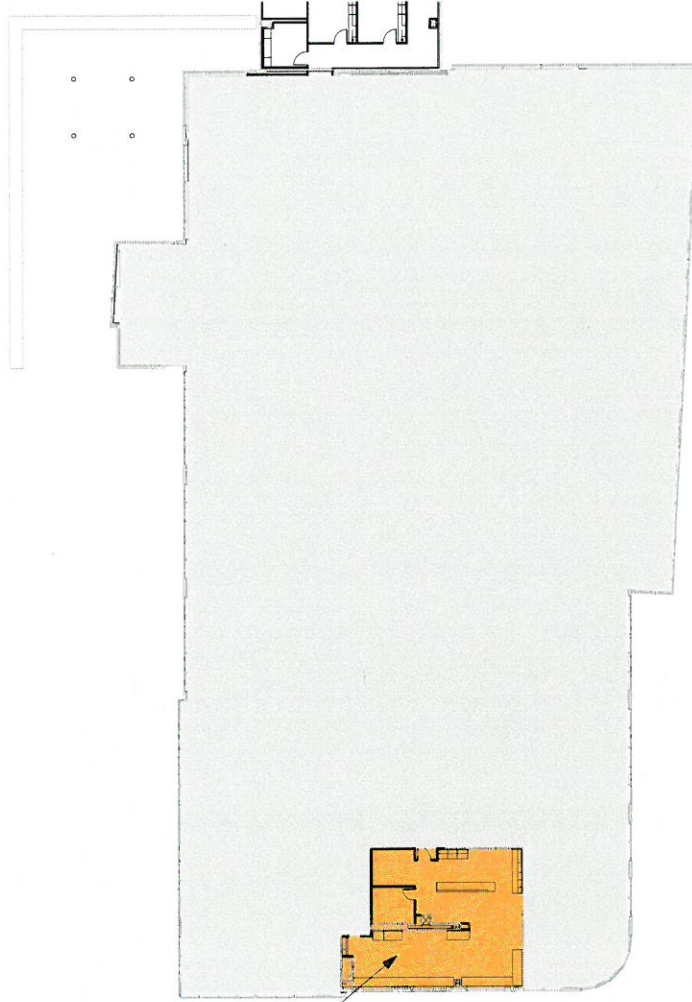
LEVEL 05 - EXISTING

LCI Expansion

02/20/17



COLOR KEY
RENOVATION



LAB
1430 SF

Carolinas Medical Center

Carolinas HealthCare System

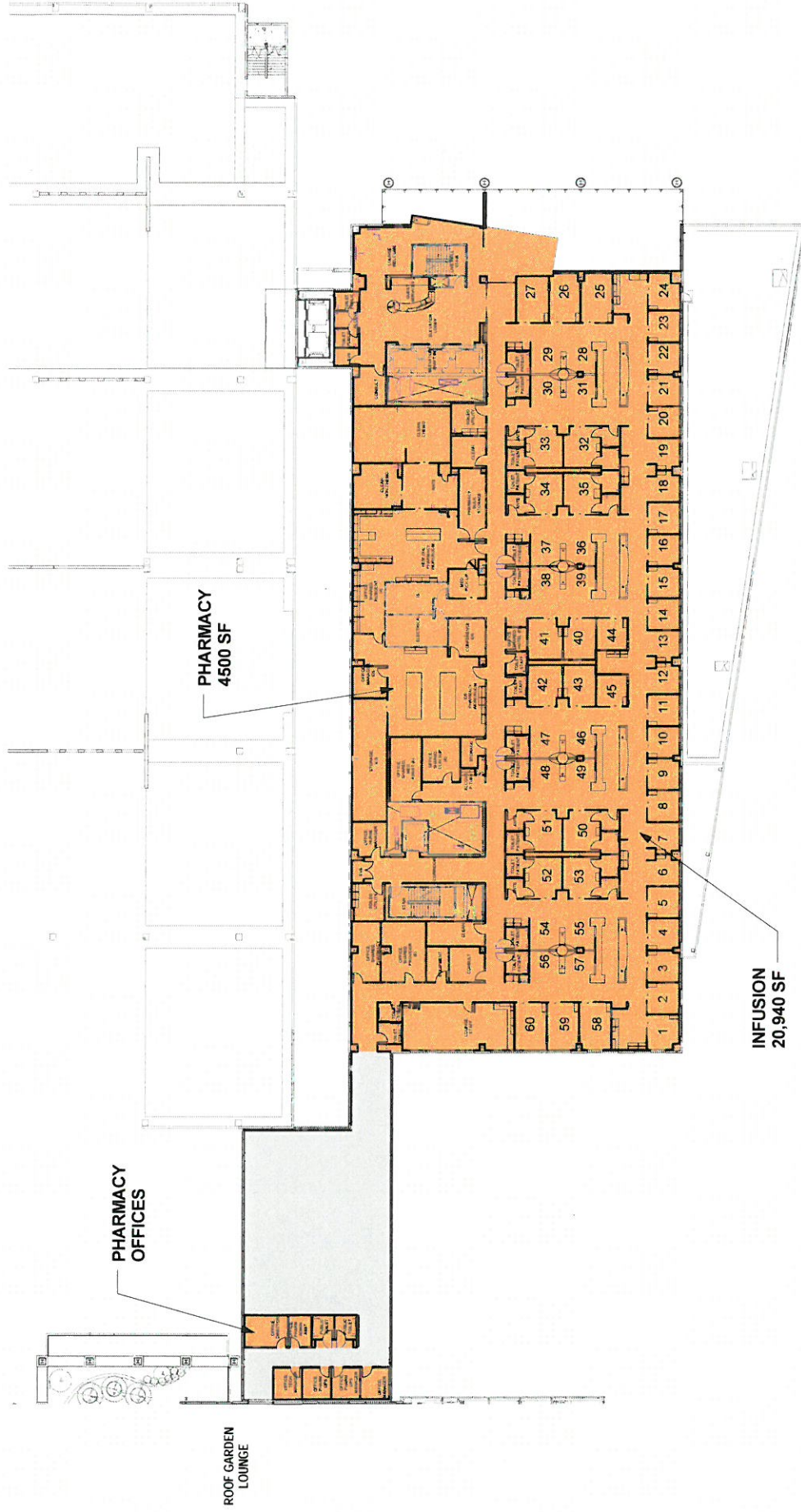
LEVEL 05 - PROPOSED

LCI Expansion

02/20/17



COLOR KEY
RENOVATION



LEVEL 04 - PROPOSED NEW CONSTRUCTION

LCI Expansion

02/22/17

Attachment E



Carolinus HealthCare System

April 26, 2016

Ms. Martha Frisone, Assistant Section Chief
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
N. C. Department of Health & Human Services
809 Ruggles Dr.
Raleigh, NC 27603

RE: Exemption Request for Physician Office Building on the Campus of The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinus Medical Center.

Dear Ms. Frisone:

The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinus Medical Center is planning to construct and operate a 260,000 square foot physician office building on the campus of Carolinus Medical Center in Charlotte. The project includes the construction of seven floors as an expansion of and adjacent to the existing Levine Cancer Institute building located at 1021 Morehead Medical Drive that was constructed in 2011. In addition and as a part of this project, Carolinus Medical Center intends to renovate 37,000 square feet within the existing Levine Cancer Institute building. There will be no new institutional health services offered or developed in the new building or in the renovated square footage without first obtaining the necessary certificate of need approval.

Based upon the project as described above and pursuant to N.C.G.S. § 131E-184(a)(9), this project is exempt from CON review. This letter serves as notification of our intent to proceed with this project. We would appreciate your written concurrence that this project is exempt from CON review. If you have any questions or require further information regarding this project, please contact me at 704-355-0314.

Sincerely,

Elizabeth V. Kirkman
Assistant Vice President
CHS Management Company

cc: W. Spencer Lilly, President-Carolinus Medical Center



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

May 4, 2016

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

Exempt from Review

Record #: 1935
Facility Name: Carolinas Medical Center
FID #: 943070
Business Name: The Charlotte Mecklenburg Hospital Authority
Business #: 1772
Project Description: Develop a new physician office building on campus and renovate a portion of the Levine Cancer Institute
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 April 26, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(9). 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



Healthcare Planning and Certificate of Need Section

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Ms. Elizabeth Kirkman
May 4, 2016
Page 2

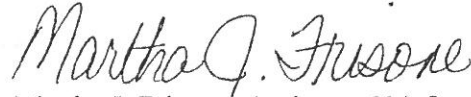
the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

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

Sincerely,



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, DHSR