



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

JOSH STEIN • Governor

DEV DUTTA SANGVAI • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

August 29, 2025

Denise Gunter

Denise.gunter@nelsonmullins.com

No Review

Record #: 4899
Date of Request: August 15, 2025
Business Name: Novant Health-Norfolk, LLC
Business #: 3704
Project Description: Change in indirect ownership structure
County: Statewide

Dear Denise Gunter:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your correspondence regarding the project described above. Based on the representation in your request and the CON law **in effect on the date of this response to your request**, the project as described is not governed by, and therefore, does not currently require a certificate of need. If the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

This determination is binding only for the facts represented in your correspondence. If changes are made in the project or in the facts provided in the correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by this office. **As a reminder, it is unlawful to offer or develop a new institutional health service without first obtaining a certificate of need. The Department reserves the right to impose sanctions, including civil penalties and the revocation of a license, upon any entity that offers or develops a new institutional health service without first obtaining a certificate of need.**

Please do not hesitate to contact this office if you have any questions.

Sincerely,

Crystal Kearney
Project Analyst

Micheala Mitchell
Chief

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

August 15, 2025

Via E-mail

Micheala Mitchell, 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: Novant Health, Inc. and Novant Health-Norfolk, LLC
Change in Indirect Ownership Structure
Business # 3704
Record # 4834
Statewide

Dear Ms. Mitchell:

On July 22, 2025, the Agency issued its written correspondence that the transaction (the "Transaction") described in my July 2, 2025 correspondence (see **Exhibits A and B** hereto) does not require CON review. We thank the Agency for its time and consideration. I am now writing to inform the Agency of a change to the Transaction (the "Revised Transaction") and to seek written confirmation that the Revised Transaction does not require CON review.

The Transaction as Originally Described:

Novant Health, Inc. ("Novant Health") owns 50.1% of Novant Health-Norfolk, LLC. Norfolk Intermediate Holdings, LLC owns the remaining 49.9% of Novant Health-Norfolk, LLC. Norfolk Management Services, LLC is the indirect parent of Norfolk Intermediate Holdings, LLC. At the present time, two Novant Health subsidiaries collectively own approximately 28% of Norfolk Management Services, LLC, and an unrelated third party (along with other management holders) own the remaining approximately 72% of Norfolk Management Services, LLC. In my July 2 correspondence, I stated that Novant Health and a new, unrelated third party will create a new limited liability company (the "New HoldCo") that will purchase 100% of the outstanding equity interests Norfolk Management

Micheala Mitchell
August 15, 2025
Page 2

Services, LLC. The New HoldCo was proposed to be owned 50.1% by Novant Health and 49.9% by the new, unrelated third party.

The Revised Transaction:

Instead of an unrelated third party joining with Novant Health to purchase 100% of the equity interests in Norfolk Management Services, Norfolk Management Services will be wholly owned by MedQuest, Inc., a wholly owned and controlled subsidiary of Novant Health. Accordingly, pursuant to the Revised Transaction, Novant Health's interest in Norfolk Management Services will increase from 28% to 100%.

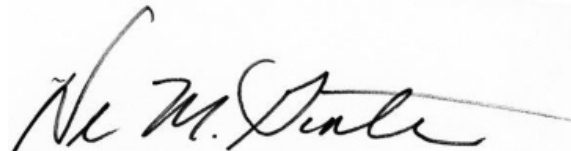
The direct ownership interests in Novant Health-Norfolk, LLC will not change as a result of the Revised Transaction, with Novant Health continuing to own 50.1% and Norfolk Intermediate Holdings, LLC continuing to own the remaining 49.9%.

The Revised Transaction does not involve the development or acquisition of any new institutional health services as defined in the CON Law. As shown in the authorities attached to my July 2 letter, the Agency has long held that the acquisition of membership interests in an LLC does not require a CON. See also N.C. Gen. Stat. § 131E-176(16)a.-v.(definition of new institutional health services); *In re Miller*, 357 N.C. 316, 325, 584 S.E.2d 772, 780 (2003)(according to the doctrine of *expressio unius est exclusio alterius*, the expression of one thing means the exclusion of others; thus, "when a statute lists the situations to which it applies, it implies the exclusion of situations not contained on the list."); *Jackson v. A Women's Choice, Inc.*, 130 N.C. App. 590, 594, 503 S.E.2d 422, 425 (1998) (internal citations omitted) ("[W]here a statute is explicit on its face, the courts have no authority to impose restrictions that the statute does not express contain.").

Accordingly, we respectfully request that the Agency issue its written determination that the Revised Transaction does not require CON review. Please let me know if you need additional information or have any questions. Thank you for your time and consideration.

With best personal regards.

Sincerely,

A handwritten signature in black ink, appearing to read "Denise M. Gunter", written over a light blue rectangular background.

Denise M. Gunter

Attachments



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

Exhibit A

JOSH STEIN • Governor

DEVPUTTA SANGVAI • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

July 22, 2025

Denise Gunter
Denise.gunter@nelsonmullins.com

No Review

Record #: 4834
Date of Request: July 2, 2025
Business Name: Novant Health-Norfolk, LLC
Business #: 3704
Project Description: Change in indirect ownership structure
County: Statewide

Dear Denise Gunter:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your correspondence regarding the project described above. Based on the representation in your request and the CON law **in effect on the date of this response to your request**, the project as described is not governed by, and therefore, does not currently require a certificate of need. If the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

This determination is binding only for the facts represented in your correspondence. If changes are made in the project or in the facts provided in the correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by this office. **As a reminder, it is unlawful to offer or develop a new institutional health service without first obtaining a certificate of need. The Department reserves the right to impose sanctions, including civil penalties and the revocation of a license, upon any entity that offers or develops a new institutional health service without first obtaining a certificate of need.**

Please do not hesitate to contact this office if you have any questions.

Sincerely,

Crystal Kearney, Project Analyst

Micheala Mitchell, Chief

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



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July 2, 2025

Via E-mail

Micheala Mitchell, 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: Novant Health, Inc. and Novant Health-Norfolk, LLC
Business # 1341
Statewide

Dear Ms. Mitchell:

I am writing to notify the Agency of a change in the indirect ownership structure of Novant Health-Norfolk, LLC. The Agency may recall that in November 2022, I notified the Agency that Novant Health, Inc. ("Novant Health") planned to contribute its outpatient imaging assets to a newly formed joint venture entity, Novant Health-Norfolk, LLC. A copy of the relevant correspondence is attached hereto as **Exhibit A**.

Novant Health owns 50.1% of Novant Health-Norfolk, LLC. Norfolk Intermediate Holdings, LLC owns the remaining 49.9% of Novant Health-Norfolk, LLC. Norfolk Management Services, LLC is the indirect parent of Norfolk Intermediate Holdings, LLC. At the present time, two Novant Health subsidiaries collectively own approximately 28% of Norfolk Management Services, LLC, and an unrelated third party (along with other management holders) own the remaining approximately 72% of Norfolk Management Services, LLC. In connection with the proposed transaction (the "Transaction"), Novant Health and a new, unrelated third party will create a new limited liability company (the "New HoldCo") that will purchase 100% of the outstanding equity interests Norfolk Management Services, LLC. The New HoldCo will be owned 50.1% by Novant Health and 49.9% by the new, unrelated third party. The direct ownership interests in Novant Health-Norfolk, LLC will not change as a result of the proposed transaction (the "Transaction"), with Novant Health continuing to own 50.1% and Norfolk Intermediate Holdings, LLC continuing to own the remaining 49.9%. As a result of the Transaction,

Micheala Mitchell
July 2, 2025
Page 2

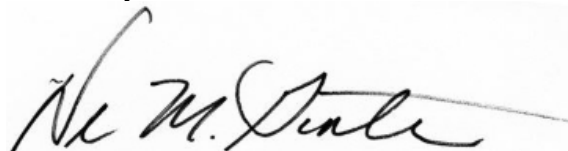
New HoldCo will become the indirect 100% owner of Norfolk Intermediate Holdings, LLC (through direct ownership of 100% of Norfolk Management Services, LLC by one or more Novant Health subsidiaries).

The Transaction does not involve the development or acquisition of any new institutional health services as defined in the CON Law. As shown in the authorities found in **Exhibit A**, the Agency has long held that the acquisition of membership interests in an LLC does not require a CON. See also N.C. Gen. Stat. § 131E-176(16)a.-v.(definition of new institutional health services); *In re Miller*, 357 N.C. 316, 325, 584 S.E.2d 772, 780 (2003)(according to the doctrine of *expressio unius est exclusio alterius*, the expression of one thing means the exclusion of others; thus, “when a statute lists the situations to which it applies, it implies the exclusion of situations not contained on the list.”); *Jackson v. A Women’s Choice, Inc.*, 130 N.C. App. 590, 594, 503 S.E.2d 422, 425 (1998) (internal citations omitted) (“[W]here a statute is explicit on its face, the courts have no authority to impose restrictions that the statute does not express contain.”).

Accordingly, we respectfully request that the Agency issue its written determination that the foregoing Transaction does not require CON review. Please let me know if you need additional information or have any questions. Thank you for your time and consideration.

With best personal regards.

Sincerely,

A handwritten signature in black ink, appearing to read "Denise M. Gunter", with a long horizontal flourish extending to the right.

Denise M. Gunter

Enclosure

From: [Mckillip, Mike](#)
To: [Stancil, Tiffany C](#)
Subject: FW: [External] No Review Letter for Novant Health, Inc.
Date: Friday, August 15, 2025 3:28:39 PM
Attachments: [Novant Health-Norfolk CON Letter August 15 2025.pdf](#)
[Exhibits A and B to August 15 Letter.pdf](#)

Hi Tiffany,

Since Crystal did the previous no review letter for this transaction, let's assign this no review letter request to her again. Thanks.

Michael Mckillip

Team Leader, Certificate of Need

Division of Health Service Regulation, Healthcare Planning and Certificate of Need
[NC Department of Health and Human Services](#)

Office: 919-855-3877 (I am in the office on Wednesday and Friday, and can best be reached by email on Monday, Tuesday and Thursday.)
mike.mckillip@dhhs.nc.gov

809 Ruggles Drive, Edgerton
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Raleigh, NC 27699

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From: Denise Gunter <denise.gunter@nelsonmullins.com>
Sent: Friday, August 15, 2025 3:14 PM
To: Stancil, Tiffany C <Tiffany.Stancil@dhhs.nc.gov>; Waller, Martha K <martha.waller@dhhs.nc.gov>; Mckillip, Mike <mike.mckillip@dhhs.nc.gov>; Hale, Gloria <gloria.hale@dhhs.nc.gov>

Subject: [External] No Review Letter for Novant Health, Inc.

CAUTION: External email. Do not click links or open attachments unless verified. Report suspicious emails with the Report Message button located on your Outlook menu bar on the Home tab.

Good afternoon,

Attached is a no review letter for Novant Health (statewide). Could you please confirm receipt?

Thanks and have a great weekend.

DENISE M. GUNTER **PARTNER**
denise.gunter@nelsonmullins.com

She/Her/Hers

THE KNOLLWOOD | SUITE 530

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