



NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER • Governor
KODY H. KINSLEY • Secretary
MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

January 10, 2022

Catharine Cummer
catharine.cummer@duke.edu

Exempt from Review

Record #: 3784
Date of Request: January 6, 2022
Facility Name: Duke University Hospital
FID #: 943138
Business Name: Duke University Health System
Business #: 640
Project Description: Acquire and remediate a hotel located on the hospital's main campus
County: Durham

Dear Ms. Cummer:

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 Kim Meymandi

Kim Meymandi, Project Analyst

Handwritten signature of Micheala Mitchell

Micheala Mitchell, 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

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



Catharine W. Cummer
Regulatory Counsel, Strategic Planning

January 6, 2022

Via Electronic Mail and Federal Express

Ms. Micheala Mitchell, Chief
Ms. Kimberly Meymandi, Analyst
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: DUHS Notice of Exemption

Dear Ms. Mitchell and Ms. Meymandi:

The purpose of this letter is to request the Section's written confirmation that the acquisition of a building by the Duke University Health System does not require a certificate of need under the applicable exemption provisions, including the exemption set forth at N.C.G.S. 131E-184(g) for on-site renovations at a licensed health care facility.

DUHS is acquiring and remediating the Cambria Hotel, located at 2306 Elba St, Durham, NC 27705. In the near term, DUHS intends to continue to operate this building as a hotel, called The Lodge at Duke Medical Center. It is our understanding that acquiring and operating a hotel does not constitute a new institutional health service that would require a certificate of need or exemption.

Because this building is located on Duke University Hospital's main campus, however, DUHS may seek to relocate hospital services to this building in the future. Such activity, if the allocated cost is considered to exceed \$2 million, would nonetheless be exempt from CON review under N.C.G.S. 131E-184(g). That section provides:

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.

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(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.

The "main campus" of the facility is defined in N.C.G.S. 131E-176(14n) to include both "[t]he 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" and "[o]ther areas and structures that are not strictly contiguous to the main building but are located within 250 yards of the main building."

The sole purpose of any allocated expenditure related to this project to future clinical services would be to expand Duke University Hospital services in this building. The Cambria Hotel is within 250 yards of the main building from which Duke University Hospital provides its clinical services and exercises financial and administrative control, namely, the physically contiguous structure that includes Duke South, Duke North, the Duke Children's Hospital, the Duke Medical Pavilion, the Morris Clinic, the Duke Cancer Center, and the Duke Eye Center.

Any relocation or expansion of hospital services into the new hotel building would not create a change in licensed bed capacity or 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.

To the extent required, please allow this letter to serve as prior written notice for this project. Thank you for your attention to this request. If you have questions about this information, please let me know.

Very truly yours,

Catharine W. Cummer

Catharine W. Cummer

From: [Catharine Cummer](#)
To: [Waller, Martha K](#)
Subject: [External] To State Exemption Notice The Lodge
Date: Thursday, January 6, 2022 4:47:55 PM
Attachments: [To State Exemption Notice The Lodge.pdf](#)

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

And here is a Durham County exemption notice. Thank you!

Catharine Cummer
Regulatory Counsel, Strategic Planning, Duke University Health System
(919) 668-0857 (office) | (919) 423-6928 (cell)