

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

# VIA EMAIL ONLY

October 22, 2020

Thomas W. Huyck thuyck@apprhs.org

Exempt from Review	
Record #:	3386
Facility Name:	Watauga Medical Center, Inc.
FID #:	933533
Business Name:	Watauga Medical Center, Inc.
Business #:	2040
Project Description:	Construct an addition of four floors of patient care space connected to the main hospital
	building, relocate existing services including imaging equipment and renovate other spaces within the existing hospital building
County:	Watauga

Dear Mr. Huyck:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of **October 14, 2020**, 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, Radiation Protection, 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,

Ena Lightbourne Project Analyst

Martha J. Husone

Martha J. Frisone Chief

cc: Construction Section, DHSR Acute and Home Care Licensure and Certification Section, DHSR Radiation Protection Section, 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 https://info.ncdhhs.gov/dhsr/ • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



Thomas W. Huyck

thuyck@apprhs.org

October 14, 2020

VIA Overnight Courier Ms. Martha J. Frisone Chief Healthcare Planning and Certificate of Need Section North Carolina Department of Health and Human Services Division of Health Service Regulation 809 Ruggles Drive Raleigh, North Carolina 27603

RE: Exempt Project at Watauga Medical Center, Inc. (License # H0077; Watauga County) pursuant to N.C. Gen. Stat. §§ 131E-184(g)

Dear Ms. Frisone:

Pursuant to N.C. Gen. Stat. §§ 131E-184(g), Watauga Medical Center, Inc. ("WMC" or the "Hospital") is providing prior written notice of its intention to renovate, replace, and expand existing health service facilities.

### **Proposed Project**

WMC is an acute care hospital licensed by the state of North Carolina and accordingly an existing health service facility. The main campus of WMC is located at 336 Deerfield Road, Boone, Watauga County, North Carolina.

WMC proposes a new expansion and renovation project (the "Project") which includes a building addition of four (4) floors of patient care space along with incidental renovations required where the addition intersects with the existing building. The Project will allow the Hospital to modernize its inpatient facilities to better accommodate the needs of its patients and staff.

The first floor will provide a new front door for the facility with a greet desk and registration area off a public promenade. Major departments located on the first floor of the addition will include outpatient Women's Imaging and Diagnostic Imaging, each with the required support spaces. Women's Imaging is an existing program that is moving onto the main campus from an off-site location. Diagnostic imaging is relocating into the new space and its existing space will be decommissioned. Renovated areas also include the Emergency Department waiting and triage areas.

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The second floor of the building addition will provide state-of-the-art replacement facilities for Surgical Services including an operating room suite, Perioperative Department providing pre-procedure, post-procedure, and post-anesthesia care, and required support spaces for staff and clinical care. The ICU will be relocated within the existing building and the old ICU space will be renovated to provide a new location for the Sterile Processing Department.

Both the third and fourth floors of the new building will provide replacement inpatient units of twenty-four (24) beds each with all required support spaces. Old bed area will be decommissioned and minor renovations to the existing building will provide connectivity between the existing building and the new addition.

Enclosed is a rendering of the proposed floor plan for the addition upon completion of the Project. The drawings may also be reviewed in more detail through the following link: https://arhs.box.com/s/14ce0o9g0y90pdvpcziio87p1o37a75j

The estimated capital cost of the proposed the Project is approximately \$75,206,097.00. Nevertheless, the project will not result in a change in the licensed bed capacity or number of operating rooms at WMC. In addition, no "major medical equipment" as defined in N.C. Gen. Stat. § 131E-176(140) will be acquired as part of this project.

# Exemption Under N.C. Gen. Stat. § 131E-184(g)

WMC believes that this proposal for renovations and expansion of its existing health service facility located at 336 Deerfield Road, Boone, Watauga County, North Carolina is exempt from certificate of need ("CON") review pursuant to N.C. Gen. Stat. §§ 131E-184(g).

Section 131E-184(g) states:

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 documentation to demonstrate that it meets the exemption criteria of this subsection.

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Section 131E-176(14n) defines the "main campus" for purposes of N.C. Gen. Stat. §§ 131E-184(f) and (g) as:

(14n) "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.

# § 131E-176(14n).

WMC hereby confirms that, pursuant to N.C. Gen. Stat. §§ 131E-184(g)(1) and (2):

- 1. The proposed project will take place on the "main campus" of WMC which is located at 336 Deerfield Road, Boone, Watauga County, North Carolina. The location at 336 Deerfield Road is the site of the main building from which WMC, a licensed health service facility, provides clinical patient services and exercises financial and administrative control over the entire facility.
- 2. The sole purpose of the capital expenditure for the Project is to renovate, replace on the same site, and to expand an existing health service facility that is located on the main campus of WMC.
- 3. The capital expenditure for the Project will not result in (i) a change in bed capacity as defined in N.C. Gen. Stat. § 131E-176(5), or (ii) the addition of a health service facility or any other new institutional health service other than that allowed in N.C. Gen. Stat. § 131E-176(16)b.

WMC hereby confirms that the proposed the Project will not develop or offer a new institutional health service other than defined in N.C. Gen. Stat. § 131E-176(16)b in that building without obtaining a CON.

This letter provides the prior written notice required pursuant to N.C. Gen. Stat. §§ 131E-184(g)(3).

The Hospital would like to begin construction in early to mid-January and we would appreciate the Healthcare Planning and Certificate of Need Section's written confirmation that the renovation, replacement, and expansion of the WMC campus described above as the Project is exempt from CON review. Ms. Martha Frisone October 14, 2020 Page 4

Thank you for your time and attention to this matter.

Sincerely, THOMAS HUYCK Chief Legal Officer

Enclosures







