



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

JOSH STEIN • Governor

DEVPUTTA SANGVAI • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

September 29, 2025

Ryan Martin

rmartin@hancockdaniel.com

Exempt from Review – Acquisition of Facility

Record #: 4922

Date of Request: September 15, 2025

Facility Name: EmergeOrtho (formerly Southeastern Orthopaedic Specialists, P.A.)

Type of Facility: Diagnostic Center

FID #: 200823

Acquisition by: EmergeOrtho, P.A.

Business #: 2716

County: Guilford

Dear Mr. Martin:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that the project described above is exempt from certificate of need (CON) review in accordance with G.S. 131E-184(a)(8). Therefore, the above referenced business may proceed to acquire the health service facility identified above without first obtaining a CON. The new name of the facility will be EmergeOrtho. The Agency's determination is limited to the question of whether the above referenced business would have to obtain a CON if the current owners of the health service facility do in fact sell it to the business listed above. Note that pursuant to G.S. 131E-181(b): *"A recipient of a certificate of need, or any person who may subsequently acquire, in any manner whatsoever permitted by law, the service for which that certificate of need was issued, is required to materially comply with the representations made in its application for that certificate of need."*

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 this Agency and a separate determination regarding whether a certificate of need would be required. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Yolanda W. Jackson
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

Jackson, Yolanda W

From: Ryan Martin <rmartin@hancockdaniel.com>
Sent: Tuesday, September 23, 2025 11:33 AM
To: Jackson, Yolanda W
Subject: [External] RE: Request for Additional Information

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Ms. Jackson:

Thank you for reaching out. To confirm, the location will be operated under the d/b/a "EmergeOrtho" once the transaction is completed. If you require any additional information, please let me know.

Thank you,
Ryan

RYAN M. MARTIN
HANCOCK, DANIEL & JOHNSON, P.C.
Richmond Office | 866.967.9604
rmartin@hancockdaniel.com | [vCard](#)

From: Jackson, Yolanda W <yolanda.jackson@dhhs.nc.gov>
Sent: Tuesday, September 23, 2025 10:08 AM
To: Ryan Martin <rmartin@hancockdaniel.com>
Subject: Request for Additional Information

This message was sent securely using Zix®

Good morning,

We are reviewing your exemption request regarding EmergeOrtho plans to acquire Southeastern Orthopaedic Specialists, P.A. Does EmergeOrtho intend to change the name of the diagnostic center and if so, what is the new name going to be?

Please do not hesitate to contact me if you have any questions about this matter.

Thank you,

Yolanda Jackson, JD
Project Analyst
[Division of Health Service Regulation](#)
Healthcare Planning and Certificate of Need Section
[North Carolina Department of Health and Human Services](#)

(I am in the office Mondays and Tuesdays. I am working remotely on the other days, therefore email is typically the best way to reach me.)

Main: 919-855-3873
yolanda.jackson@dhhs.nc.gov

1910 Human Services Lane
2704 Mail Service Center
Raleigh, NC 27699-2704

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Ryan M. Martin
Ext. 1484
Email: rmartin@hancockdaniel.com

September 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
micheala.mitchell@dhhs.nc.gov
cc: tiffany.stancil@dhhs.nc.gov

Re: Prior Written Notice of Exempt Transaction and Request for No Review Determination

Dear Ms. Mitchell:

On behalf of EmergeOrtho, P.A. ("EmergeOrtho"), and pursuant to N.C. Gen. Stat. § 131E-184(a), this letter provides written notice to the Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (the "Agency") and requests confirmation that the proposed transaction is exempt from certificate of need ("CON") review. As you will recall, Southeastern Orthopaedic Specialists, P.A. ("SOS") was CON-approved to develop a diagnostic center by acquiring a fixed magnetic resonance imaging ("MRI") pursuant to the 2020 need determination, Project ID No. G-11986-20. As described below, EmergeOrtho now proposes to acquire this existing health service facility (diagnostic center) and the equipment owned by the health service facility including the fixed MRI scanner. This request is made under the exemption statute set forth in N.C. Gen. Stat. § 131E-184(a)(8).

Facts

EmergeOrtho is a physician-owned and physician-led orthopedic practice with multiple operational divisions across North Carolina, including its Triad Division. SOS is a physician-owned medical practice providing professional medical and related health services at its offices in North Carolina. The shareholders of SOS (the "Owners") are duly licensed physicians in the state.

EmergeOrtho and SOS have reached a preliminary understanding regarding a potential transaction (the "Transaction") through which EmergeOrtho will acquire substantially all of the assets of SOS. Through the Transaction, each current Owner will become a shareholder of EmergeOrtho. The Owners and their medical practice operations will become part of EmergeOrtho's Triad Division. Further, as part of the Transaction, EmergeOrtho will acquire the entirety of SOS's diagnostic center, including the equipment and all rights related thereto. This includes SOS's right, title, and interest in an MRI scanner which is located at 1130 N. Church

Street, Greensboro, NC 27401 (Project I.D. No. G-11986-20; FID: 200823), and related equipment. There are no plans at this time to change the location of the MRI scanner.

The number of existing fixed and mobile MRI scanners in North Carolina will not change as a result of the Transaction. The Transaction does not involve any approved but not yet operational MRI scanners. The existing MRI scanner described in this letter will continue to be operated just as it has always been operated. Other than as described herein, the Transaction does not contemplate acquiring any equipment that is regulated by the CON Law, incurring any capital costs that are regulated by the CON Law or otherwise developing any “new institutional health services” that are regulated by the CON Law.

Analysis

The CON Law expressly exempts from CON review the acquisition of an existing “health service facility, including equipment owned by the health service facility at the time of acquisition,” upon prior written notice to the Agency. N.C. Gen. Stat. § 131E-184(a)(8). The term “health service facility” is defined to include a “diagnostic center.” Id. § 131E-176(9b). In turn, a “diagnostic center” is defined to include “a freestanding facility, program, or provider, including but not limited to, physicians' offices.” Id. § 131E-176(7a). As noted above, SOS was CON-approved to develop a diagnostic center by acquiring an MRI pursuant to the 2020 need determination, Project ID No. G-11986-20. Hence, the acquisition of the existing SOS diagnostic center, including the MRI and all equipment it owns upon the acquisition, is exempt from CON review as the acquisition of an existing health service facility.

For these reasons, EmergeOrtho’s proposed acquisition of SOS’s diagnostic center, including the MRI scanner and associated equipment owned by SOS at the time of acquisition, is exempt from CON review.

Conclusion

For the foregoing reasons, we respectfully request the Agency’s written determination that the Transaction described in this letter does not require a CON.

The parties presently contemplate an early October 2025 closing of this Transaction and respectfully request the Agency’s response as soon as feasible. Of course, if you have any questions or need further information, please let me know.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan M. Martin".

Ryan M. Martin

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

Certificate of Need

for

Project ID #: G-11986-20

FID #: 200823

ISSUED TO: Southeastern Orthopaedic Specialists, P.A.

Pursuant to G.S. 131E-177(6), the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the certificate holder) to develop the project described below. The certificate holder shall develop the project in a manner consistent with the representations in the application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein, as documented by the periodic progress reports required by G.S. 131E-189(a). The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by G.S. 131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in G.S. 131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to G.S. 131E-189 for any of the reasons provided in that section.

SCOPE: Develop a new diagnostic center by acquiring no more than one fixed MRI Scanner pursuant to the need determination in the 2020 SMFP/ Guilford County

CONDITIONS: See Reverse Side

PHYSICAL LOCATION: Southeastern Orthopaedic Specialists, P.A.
1130 N. Church Street
Greensboro, NC 27401

CAPITAL EXPENDITURE: \$1,148,987

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: July 1, 2021

This certificate is effective as of April 30, 2021



Lisa Pittman, Acting Chief, CON

CONDITIONS:

1. Southeastern Orthopaedic Specialists, P.A. (herein after “the certificate holder”) shall materially comply with all representations made in the certificate of need application.
2. The certificate holder shall acquire no more than one fixed MRI scanner pursuant to the need determination in the 2020 SMFP and develop a new diagnostic center.
3. The certificate holder shall not acquire as part of this project any equipment that is not included in the project’s proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.
4. Progress Reports:
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.
 - b. The certificate holder shall complete all sections of the Progress Report form.
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
 - d. Progress reports shall be due on the first day of every third month. The first progress report shall be due on July 1, 2021. The second progress report shall be due on October 1, 2021 and so forth.
5. No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, the certificate holder shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:
 - a. Payor mix for the services authorized in this certificate of need.
 - b. Utilization of the services authorized in this certificate of need.
 - c. Revenues and operating costs for the services authorized in this certificate of need.
 - d. Average gross revenue per unit of service.
 - e. Average net revenue per unit of service.
 - f. Average operating cost per unit of service.
6. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.

A letter acknowledging acceptance of and agreeing to comply with all conditions stated in the conditional approval letter was received by the Agency on April 30, 2021.

Timetable

| Milestone | | Date <i>mm/dd/yyyy</i> |
|------------------|---|----------------------------------|
| 1 | Financing Obtained | 05/10/2021 |
| 2 | Drawings Completed | 05/31/2021 |
| 4 | Construction / Renovation Contract(s) Executed | 06/01/2021 |
| 5 | 25% of Construction / Renovation Completed (25% of the cost is in place) | 06/21/2021 |
| 6 | 50% of Construction / Renovation Completed | 07/12/2021 |
| 7 | 75% of Construction / Renovation Completed | 08/02/2021 |
| 8 | Construction / Renovation Completed | 08/16/2021 |
| 9 | Equipment Ordered | 05/14/2021 |
| 10 | Equipment Installed | 09/01/2021 |
| 11 | Equipment Operational | 10/11/2021 |
| 12 | Building / Space Occupied | 08/17/2021 |
| 13 | Licensure Obtained | |
| 14 | Services Offered | 10/01/2021 |
| 15 | Medicare and / or Medicaid Certification Obtained | 10/01/2021 |
| 16 | Facility or Service Accredited | 10/01/2022 |
| 17 | First Annual Report Due* | 01/02/2023 |

From: [Ryan Martin](#)
To: [Mitchell, Micheala L](#)
Cc: [Emily Towey](#); [Stancil, Tiffany C](#)
Subject: [External] Notice of CON-Exempt Acquisition of Existing Health Service Facility
Date: Monday, September 15, 2025 3:50:58 PM
Attachments: [North Carolina CON Exemption Request 9-15.pdf](#)

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Ms. Mitchell:

On behalf of EmergeOrtho, P.A., I am writing to inform the North Carolina Department of Health and Human Services, Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section of the upcoming CON-exempt acquisition of an existing health service facility, pursuant to N.C. Gen. Stat. § 131E-184(a)(8). Please accept the attached letter as notice. The parties presently contemplate an early October 2025 closing of this Transaction and respectfully request the Agency's response as soon as feasible. Of course, if you have any questions or need further information, please let me know.

Best,
Ryan

RYAN M. MARTIN

HANCOCK, DANIEL & JOHNSON, P.C.
Richmond Office | 866.967.9604
rmartin@hancockdaniel.com | [vCard](#)



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