



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

July 30, 2021

Elizabeth V. Kirkman
Elizabeth.Kirkman@atriumhealth.org

Exempt from Review

Record #: 3617
Date of Request: July 21, 2021
Facility Name: Carolinas Medical Center
FID #: 943070
Business Name: The Charlotte-Mecklenburg Hospital Authority
Business #: 1770
Project Description: Renovate and reconfigure existing space, add one observation bed, and replace air handling and electrical equipment on the 7th floor of Levine Children's Hospital
County: Mecklenburg

Dear Ms. Kirkman:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that the above referenced proposal is exempt from certificate of need review in accordance with G.S. 131E-184(g). Therefore, you may proceed to offer, develop, or establish the above referenced project without a certificate of need.

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,

Handwritten signature of Julie M. Faenza

Julie M. Faenza
Project Analyst

Handwritten signature of Lisa Pittman

Lisa Pittman
Assistant Chief, Certificate of Need

cc: Construction Section, DHSR
Acute and Home Care Licensure and Certification 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

July 21, 2021

Ms. Micheala Mitchell, Chief
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
809 Ruggles Drive
Raleigh, NC 27603

RE: Exemption Request for The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center (“CMC”) to Renovate Space and Replace Air Handling and Electrical Equipment on the 7th Floor of Levine Children’s Hospital on CMC’s Main Campus (REVISED)

Dear Ms. Mitchell:

I am writing to inform you of The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center’s (“CMC”) plan to renovate space and replace air handling and electrical equipment on the 7th floor of Levine Children’s Hospital (“LCH”) on CMC’s main campus. This letter supplants the original exemption request for this same project that was filed on February 13, 2020 and approved on February 21, 2020 (see Attachment A for the previously approved exemption request).

CMC is filing a revised exemption request for this project because after further review and analysis, the project plan has been updated. The original exemption request involved aesthetic upgrades and minor renovations to the patient rooms and non-clinical support space located in or adjacent to the A-wing on the 7th floor of Levine Children’s Hospital (“7A”) but did not involve any change to the configuration of the space. The currently proposed plan for which CMC is now submitting a revised exemption request involves more extensive renovation as well as reconfiguration of the space. The currently proposed project, also referred to as the revised project, will not only result in aesthetic improvement but will also improve patient experience and increase operational efficiency throughout the department. Like the original project, the revised project also involves replacement of air handling equipment as well as an upgrade of existing electrical panels. CMC believes the revised project ultimately represents a more effective plan for this space, both financially and operationally, as compared to what was put forward in the original exemption request.

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.*”

CMC’s project to renovate and reconfigure space as well as replace air handling and electrical equipment on the 7th floor of Levine Children’s Hospital meets each of the applicable conditions set forth above. The estimated total capital cost of the project exceeds \$2,000,000 (see Attachment B for the certified construction cost estimate). The proposed project involves the renovation of an existing health service facility located at 1000 Blythe Boulevard, Charlotte, NC 28203, which is the site from which CMC provides clinical patient services and exercises financial and administrative control over the entire facility (see Attachment C). CMC’s Facility Executive’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 D.

The project consists of renovation only and 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.

Renovation and Reconfiguration

As described above, the currently proposed project involves more extensive renovation and reconfiguration of patient rooms and non-clinical support space located in or adjacent to the A-wing on the 7th floor of Levine Children’s Hospital (“7A”). 7A currently has six licensed acute care beds and eight observation beds. The number of licensed acute care beds will not change as a result of the proposed project. However, upon completion of the proposed project, the number of observation beds will increase to nine.

As part of the revised project, the existing space on 7A will undergo a full ‘gut’ renovation. The patient rooms and bathrooms will be completely renovated and right-sized for current standards, and a ninth observation room will be added. The existing nurses’ station will be remodeled and reconfigured into a more functional and efficient team station, and the playroom will be relocated to a central area so that it is more easily accessible for all patient rooms.

In order to accomplish the renovations described above, some of the existing spaces, such as the existing on-call rooms and one of the staff work areas, will be renovated and repurposed. Please note, any functional space that is displaced by the proposed renovation will either be absorbed and consolidated into the newly renovated and reconfigured space or relocated to existing, available space elsewhere in the hospital.

Replacement of Air Handling and Electrical Equipment

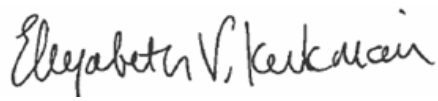
The proposed project also involves replacement of the existing, antiquated dual-duct air handling system that serves 7A and adjacent areas. The existing air handling equipment is at the end of its

useful service life and will be replaced with a more efficient single-duct system. The existing electrical panels will also be upgraded as part of this project.

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 revised project to more extensively renovate and reconfigure space and replace air handling and electrical equipment on the 7th floor of Levine Children's Hospital 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 V. Kirkman". The signature is written in a cursive style with a large initial 'E'.

Elizabeth Kirkman
Assistant Vice President
Atrium Health Strategic Services Group

cc: Callie Dobbins, Vice President & Facility Executive, Levine Children's Hospital

Attachment A



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

February 21, 2020

Elizabeth Kirkman
Elizabeth.Kirkman@atriumhealth.org

Exempt from Review

Record #: 3224
Facility Name: Carolinas Medical Center
FID #: 943070
Business Name: The Charlotte-Mecklenburg Hospital Authority
Business #: 1770
Project Description: Renovate existing space and replace air handling equipment on 7th floor
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 February 13, 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 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,

Handwritten signature of Julie M. Faenza

Julie M. Faenza
Project Analyst

Handwritten signature of Martha J. Frisone

Martha J. Frisone
Chief

cc: Construction Section, DHSR
Acute and Home Care Licensure and Certification Section, DHSR

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

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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



Atrium Health

February 13, 2020

Ms. Martha Frisone, Chief
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
809 Ruggles Drive
Raleigh, NC 27603



RE: Exemption Request for The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center (CMC) to Renovate Space and Replace Air Handling Equipment on the 7th Floor of Levine Children's Hospital on CMC's Main Campus

Dear Ms. Frisone:

I am writing to inform you of The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center's plan to renovate space and replace air handling equipment on the 7th floor of Levine Children's Hospital 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."*

CMC's renovation and air handling equipment replacement project on the 7th floor of Levine Children's Hospital 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 the capital cost worksheet). The proposed project involves the 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 Facility Executive'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 renovation only and 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 proposed project involves renovation of patient rooms and non-clinical support space located in or adjacent to the A-wing on the 7th floor of Levine Children's Hospital ("7A"). 7A currently has six licensed acute care beds and eight observation beds. The number of licensed acute care beds will not change as a result of the proposed project.

As part of this project, the patient rooms and non-clinical support areas will undergo aesthetic upgrades, including wall painting and installation of new flooring, millwork and other finishings. Additionally, the bathrooms in the existing patient rooms will be renovated and brought up to code, which involves removing existing bathtubs and replacing them with showers. The proposed project also involves replacement of the existing air handling equipment that serves 7A and adjacent areas. The existing equipment is an antiquated dual-duct system that is at the end of its useful life and is at risk for service interruptions. As part of this project, the existing ceiling tiles in the areas served by the air handling equipment, which includes patient rooms as well as non-clinical support spaces, will be removed and replaced, and a more efficient single-duct air handling system will be installed.

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 project to renovate and replace air handling equipment on the 7th floor of Levine Children's Hospital is exempt from certificate of need review and that we may proceed as planned with this project.

Sincerely,



Elizabeth Kirkman
Assistant Vice President
Atrium Health Strategic Services Group

cc: Callie Dobbins, Vice President & Facility Executive, Levine Children's Hospital

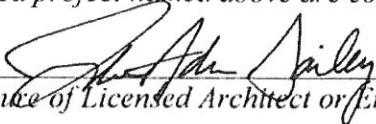
Attachment A

PROPOSED TOTAL CAPITAL COST OF PROJECT

Project name: LCH 7A Aesthetics Renovation
Provider/Company: Atrium Health

(1) Purchase price of land	_____
(2) Closing costs	_____
(3) Site Preparation	_____
(4) Construction/Renovation Contract	\$2,625,000
(5) Landscaping	_____
(6) Architect/Engineering Fees	\$191,000
(7) Medical Equipment	_____
(8) Non Medical Equipment	\$20,000
(9) Furniture	\$371,000
(10) Consultant Fees (CON Fees, Legal Fees)	_____
(11) Financing Costs	_____
(12) Interest During Construction	_____
(13) Other (IS, Security, Internal Allocation)	\$560,000
(14) Total Capital Cost	\$3,767,000

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



 (Signature of Licensed Architect or Engineer)

2/7/20






 DATE

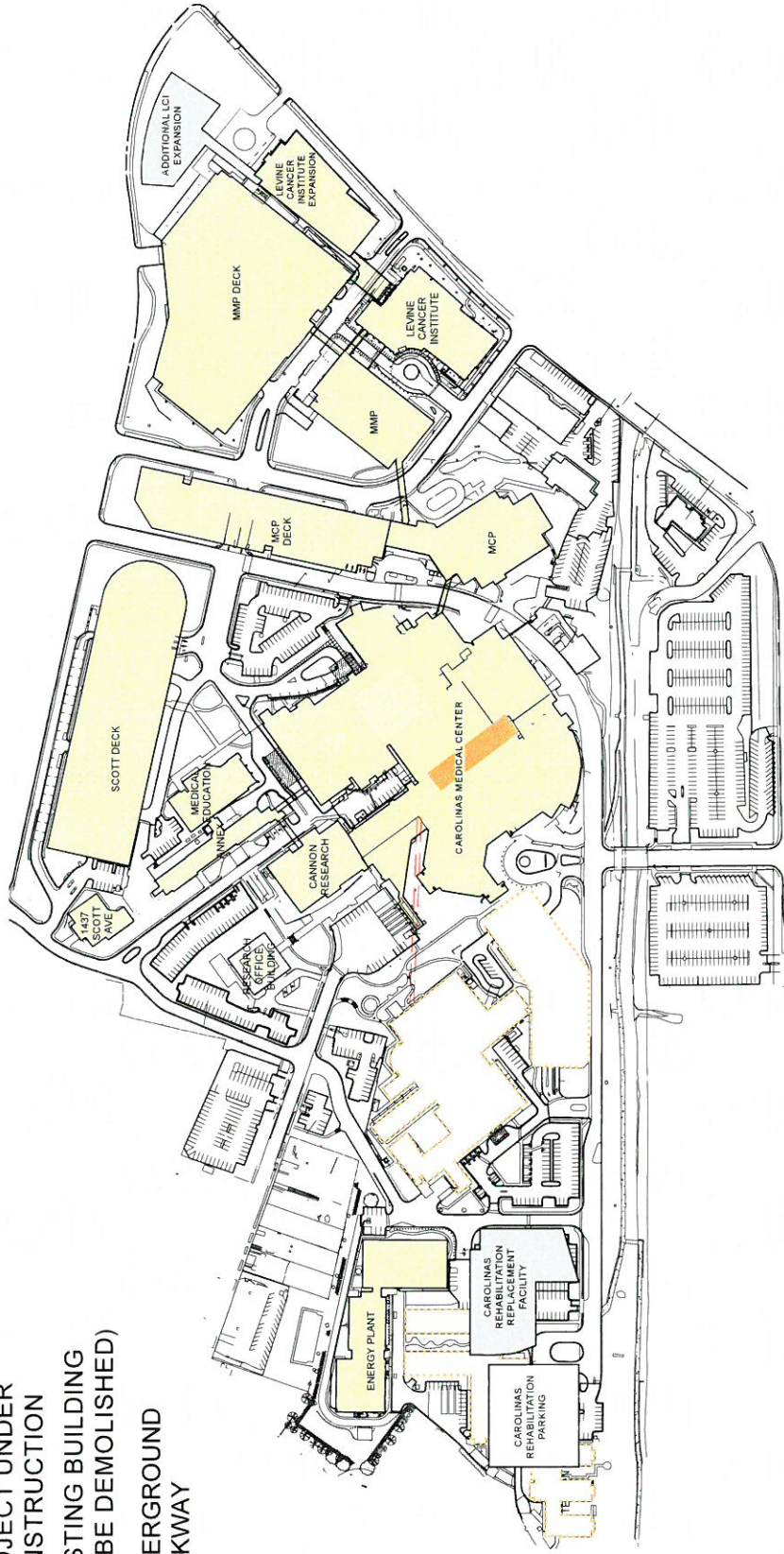


Sales taxes have been included in these equipment costs. However, because Atrium Health is entitled to a sales tax refund under N.C. Gen. Stat. § 105-164.14(b) and 105-467, the sales tax that Atrium Health initially incurs for this medical equipment purchase will be refunded to Atrium Health, and thus will reduce the capital costs that Atrium Health actually incurs for the equipment by \$ N/A.

Attachment B

COLOR KEY

-  EXISTING BUILDING
-  RENOVATION
-  PROJECT UNDER CONSTRUCTION
-  EXISTING BUILDING (TO BE DEMOLISHED)
-  UNDERGROUND WALKWAY



SITE PLAN

Atrium Health



LCH 7A AESTHETICS

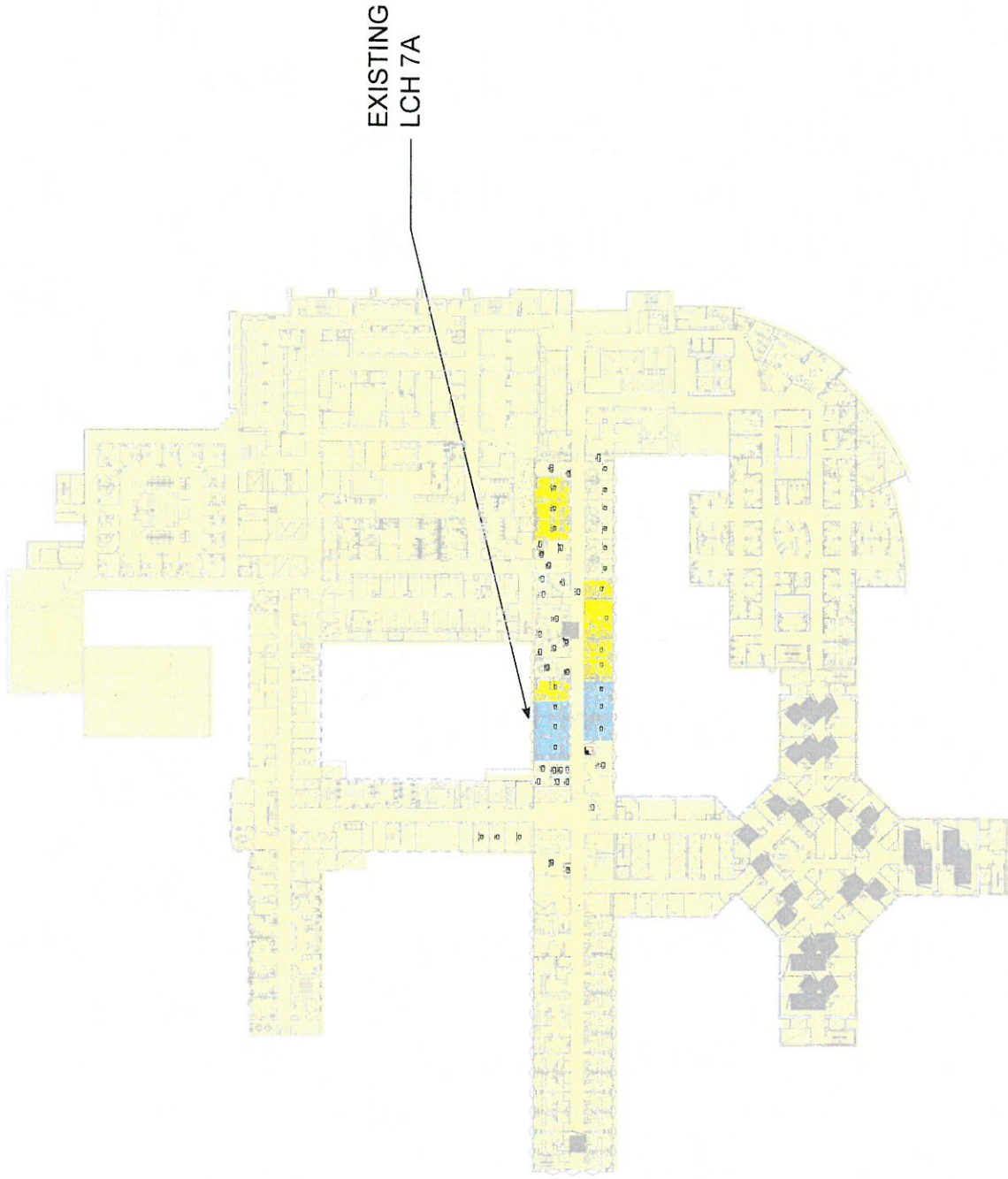
CAROLINAS MEDICAL CENTER

02/07/2020



COLOR KEY

-  EXISTING BUILDINGS
-  RENOVATION
-  LICENSED BED
-  OBSERVATION BED



EXISTING LEVEL 07 PLAN

Atrium Health

LCH 7A AESTHETICS

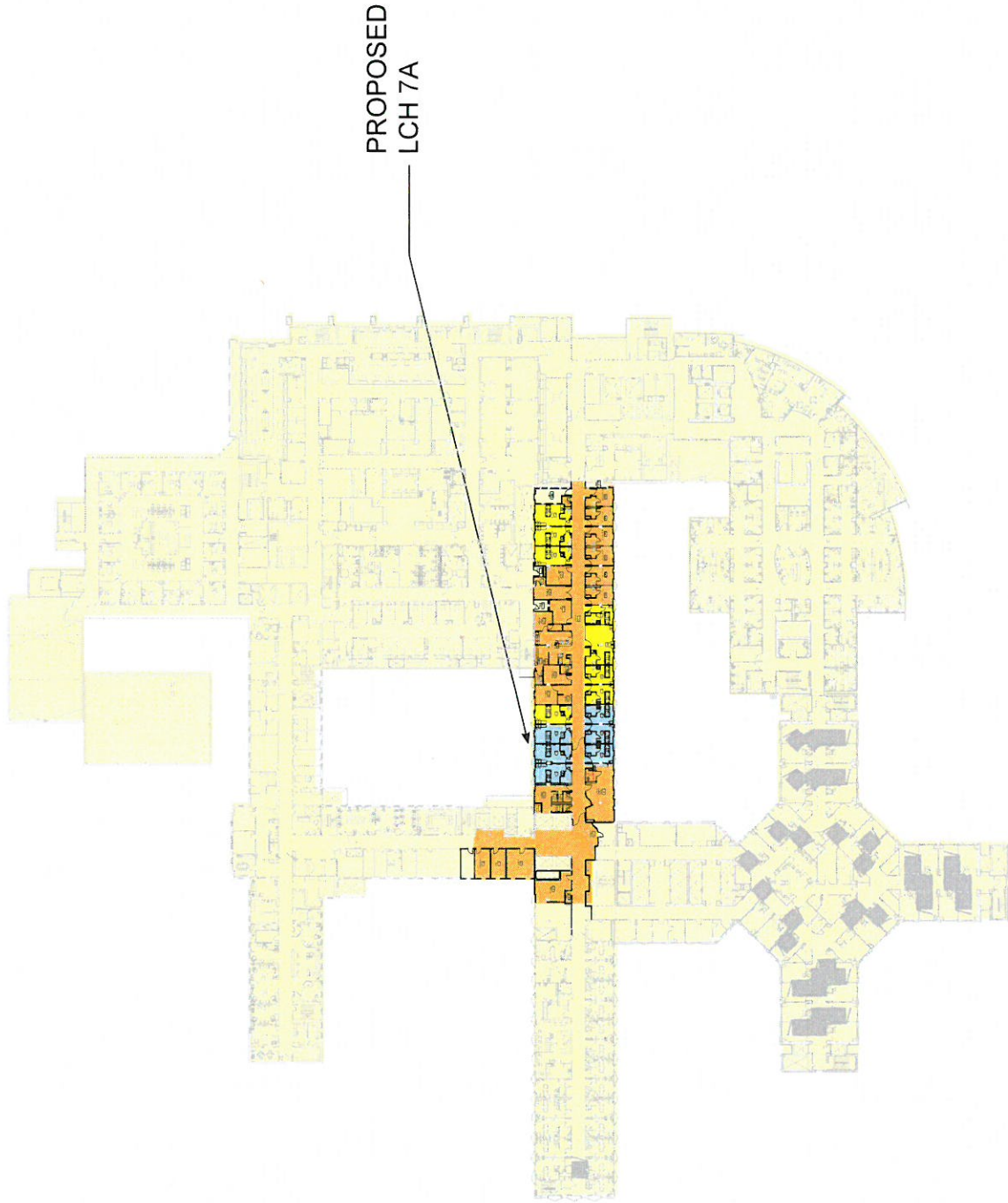
CAROLINAS MEDICAL CENTER

02/07/2020



COLOR KEY

-  EXISTING BUILDINGS
-  RENOVATION
-  LICENSED BED
-  OBSERVATION BED



PROPOSED LEVEL 07 PLAN

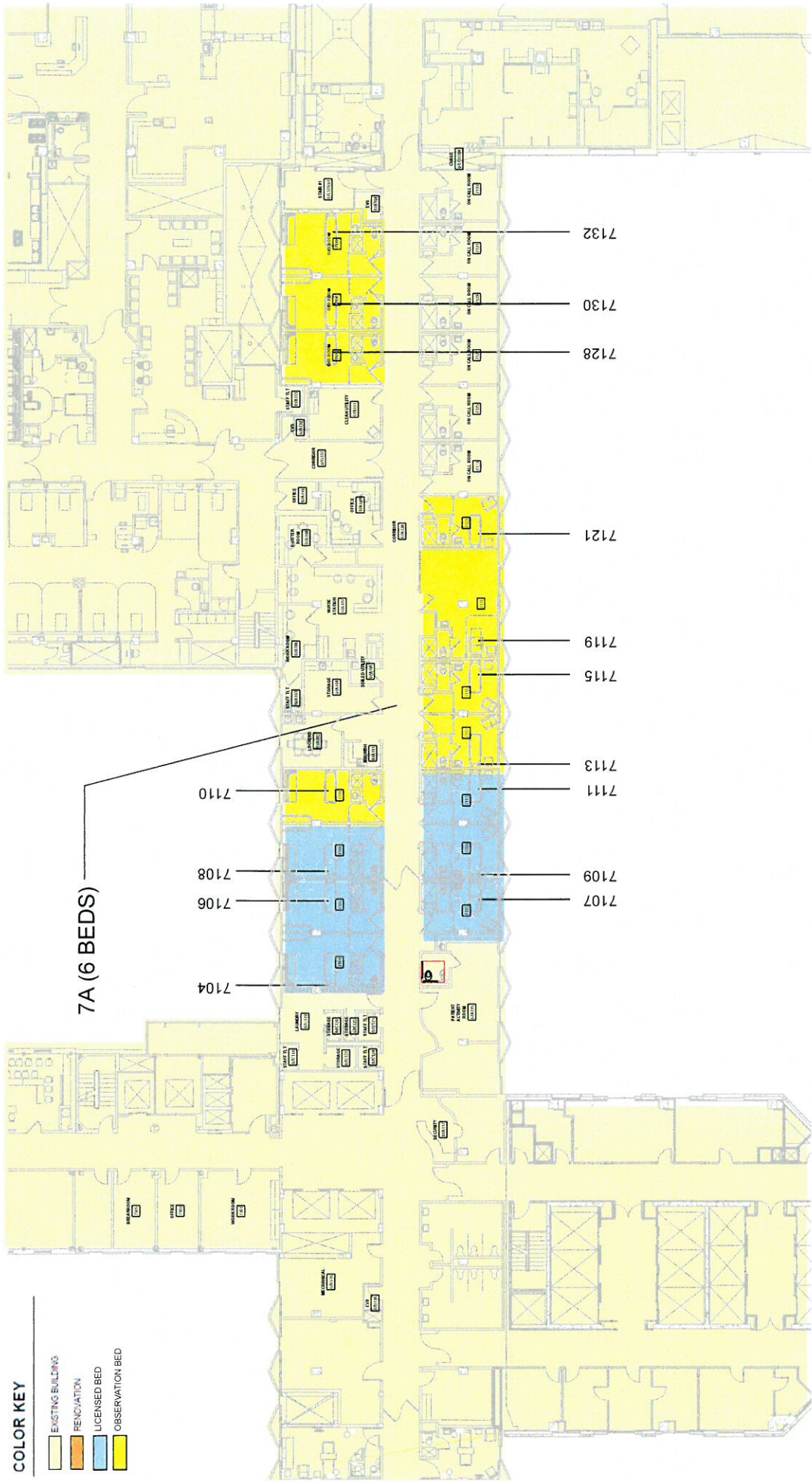
Atrium Health

LCH 7A AESTHETICS

CAROLINAS MEDICAL CENTER

02/07/2020





COLOR KEY

- EXISTING BUILDINGS
- RENOVATION
- LICENSED BED
- OBSERVATION BED

7A (6 BEDS)

- 7104
- 7106
- 7108
- 7110
- 7107
- 7109
- 7111
- 7113
- 7115
- 7119
- 7121
- 7128
- 7130
- 7132

ENLARGED EXISTING LEVEL 07 PLAN

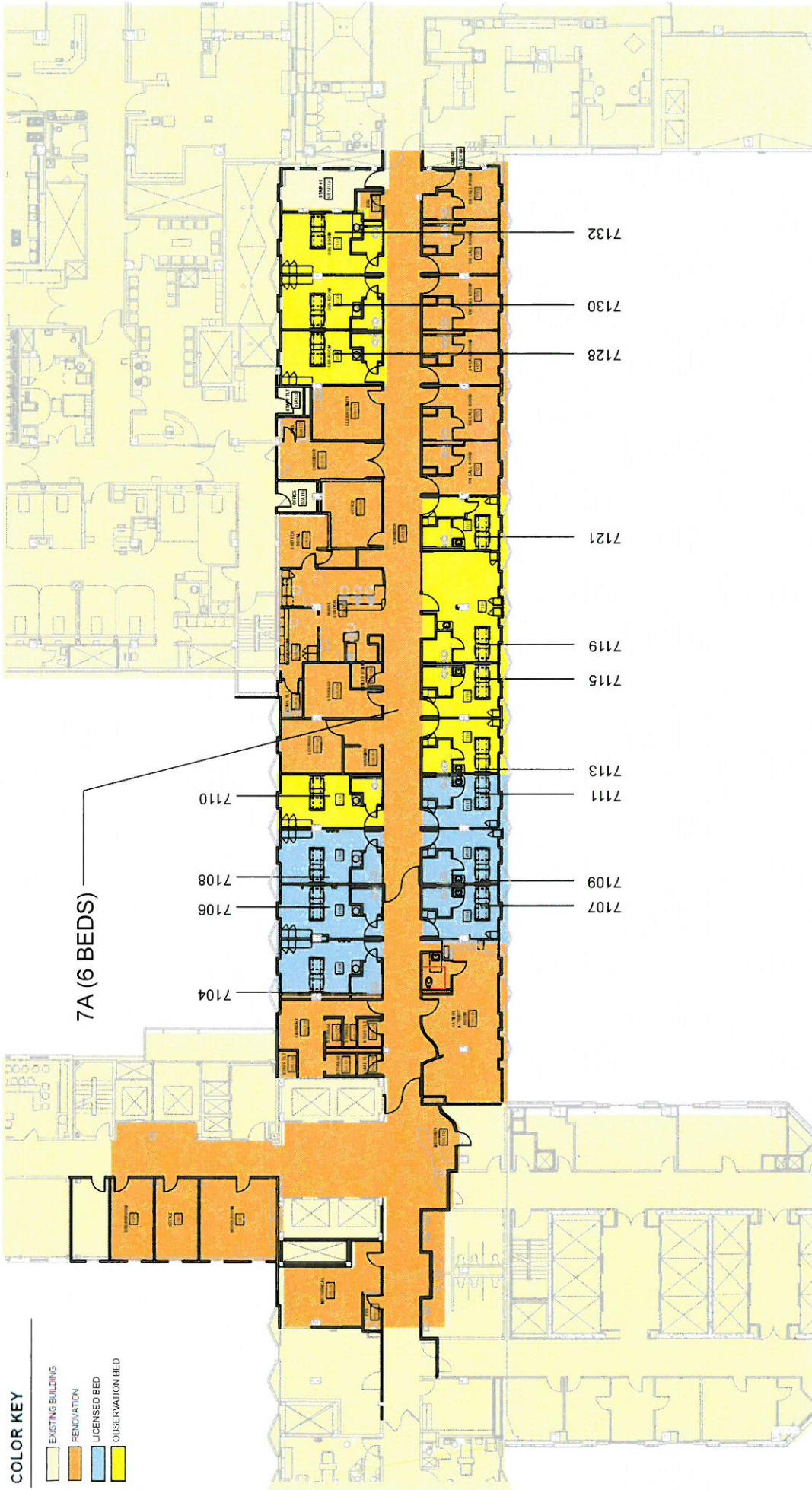
Atrium Health

LCH 7A AESTHETICS

CAROLINAS MEDICAL CENTER

02/07/2020





COLOR KEY

- EXISTING BUILDINGS
- RENOVATION
- LICENSED BED
- OBSERVATION BED

ENLARGED PROPOSED LEVEL 07 PLAN

Atrium Health

02/07/2020

LCH 7A AESTHETICS

CAROLINAS MEDICAL CENTER



Attachment C

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

*Effective September 17, 2019, 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: 1211

General Acute 1055, Rehabilitation 13, Psych 132, Substance Abuse 11,

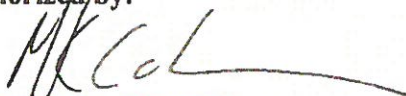
Dedicated Inpatient Surgical Operating Rooms: 10

Dedicated Ambulatory Surgical Operating Rooms: 9

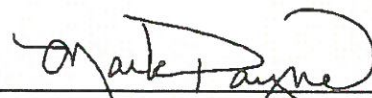
Shared Surgical Operating Rooms: 41

Dedicated Endoscopy Rooms: 12

Authorized by:



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



Director, Division of Health Service Regulation

Attachment B

July 21, 2021

Atrium Health
P.O. Box 32861
Charlotte, NC 28232-2861

Attn: Mr. Jeff McAdams

Re: Atrium Health
CON Exemption Request for LCH 7A Renovation

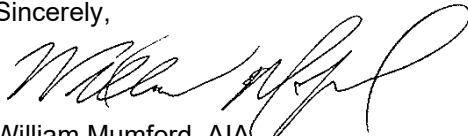
Dear Mr. McAdams:

Having worked with Atrium Health to develop the design for the referenced project, Little Diversified Architectural Consulting, is pleased to provide this cost certification letter. The design is reflected in the CON drawings, dated July 15, 2021.

The estimated cost of construction is based on our experience, the input of JE Dunn Construction Group and the recent construction experience of Atrium Health. Based on this collective information, Little Diversified Architectural Consulting confirms an anticipated renovation cost of construction of \$4,305,000.

Please contact us if you have any questions.

Sincerely,

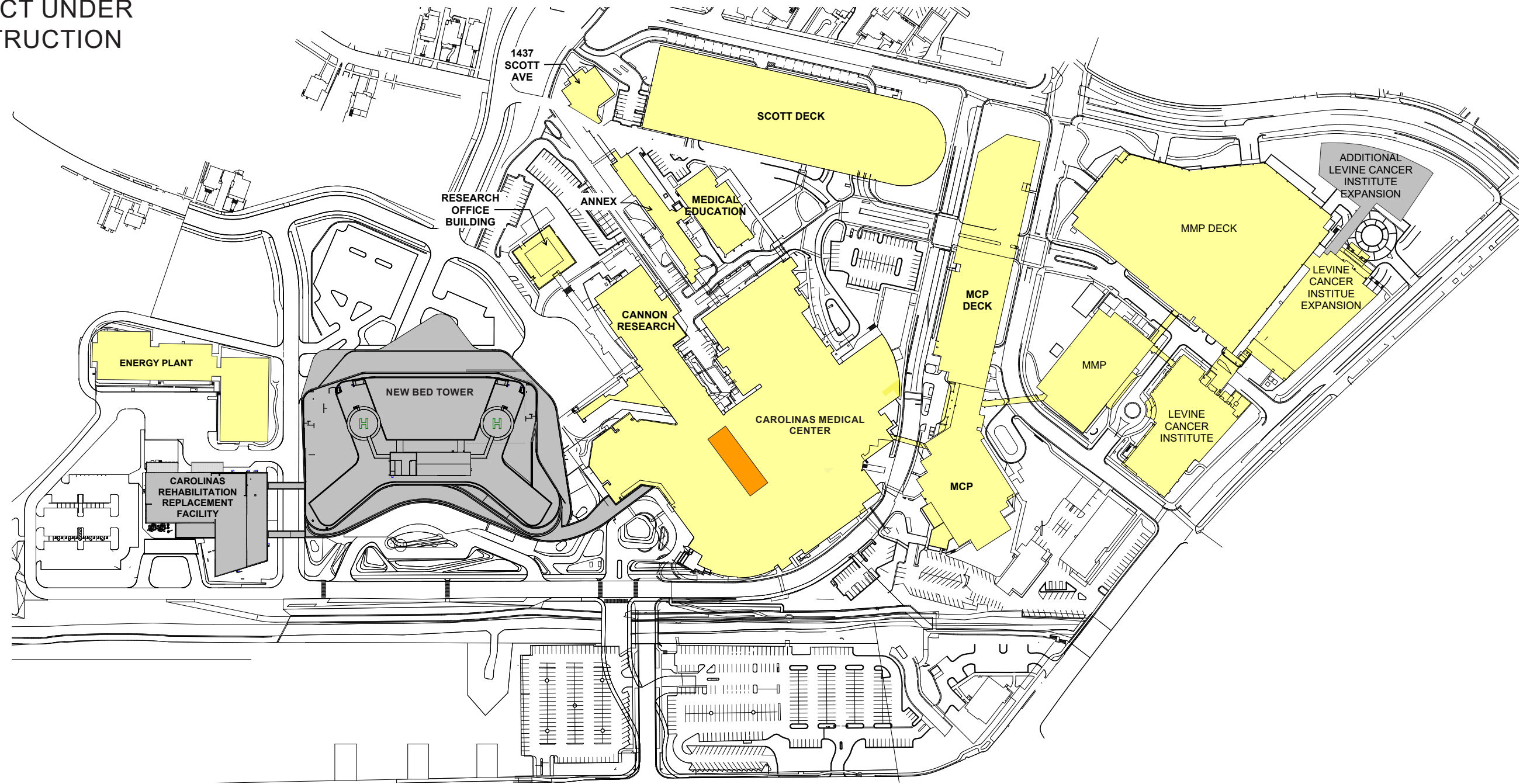


William Mumford, AIA
Healthcare
Little Diversified Architectural Consulting
North Carolina License # 8284

Attachment C

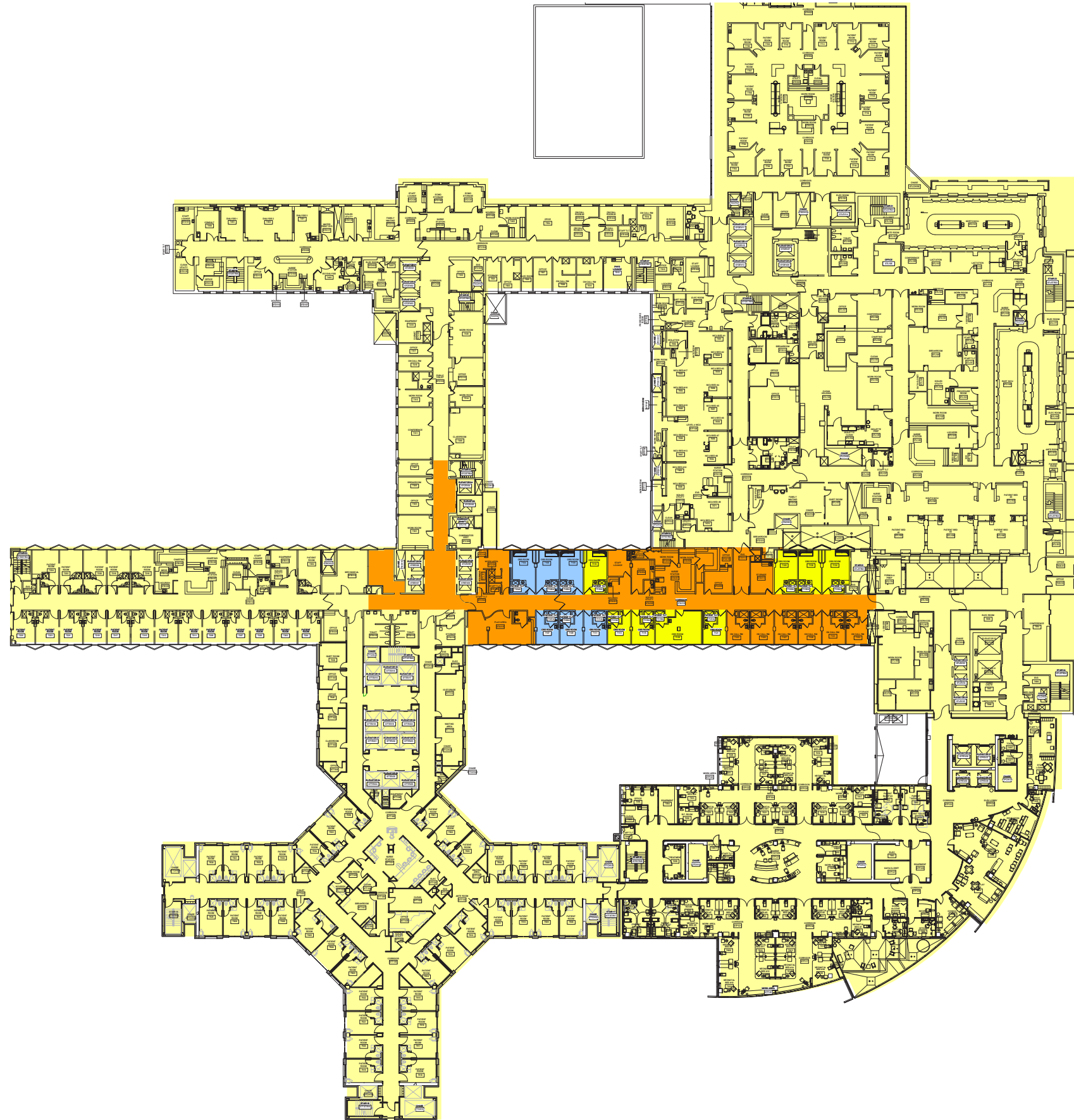
COLOR KEY

- EXISTING BUILDING
- RENOVATION
- PROJECT UNDER CONSTRUCTION



COLOR LEGEND

- EXISTING BUILDING
- RENOVATION
- LICENSED BED
- OBSERVATION BED



EXISTING LEVEL 07 PLAN

ATRIUM HEALTH

07/15/2021

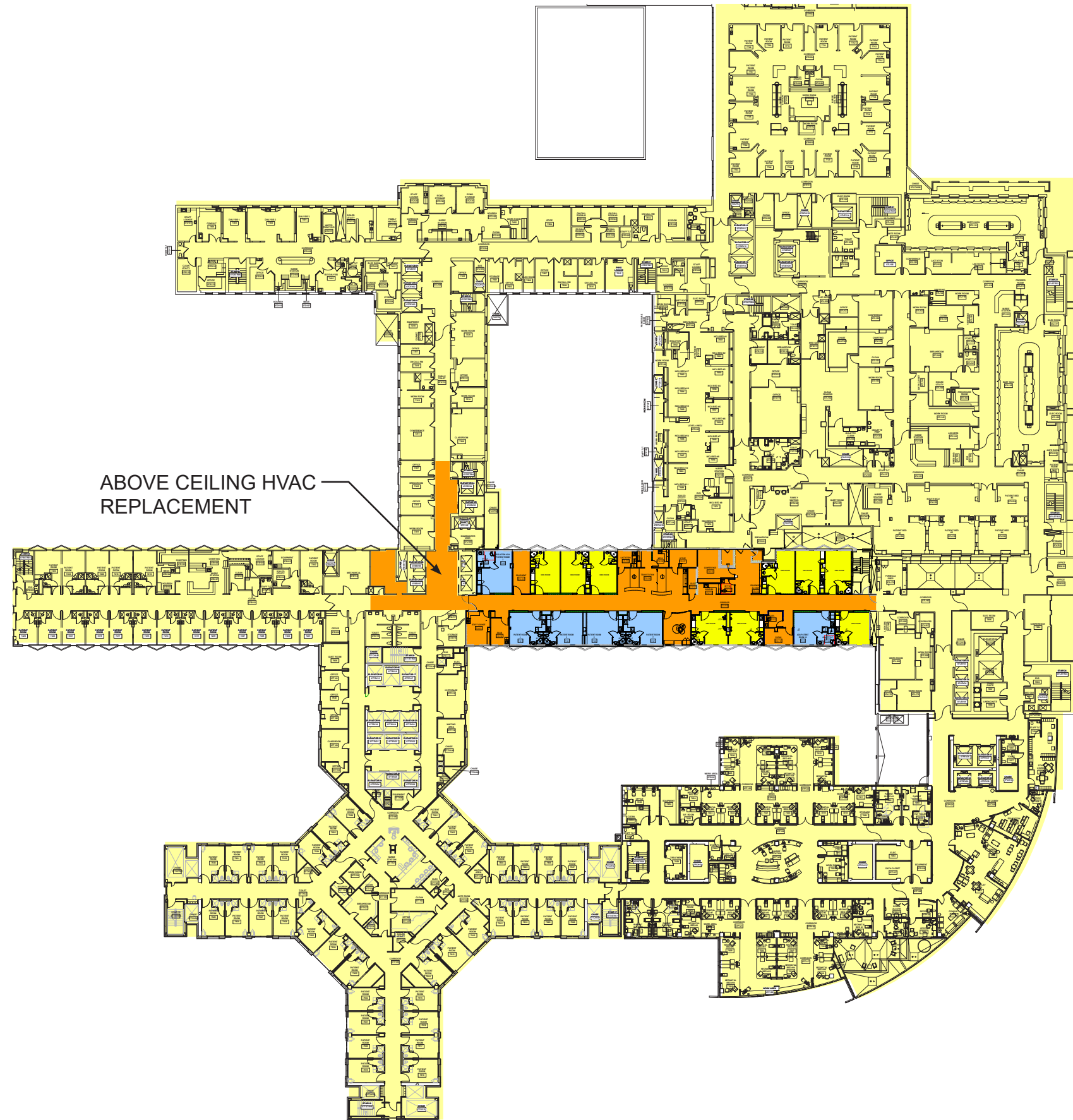
LCH 7A RENOVATION

CAROLINAS MEDICAL CENTER



COLOR LEGEND

- EXISTING BUILDING
- RENOVATION
- LICENSED BED
- OBSERVATION BED



PROPOSED LEVEL 07 PLAN

ATRIUM HEALTH

07/15/2021

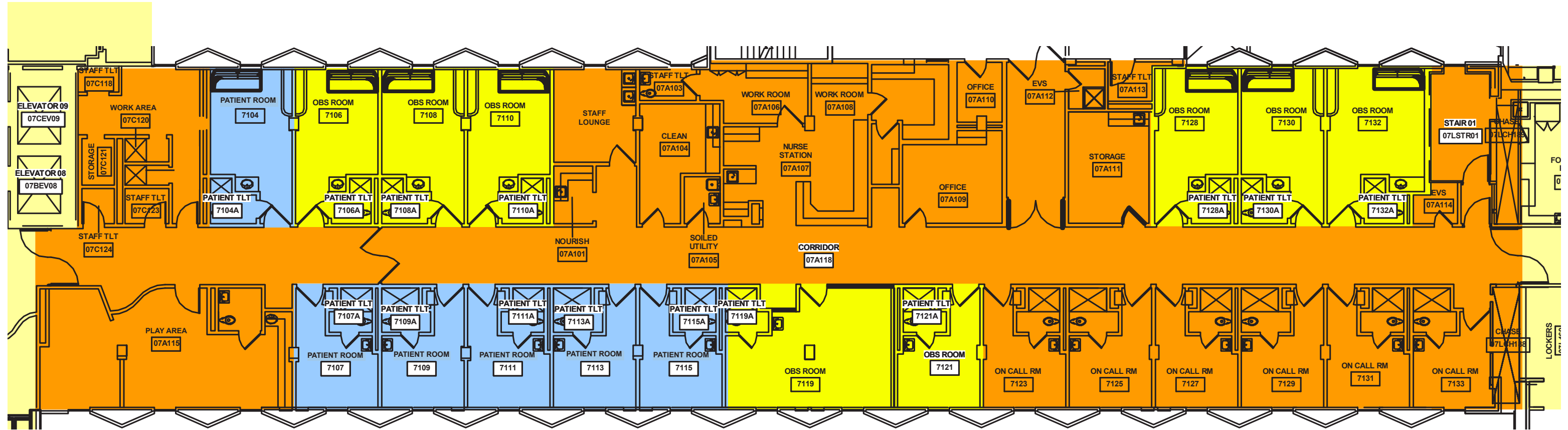
LCH 7A RENOVATION

CAROLINAS MEDICAL CENTER



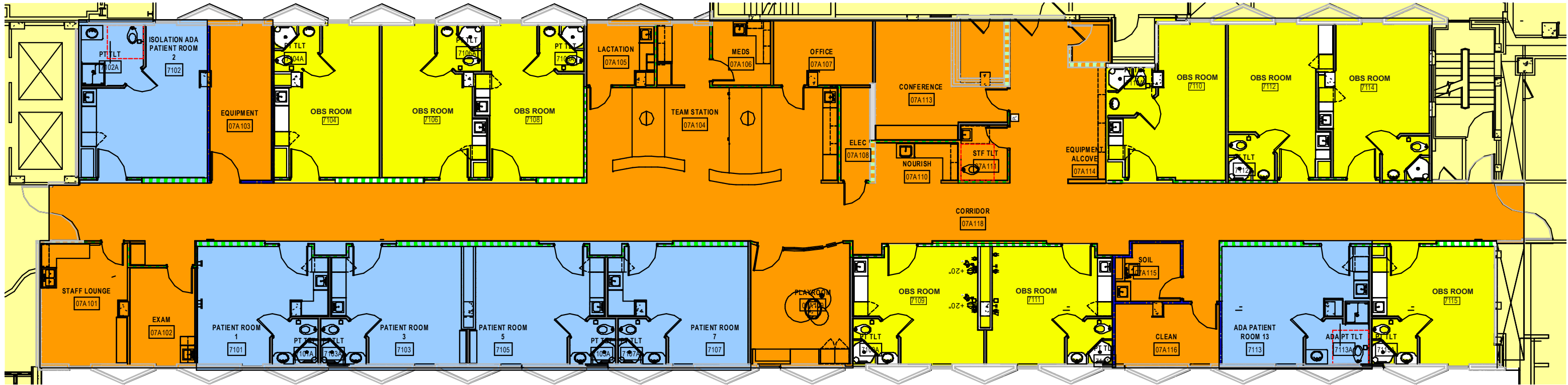
COLOR LEGEND

- EXISTING BUILDING
- RENOVATION
- LICENSED BED
- OBSERVATION BED



COLOR LEGEND

- EXISTING BUILDING
- RENOVATION
- LICENSED BED
- OBSERVATION BED



Attachment D

State of North Carolina

Department of Health and Human Services Division of Health Service Regulation

*Effective January 01, 2021, 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

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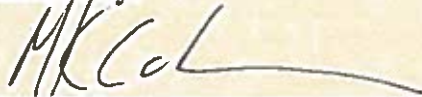
Dedicated Inpatient Surgical Operating Rooms: 9

Dedicated Ambulatory Surgical Operating Rooms: 11

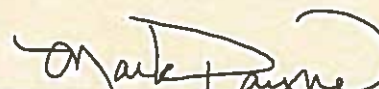
Shared Surgical Operating Rooms: 42

Dedicated Endoscopy Rooms: 12

Authorized by:



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



Director, Division of Health Service Regulation

Faenza, Julie M

From: Huber, Brigid K <Brigid.Huber@atriumhealth.org>
Sent: Wednesday, July 21, 2021 4:24 PM
To: Waller, Martha K; Faenza, Julie M
Cc: Kirkman, Elizabeth
Subject: [External] Exemption Request for The Charlotte-Mecklenburg Hospital Authority d/b/a Carolinas Medical Center
Attachments: 2021 CMHA dba CMC_LCH 7A Renovation and AHU Replacement Exemption Request.pdf

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to [Report Spam](#).

Good afternoon,

I hope this email finds you well. Please find attached a revised exemption request submitted by The Charlotte-Mecklenburg Hospital Authority ("CMHA") d/b/a Carolinas Medical Center ("CMC") to renovate space and replace air handling and electrical equipment on the 7th floor of Levine Children's Hospital on CMC's Main Campus.

Thank you very much, and please let me know if you have any questions.

Best,

Brigid

Brigid Knoll Huber, MHA, ATC

Strategic Services Group
Mobile: 724-986-6214

Atrium Health

Carolinas HealthCare System is Atrium Health

2709 Water Ridge Parkway, Suite 200, Charlotte, NC 28217

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