



**NC DEPARTMENT OF  
HEALTH AND  
HUMAN SERVICES**

**ROY COOPER • Governor**  
**MANDY COHEN, MD, MPH • Secretary**  
**MARK PAYNE • Director, Division of Health Service Regulation**

February 12, 2019

Gary S. Qualls  
K&L Gates, LLP  
430 Davis Drive, Suite 400  
Morrisville NC 27560

**Exempt from Review – Physician Office**

**Record #:** 2868  
**Business Name:** University of North Carolina Health Care System  
**Business #:** 2991  
**Project Description:** Develop a physician office building at the corner of McCrimmon Parkway and N.C. Highway 55 in Cary  
**County:** Wake

Dear Mr. Qualls:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of February 1, 2019, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §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 the Acute and Home Care Licensure and Certification Sections to determine if they have any requirements for development of the proposed physician office.

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 the Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

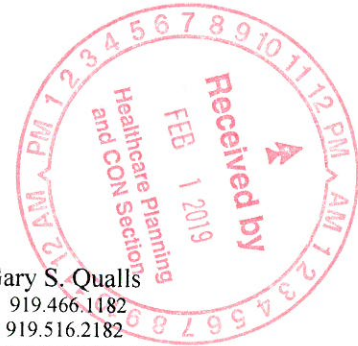
Sincerely,  
  
Michael J. McKillop  
Project Analyst

Martha J. Frisone  
Chief, Healthcare Planning and  
Certificate of Need Section

cc: Construction Section, DHSR  
Acute and Home Care Licensure and Certification Section, DHSR  
Melinda Boyette, Administrative Assistant, Healthcare Planning, DHSR

**NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION**  
**HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION**

LOCATION: 809 Ruggles Drive, Edgerton Building, Raleigh, NC 27603  
MAILING ADDRESS: 809 Ruggles Drive, 2704 Mail Service Center, Raleigh, NC 27699-2704  
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February 1, 2019

**Via Hand Delivery**

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

RE: Exemption Notice filed by the University of North Carolina Health Care System for Physician Office Building in Cary, Wake County

Dear Ms. Frisone:

On behalf of our client the University of North Carolina Health Care System (“UNCHCS”) we are notifying you of a change regarding the development of a physician office building (the “Exempt Office Building”) in Cary, North Carolina, at the corner of McCrimmon Parkway and N.C. Highway 55.

This Exemption Notice is for the Exempt Office Building, which was originally approved by the Agency for development by Craig Davis Properties.

UNCHCS will not develop any CON reviewable projects in the Exempt Office Building. Rather, UNCHCS will lease space to entities which may, in turn, develop projects which are either CON approved or non-reviewable. For example, the following projects are being developed in the Exempt Office Building by other entities, who will be leasing space in the Exempt Office Building:

1. The Exempt Office Building will contain the previously approved Certificate of Need (“CON”) Rex Hospital, Inc. (“Rex”) project filed November 17, 2008 as Panther Creek Urgent Care and Diagnostics, Project ID #J-8263-08 (the “Panther Creek CON Project”), the CON for which was originally issued on July 27, 2010 to Rex Hospital, Inc. (“Rex”). Today, Rex, Wake Radiology Services, LLC (“WRS”), and their Joint Venture entity WR Imaging, LLC (“WR Imaging”) filed a Good Cause Transfer and Material Compliance Request in order to obtain approval of Rex’s plans with respect to the Joint Venture as they relate to the Panther Creek CON Project.

Martha J. Frisone, Chief  
February 1, 2019  
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2. The Exempt Office Building will also contain the proposed Urgent Care Project, which was originally part of the Panther Creek CON Project described in Point #1 above, and for which Rex today filed a No Review Request to develop that Urgent Care Project separately from the Panther Creek CON Project.
3. The Exempt Office Building will also contain the proposed Lab Project, which was originally part of the Panther Creek CON Project described in Point #1 above, and for which Rex today filed a No Review Request to also develop that Lab Project separately from the Panther Creek CON Project.

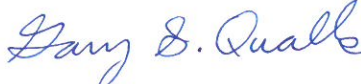
UNCHCS is providing you notice that the developer of the MOB will now be UNCHCS. The Exempt Office Building will continue to be developed at the same location. Construction of the Exempt Office Building is expected to be completed by October 2019.

UNCHCS believes that the development of this Exempt Office Building by UNCHCS is exempt from CON review under N.C. Gen. Stat. § 131E-184(a)(9). Exempt projects include projects “to develop or acquire a physician office building, regardless of cost, unless a new institutional health service other than defined in N.C. Gen. Stat. § 131E-176(16)b. is offered or developed in the building.” See N.C. Gen. Stat. § 131E-184(a)(9).

UNCHCS does not intend to develop any new institutional health services in this Exempt Office Building. As discussed above and elsewhere, the projects that will be contained in the Exempt Office Building are either CON approved or are non-reviewable.

Based on the foregoing information, UNCHCS hereby requests that the Agency provide a written response confirming that UNCHCS’s development of the Exempt Office Building is exempt from CON review. If the Agency needs additional information to assist in its consideration of this request, please apprise us as soon as possible. We thank you for your consideration of this request.

Sincerely,

  
Gary S. Qualls